

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

**APPLICATION OF SPUR ENERGY  
PARTNERS, LLC FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 21488**

**SPUR ENERGY PARTNERS, LLC'S  
HEARING EXHIBITS**

**Compulsory Pooling Checklist**

Exhibit A	Self-Affirmed Statement of Morgan Landry
A-1	Application
A-2	Resume
A-3	C-102s
A-4	Plat of Tracts, Tract Ownership, Pooled Party
A-5	Unit Recapitulation
A-6	Well Proposal Letter
A-7	Summary of Communications
A-8	Proposed Notice of Hearing
A-9	Hearing Notice Letter and Return Receipts
A-10	Affidavit of Publication
A-11	Authorization for Expenditures
Exhibit B	Self-Affirmed Statement of C.J. Lipinski
B-1	Location Map
B-2	Gunbarrel Schematic



B-3	Structure Map
B-4	Isochore Map
B-5	Cross Section

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# COMPULSORY POOLING APPLICATION CHECKLIST

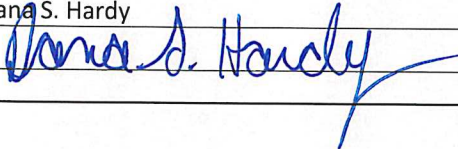
## ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

<b>Case: 21488</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	<b>November 5, 2020</b>
<b>Applicant</b>	<b>Spur Energy Partners, LLC</b>
<b>Designated Operator &amp; OGRID (affiliation if applicable)</b>	<b>Spur Energy Partners, LLC OGRID No. 328947</b>
<b>Applicant's Counsel:</b>	Hinkle Shanor LLP
<b>Case Title:</b>	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	ConocoPhillips
<b>Well Family</b>	Poseidon
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Yeso
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	Yeso Formation
<b>Pool Name and Pool Code:</b>	Glorieta-Yeso, Pool Code 96718
<b>Well Location Setback Rules:</b>	Horizontal Well Rules, NMAC 19.15.16.15
<b>Spacing Unit Size:</b>	40 acres
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical)</b>	Horizontal
<b>Size (Acres)</b>	320
<b>Building Blocks:</b>	40-acre tracts
<b>Orientation:</b>	West-East
<b>Description: TRS/County</b>	S/2 of Section 3, Township 17 South, Range 30 East in Eddy County, NM.
<b>Standard Horizontal Well Spacing Unit (Y/N), If No, describe</b>	Standard
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No depth severance.
<b>Proximity Tracts: If yes, description</b>	Yes; S/2 S/2 of Section 3.
<b>Proximity Defining Well: if yes, description</b>	Poseidon 3 Fed #23H
<b>Applicant's Ownership in Each Tract</b>	Exhibit A-4
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	
<b>Well #1</b>	Poseidon 3 Fed #20H: SHL 1560' FSL and 755' FEL of Section 4; BHL 2280' FSL and 50' FEL of Section 3; Laydown; Standard.
<b>Well #2</b>	Poseidon 3 Fed #23H: SHL 1560' FSL and 795' FEL of Section 4; BHL 1530' FSL and 50' FEL of Section 3; Laydown; Standard.



Well #3	Poseidon 3 Fed #27H: SHL 1560' FSL and 775' FEL of Section 4; BHL 780' FSL and 50' FEL of Section 3; Laydown; Standard.
Horizontal Well First and Last Take Points	Poseidon 3 Fed #20H: FTP 2,280' FSL and 100' FWL in Section 3; LTP 2,280' FSL and 100' FEL in Section 3. Poseidon 3 Fed #23H: FTP 1,530' FSL and 100' FWL in Section 3; LTP 1,530' FSL and 100' FEL in Section 3. Poseidon 3 Fed #27: FTP 780' FSL and 100' FWL in Section 3; LTP 780' FSL and 100' FEL in Section 3
Completion Target (Formation, TVD and MD)	Poseidon 3 Fed #20H: TMD 10,402'; TVD 4,775' Poseidon 3 Fed #23H: TMD 10,219'; TVD 4650' Poseidon 3 Fed #27H: TMD 10,424'; TVD 4775'
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7000, Exhibit A
Production Supervision/Month \$	\$700, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-8
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-9
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-10
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibits A-4 and A-5.
Tract List (including lease numbers and owners)	Exhibits A-4 and A-5.
Pooled Parties (including ownership type)	Exhibits A-4 and A-5.
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	No depth severance.
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-7
Overhead Rates In Proposal Letter	Exhibit A-6
Cost Estimate to Drill and Complete	Exhibit A-11
Cost Estimate to Equip Well	Exhibit A-11
Cost Estimate for Production Facilities	Exhibit A-11
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-5
Depth Severance Discussion	Exhibit B
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-3
Tracts	Exhibits A-4 and A-5.
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-4 and A-5.
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits B-1, B-3



Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-3
Cross Section (including Landing Zone)	Exhibit B-5
<b>Additional Information</b>	
Special Provisions/Stipulations	<b>None</b>
<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>	3-Nov-20



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

**APPLICATION OF SPUR ENERGY  
PARTNERS, LLC FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 21488**

**SELF-AFFIRMED STATEMENT  
OF MORGAN LANDRY**

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 Senior Landman at Spur Energy Partners, LLC ("Spur Energy"). I have had direct involvement with Spur Energy's development of the 320-acre, more or less, standard (proximity tract) horizontal spacing unit ("HSU") that is the subject of Spur Energy's application in this case. A copy of the application is attached as Exhibit A-1.

3. I have not previously testified before the Division. A copy of my resume is attached as Exhibit A-2.

**A. Proposed Wells and HSU**

4. The proposed HSU is comprised of the S/2 of Section 3, Township 17 South, Range 30 East in Eddy County, New Mexico.

5. Spur Energy seeks to pool all uncommitted interests in the Yeso formation underlying the HSU.

6. The horizontal spacing unit will be dedicated to the following wells.

a. The Poseidon 3 Fed #20H well will be horizontally drilled from a surface

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**SPUR ENERGY  
Exhibit A**



location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3. The first take point is 2,280' FSL and 100' FWL in Section 3, and the last take point is 2,280' FSL and 100' FEL in Section 3. The TMD is 10,402', and the TVD is 4,775'.

b. The Poseidon 3 Fed #23H well will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3. The first take point is 1,530' FSL and 100' FWL in Section 3, and the last take point is 1,530' FSL and 100' FEL in Section 3. The TMD is 10,219', and the TVD is 4,650'.

c. The Poseidon 3 Fed #27H well will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit P in Section 3. The first take point is 780' FSL and 100' FWL in Section 3, and the last take point is 780' FSL and 100' FEL in Section 3. The TMD is 10,424', and the TVD is 4,775'.

7. The Poseidon 3 Fed #23H well will be completed in the N/2 S/2 of Section 3, within 330 feet of the quarter-quarter section line. The proposed HSU includes the S/2 S/2 of Section 3 as a proximity tract.

8. The wells will be drilled from west to east, and the completed intervals will be orthodox.

9. The proposed wells are located in the Loco Hills; Glorieta-Yeso Pool, Code 96718. 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-102s for the proposed wells are attached as Exhibit A-3.



## **B. Ownership Determination**

11. A plat of the tracts included in the HSU, which also identifies the ownership interests in each tract and the pooled party, is attached as Exhibit A-4. A recapitulation is attached as Exhibit A-5.

12. There are no unlocatable interests.

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

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

## **C. Joinder**

15. I sent a well proposal letter to the uncommitted interest on August 28, 2020 and subsequently had follow-up communications. A copy of my well proposal letter is attached as Exhibit A-6. A summary of my follow-up contacts is attached as Exhibit A-7.

16. 62.5% of the working interests are committed to the proposed wells.

17. In my opinion, Spur Energy has made a good faith effort to obtain the voluntary joinder of uncommitted interests in the proposed wells.

## **D. Notice of Hearing**

18. Spur Energy's proposed notice of hearing is attached as Exhibit A-8.

19. Notice of Spur Energy's application and the Division hearing was provided to the uncommitted interest by certified mail more than 20 days prior to the hearing date. A copy of the notice letter and the associated green card is attached as Exhibit A-9.

20. Notice of Spur Energy'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-10.



**E. Drilling and Operating Costs**

21. The AFEs for the proposed wells are attached as Exhibit A-11. The estimated cost of the wells is fair and reasonable and is comparable to the cost of other wells of similar depth and length drilled in Eddy County.

22. Spur Energy requests overhead and administrative rates of \$7,000 per month while the wells are being drilled and \$700 per month while the wells are producing. These rates are fair and are comparable to the rates charged by Spur Energy and by other operators in the vicinity. They are also the rates set forth in the Joint Operating Agreement for the HSU. Spur Energy further requests that the rates be adjusted periodically in accordance with the COPAS Accounting Procedure.

23. Spur Energy requests that it be designated the operator of the wells.

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

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

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

27. 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 26 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.

  
Morgan Landry

10/27/2020  
Date



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

**APPLICATION OF SPUR ENERGY  
PARTNERS, LLC FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 21488**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Spur Energy Partners, LLC (“Spur”) applies for an order pooling all uncommitted mineral interests in the Yeso formation in a 320-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 3, Township 17 South, Range 30 East in Eddy County, New Mexico. In support of its application, Spur states the following.

1. Spur (OGRID No. 328947) is a working interest owner in the horizontal spacing unit and has the right to drill wells thereon.
2. The horizontal spacing unit will be dedicated to following wells:
  - a. Poseidon 3 Fed #20H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3;
  - b. Poseidon 3 Fed #23H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3; and
  - c. Poseidon 3 Fed #27H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit P in Section 3.
3. The completed intervals of the wells will be orthodox.

Case No. 21488

**SPUR ENERGY  
Exhibit A-1**



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

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

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

WHEREFORE, Spur requests that this application be set for hearing on November 5, 2020 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Yeso formation underlying the S/2 of Section 3, Township 17 South, Range 30 East in Eddy County;

B. Authorizing Spur to recover its costs of drilling, equipping, and completing the Poseidon 3 Fed #20H, #23H, and #27H wells;

C. Considering the cost of drilling and completing the wells and allocating the cost among the uncommitted mineral 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 Spur in drilling and completing the Poseidon 3 Fed #20H, #23H, and #27H wells against any mineral interest owner who does not voluntarily participate in the drilling of the wells.



Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

[dhardy@hinklelawfirm.com](mailto:dhardy@hinklelawfirm.com)

*Counsel for Spur Energy Partners, LLC*



# DANIEL MORGAN LANDRY IV

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2973 Golden Cape Drive, League City, TX 77573

(337) 280-9251

dml3886@yahoo.com

## EMPLOYMENT

### **Spur Energy Partners LLC**

- **Senior Landman** - (Nov. 2019 to Current)
  - Review, negotiate, and prepare land agreements, including Oil, Gas and Mineral Leases, Operating Agreements, Farmout Agreements, Assignments, Surface Agreements, and various Letter Agreements.
  - Manage day to day land activities across 145,000 gross acres and 3,000 producing properties in Lea and Eddy Counties, New Mexico.
  - Work with Federal and State agencies to obtain necessary permits in preparation of drilling.
  - Establish and maintain strong relationships with working interest partners, mineral owners, and surface owners.
  - Communicate effectively with a multi-disciplined team including attorneys, accountants, geologists, and engineers to prepare properties for drilling, recompletions, reworks, and P&As.

### **Interstate Explorations, LLC**

- **Senior Landman** - (Oct. 2018 to Nov. 2019)
  - Negotiate ROW agreements, Surface Location Agreements, Damage Agreements and Oil, Gas and Mineral Leases in the following geographic areas: Gulf Coast Louisiana and STACK play of Oklahoma.
  - Work with Federal and State agencies to obtain necessary permits in preparation of drilling.
  - Review various joint venture, farmouts, operating agreements and contracts with industry partners.
  - Prepare and review division of interest calculations for STACK properties operated by Interstate.
  - Coordinate with Operations team, Geology and Accounting departments on a daily basis for all prospects.

### **Haymaker Minerals & Royalties, LLC**

- **Senior Landman** - (Jan. 2018 to Oct. 2018)
- **Landman** - (Jan. 2016 to Dec. 2017)
- **Asset Maintenance**
  - Worked hand-in-hand with Title Attorneys on complex curative requirements to ensure full economic benefit of acquired assets.
  - Worked with both internal and external Division Order Analysts throughout the Chesapeake acquisition transfer process to obtain division orders and complete necessary curative requirements ensuring pay status on more than 10,000 producing properties.
  - Negotiated Oil and Gas Leases, Amendments, and Extensions for all Haymaker entities across every major basin in the US; totaled more than \$2.5MM in lease bonuses.
  - Maintained acquisition trackers for grass roots buying program along with associated internal well list depicting current NRI's and expected NRI's for all organically purchased producing properties.
  - Prepared necessary documentation to facilitate JV Partnership obligations.
  - Coordinated with tax consultants and Haymaker Accounting team to ensure all property taxes were paid and up to date

Case No. 21488

**SPUR ENERGY**  
**Exhibit A-2**



- **Acquisitions/Divestitures**

- Key contributor in \$140MM worth of acquisitions resulting in over 350,000 net mineral acres that spanned 332 counties across 22 states in all major basins, including: Permian, SCOOP/STACK/MERGE, Bakken, Eagle Ford and Haynesville.
- Assisted with the due diligence and conveyance preparation for multiple divestitures resulting in a monetization of \$610MM.
- Spearheaded grass roots mineral buying across all major basins, including: Permian, SCOOP/STACK/MERGE, San Andres, and Bakken.
- Oversaw title crews and abstractors responsible for the completion of ownership reports and runsheets prior to all Haymaker acquisitions.
- Prepared Mineral Deeds, Assignments and Purchase Sale Agreements for all grass roots buying.

**Schoeffler Energy Group**

- **Project Manager** - (Jan. 2013 to Dec. 2016)
- **Field Broker** - (June 2008 to Dec. 2013)

- **Project Management**

- Managed 5-10 title brokers and abstractors across various East Texas prospects acquiring nearly 4,000 gross acres and culminating in the successful development of six gas units.
- Prepared unit declaration agreements and revenue decks for multiple East Texas units while maintaining lease schedules, preparing lease purchase reports, and reviewing all mineral ownership reports before submitting to client.
- Collaborated with in-house land manager to deliver daily updates and implement long-term strategies to fully develop prospects.
- Project Manager for a one thousand (1,000) square mile seismic shoot. This included gathering shot counts, drilling reports, and damage/trespass issues to compile daily reports for the client.

- **Acquisitions/Mineral Title**

- Negotiated Lease Options, ROW agreements, Seismic Permits, Surface Locations, and Oil, Gas, and Mineral Leases across multiple non-conventional plays, including: the Haynesville, Utica, and Marcellus shales and conventional plays in East Texas and along the Texas and Louisiana Gulf Coast.
- Performed mineral and leasehold title across numerous prospects in Texas and Louisiana as well as researched and prepared the associated abstracts to submit to title attorneys.

**EDUCATION**

**University of Louisiana at Lafayette**

- Bachelor of Business Administration, *Finance*: May 2008
- Honors: graduated Cum Laude (3.7 GPA)
- Four-year letterman on the Golf Team
- Two-time NCAA Academic All American
- Named to Sun Belt Commissioner's List 2005, 2006, 2007 and 2008
- Recipient of Sun Belt Conference Post Graduate Scholarship







LS20090411



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

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

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

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015</b>	<sup>2</sup> Pool Code <b>96718</b>	<sup>3</sup> Pool Name <b>Loco Hills; Glorieta-Yeso</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>POSEIDON 3 FED</b>	<sup>6</sup> Well Number <b>27H</b>
<sup>7</sup> OGRID NO. <b>328947</b>	<sup>8</sup> Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>	<sup>9</sup> Elevation <b>3713'</b>

<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
<b>I</b>	<b>4</b>	<b>17S</b>	<b>30E</b>		<b>1560</b>	<b>SOUTH</b>	<b>775</b>	<b>EAST</b>	<b>EDDY</b>

<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
<b>P</b>	<b>3</b>	<b>17S</b>	<b>30E</b>		<b>780</b>	<b>SOUTH</b>	<b>50</b>	<b>EAST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
<b>320</b>			

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

<sup>16</sup> GEODETIC DATA  
NAD 83 GRID - NM EAST

SURFACE LOCATION (SL)  
N: 677001.8 - E: 652631.2  
LAT: 32.860575° N  
LONG: 103.9708825° W

FIRST TAKE POINT (FTP)  
780' FSL & 100' FWL - SEC 3  
N: 676223.1 - E: 653508.6  
LAT: 32.8584268° N  
LONG: 103.9680339° W

LAST TAKE POINT (LTP)  
780' FSL & 100' FWL - SEC 3  
N: 676234.2 - E: 658586.9  
LAT: 32.8584080° N  
LONG: 103.9514959° W

BOTTOM HOLE (BH)  
N: 676234.3 - E: 658636.9  
LAT: 32.8584078° N  
LONG: 103.9513331° W

CORNER DATA  
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1916"  
N: 675436.4 - E: 648128.9

B: FOUND BRASS CAP "1916"  
N: 678076.6 - E: 648121.2

C: FOUND BRASS CAP "1916"  
N: 680696.5 - E: 648110.9

D: FOUND BRASS CAP "1916"  
N: 680704.7 - E: 650751.6

E: FOUND BRASS CAP "1916"  
N: 680713.3 - E: 653392.4

F: FOUND BRASS CAP "1916"  
N: 680722.0 - E: 656032.0

G: FOUND BRASS CAP "1916"  
N: 680729.8 - E: 658673.7

H: FOUND BRASS CAP "1916"  
N: 678091.2 - E: 658681.2

I: FOUND BRASS CAP "1916"  
N: 675454.6 - E: 658689.2

J: FOUND BRASS CAP "1916"  
N: 675443.0 - E: 653411.2

K: FOUND BRASS CAP "1916"  
N: 675440.1 - E: 650770.1

L: FOUND BRASS CAP "1916"  
N: 678082.1 - E: 653402.4

<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.

*Sarah Chapman* 09/10/2020  
Signature Date

Sarah Chapman  
Printed Name

schapman@spurepllc.com  
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.

09-03-2020

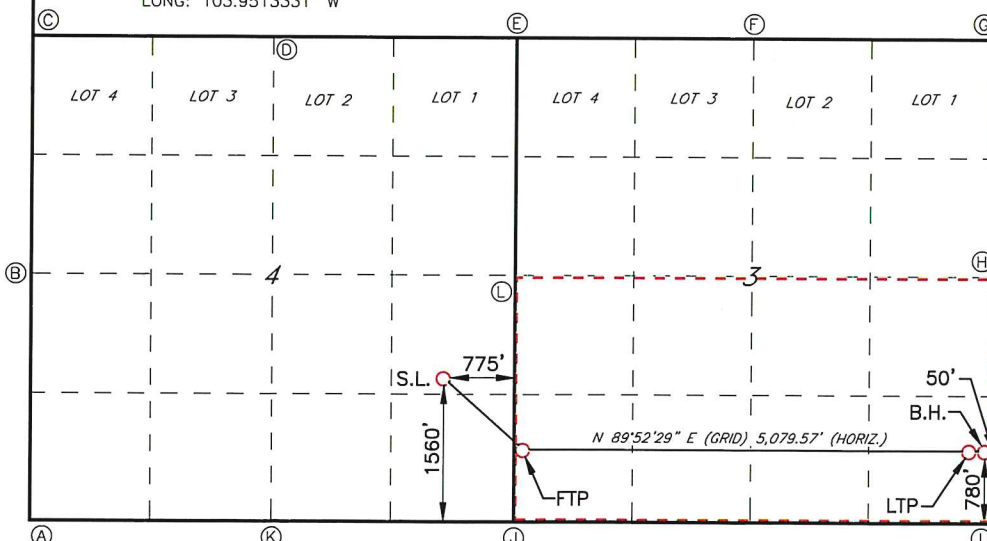
Date of Survey

Signature and Seal of Professional Surveyor

19680  
Certificate Number



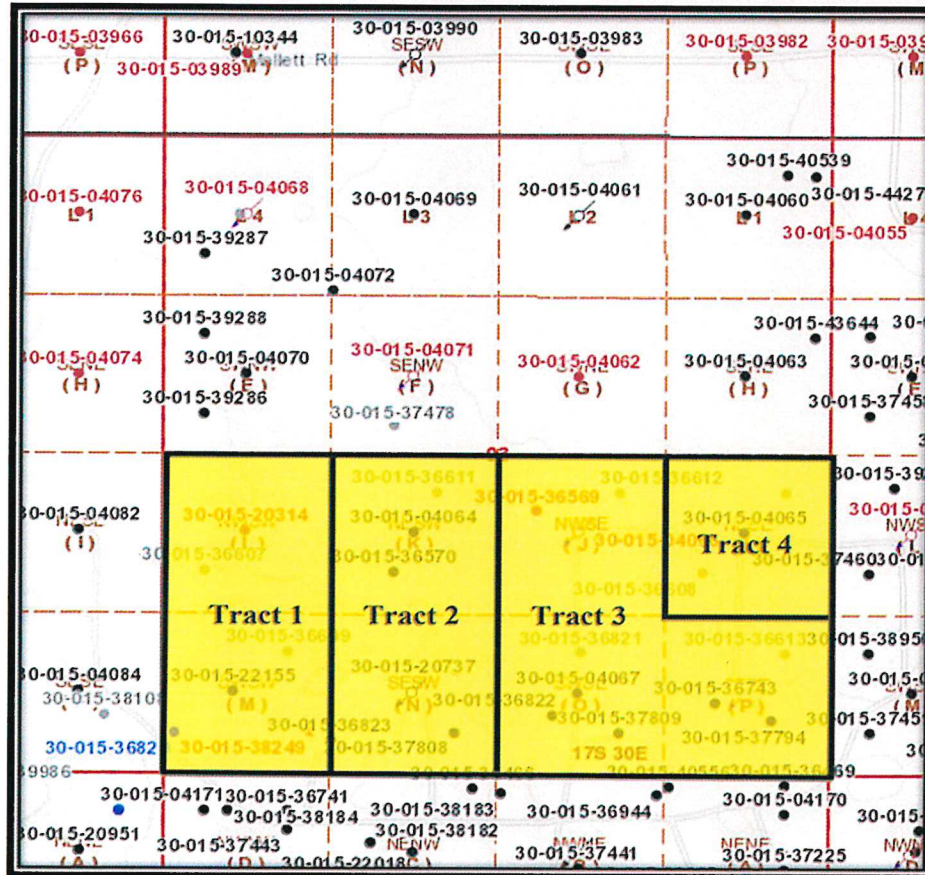
LS20090412





## Exhibit A-4

**South Half of Section 3, Township 17 South, Range 30 East, Eddy County, New Mexico as to those depths from the surface down to 100' below the base of the Blinbry formation, Less and Except the Square Lake Sand of the Grayburg Formation.**



**Tract 1: W2 SW4 of Section 3-17S-30E (Fed Lease Serial No. NMLC 060524)**

- ConocoPhillips Company 100% Working Interest (Pooled Party)

**Tract 2: E2 SW4 of Section 3-17S-30E (Fed Lease Serial No. NMLC 060524)**

- SEP Permian Holding Corp.\* 100% Working Interest

**Tract 3: W2 SE4 and SE4 SE4 of Section 3-17S-30E (Fed Lease Serial No. NMNM 074937)**

- SEP Permian Holding Corp.\* 100% Working Interest

**Tract 4: NE4 SE4 of Section 3-17S-30E (Fed Lease Serial No. NMNM 074937)**

- ConocoPhillips Company 100% Working Interest (Pooled Party)

Case No. 21488

**SPUR ENERGY**  
**Exhibit A-4**

\*SEP Permian Holding Corp. holds all federal interest as agent for SEP Permian LLC. Spur Energy Partners LLC is operator of record for SEP Permian LLC.



## Exhibit A-5

### RECAPITULATION

Tract Number	Number of Acres Committed	Percentage of Interest in Unit
1	80	25.0%
2	80	25.0%
3	120	37.5%
4	40	12.5%
<b>TOTAL</b>	<b>320</b>	<b>100%</b>

SEP Permian Holding Corp\*  
9655 Katy Freeway, Ste 500  
Houston, Texas 77024

62.50% Working Interest

ConocoPhillips Company  
925 N. Eldridge Pkwy  
Houston, Texas 77079-2703

37.50% Working Interest

**Total**

**100% Working Interest**

#### Leasehold Interest:

SEP Permian Holding Corp\*  
9655 Katy Freeway, Ste 500  
Houston, Texas 77024

ConocoPhillips Company  
925 N. Eldridge Pkwy  
Houston, Texas 77079-2703

Case No. 21488

**SPUR ENERGY**  
**Exhibit A-5**

\*SEP Permian Holding Corp. holds all federal interest as agent for SEP Permian LLC. Spur Energy Partners LLC is operator of record for SEP Permian LLC.





August 28, 2020

*Sent Certified Mail, Return Receipt Requested*

RE: Well Proposal & Letter Agreement  
Poseidon 3 Fed 20H, 23H and 27H wells  
Section 3, T17S, R30E  
Eddy County, New Mexico

Gentlemen/Ladies:

SEP Permian LLC ("Spur"), an affiliate of Spur Energy Partners LLC, hereby proposes to drill and complete the Poseidon 3 Fed 20H, 23H and 27H wells as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking of the wells and/or pads).

**Poseidon 3 Fed 20H well - Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location - 850' FEL; 1610' FSL (SEC 4 T17S R30E)
- Proposed Bottom Hole Location - 100' FEL; 2280' FSL (SEC 3 T17S R30E)
- TVD: 4775'
- Total AFE: \$2,951,557.93

**Poseidon 3 Fed 23H well - Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location - 850' FEL; 1590' FSL (SEC 4 T17S R30E)
- Proposed Bottom Hole Location - 100' FEL; 1530' FSL (SEC 3 T17S R30E)
- TVD: 4650'
- Total AFE: \$2,951,557.93

**Poseidon 3 Fed 27H well - Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location - 850' FEL; 1570' FSL (SEC 4 T17S R30E)
- Proposed Bottom Hole Location - 100' FEL; 780' FSL (SEC 3 T17S R30E)
- TVD: 4775'
- Total AFE: \$2,951,557.93

Spur proposes to form a Drilling Spacing Unit ("DSU") covering the South Half (S/2) of Section 3-T17S-R30E, Eddy County, New Mexico, containing 320 acres of land, more or less, from the top of the Yeso formation to the base of the Yeso formation. Portions of these lands are likely governed by existing Joint Operating Agreements ("JOAs") which also cover the Yeso formation and which govern operations for vertical wells. For the mutually exclusive development of horizontal wells, and any concept wells (i.e. micro seismic wells, pilot hole wells) within the DSU, Spur hereby submits for your consideration, a new joint operating agreement dated September 1, 2020, being a modified 2015 Horizontal AAPL Form 610 Operating Agreement ("NJOA") to govern proposals and operations within the DSU. The NJOA shall supersede any existing operations under any JOAs, expressly limited however, to horizontal well development and operations within the DSU. The NJOA has the following general provisions:

- Effective Date of September 1, 2020
- Contract Area consisting of S/2 of Section 3, Township 17 South, Range 30 East limited in depth from the top of the Yeso to the base of the Yeso formation
- 100%/300%/300% non-consenting penalty
- \$7,000/\$700 drilling and producing monthly overhead rate
- Spur Energy Partners LLC named as Operator

SPUR ENERGY PARTNERS LLC 9655 KATY FREEWAY, STE 500 | HOUSTON, TX 77024 | 832.930.8502  
WWW.SPUREPLLC.COM

Case No. 21488

SPUR ENERGY  
Exhibit A-6





Please find enclosed an AFE reflecting a total well cost estimate for drilling and completion costs for each well. In the event you elect to participate in drilling these Wells, according to our title examination **your Contractual Interest in the DSU is 0.375**. Spur respectfully request that you select one of the following four options with regard to your interest in the proposed well(s):

Option 1: Participate in the drilling and completion of the proposed well

Option 2: Elect to not participate in the proposed well (an election of "Non-Consent")

Term Assignment Option: Assign your working interest in the S/2 of Section 3-T17S-R30E, exclusive of wellbores of existing wells, to Spur through a term assignment with a primary term of three (3) years and a bonus consideration of \$750 per net acre, delivering a 75.00% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option: Assign all your working interest in the S/2 of Section 3-T17S-R30E, exclusive of wellbores of existing wells, to Spur for a bonus consideration of \$1,500 per net acre delivering a 75.00% leasehold net revenue interest (all rights owned).

Please indicate your election as to the above four options in the space provided below and execute and return a copy of this letter to the undersigned within 30 days of receipt of this proposal. Your election of Option 1 should be returned to Spur by U.S. mail to the letterhead address below, upon receipt of your election, Spur will send the NJOA for review and execution. Your election of Option 2 should be returned to Spur by U.S. mail to the letterhead address below, upon receipt of your election, Spur will send the NJOA for review and execution.

In the event you would like to assign your interest under the terms outlined above by way of the Term Assignment Option or Assignment Option, please signify your intentions by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt Spur will submit an Assignment for your review and acceptance.

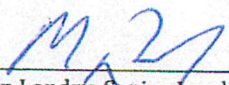
Spur looks forward to working with you on this matter; however, if an agreement cannot be reached within 30 days of the receipt date of this letter, please be advised Spur may apply to the New Mexico Oil Conservation Division for compulsory pooling of any uncommitted interest owners into a spacing unit for the proposed wells if uncommitted at such time.

Please indicate your participation elections in the spaces provide below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience.

If you have any questions, please do not hesitate to contact the undersigned at (832)-930-8616 or [mlandry@spurepllc.com](mailto:mlandry@spurepllc.com).

Sincerely,

SEP Permian LLC

  
Morgan Landry, Senior Landman SEP





**Poseidon 3 Fed 20H Well Election**

\_\_\_\_\_ Option 1: The undersigned elects to participate in the drilling and completing of the Poseidon 3 Fed 20H well based upon the calculation of its working interest as stated above in the formation of the DSU, and agrees to the terms and conditions of this letter agreement and Operating Agreement as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.

\_\_\_\_\_ Option 2: The undersigned elects not to participate in the drilling and casing of the proposed Poseidon 3 Fed 20H well.

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2020, by:

**Company/Individual: ConocoPhillips Company**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_





**Poseidon 3 Fed 23H Well Election**

\_\_\_\_\_ Option 1: The undersigned elects to participate in the drilling and completing of the Poseidon 3 Fed 23H well based upon the calculation of its working interest as stated above in the formation of the DSU, and agrees to the terms and conditions of this letter agreement and Operating Agreement as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.

\_\_\_\_\_ Option 2: The undersigned elects not to participate in the drilling and casing of the proposed Poseidon 3 Fed 23H well.

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2020, by:

**Company/Individual:** ConocoPhillips Company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_





**Poseidon 3 Fed 27H Well Election**

\_\_\_\_\_ Option 1: The undersigned elects to participate in the drilling and completing of the Poseidon 3 Fed 27H well based upon the calculation of its working interest as stated above in the formation of the DSU, and agrees to the terms and conditions of this letter agreement and Operating Agreement as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.

\_\_\_\_\_ Option 2: The undersigned elects not to participate in the drilling and casing of the proposed Poseidon 3 Fed 27H well.

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2020, by:

**Company/Individual: ConocoPhillips Company**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_





Term Assignment Option

\_\_\_\_\_ The undersigned elects to assign its working interest in the S/2 of Section 3-T17S-R30E, exclusive of wellbores of existing wells, to Spur through a term assignment with a primary term of three (3) years and a bonus consideration of \$750 per net acre, delivering a 75.00% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option

\_\_\_\_\_ The undersigned elects to assign its working interest in the S/2 of Section 3-T17S-R30E, exclusive of wellbores of existing wells, to Spur for a bonus consideration of \$1,500 per net acre delivering a 75.00% leasehold net revenue interest (all rights owned).

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2020, by:

**Company/Individual:** ConocoPhillips Company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## Communication Timeline

**August 27, 2020** – Initial proposal sent to ConocoPhillips Company via email and certified mail to Wyn E. McCubbin's attention for the Poseidon 3 Fed 20H, 23H and 27H, Section 3-17S-30E, Eddy County, New Mexico.

**August 31, 2020** – Email from Wyn E. McCubbin discussing ConocoPhillips Company interests.

**September 3, 2020** – ConocoPhillips Company receives proposal via certified mail.

**August and September 2020** – various discussions regarding possible trade opportunities.

**September 15, 2020** – phone conversation with Wyn E. McCubbin discussing ConocoPhillips Company current position and possible options of trade, JOA, etc. ConocoPhillips indicated they would not be able to consummate a trade/JOA prior to pooling or a January 2021 spud date.

Case No. 21488

SPUR ENERGY  
Exhibit A-7



**Application of Spur Energy Partners, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all uncommitted mineral interests in the Yeso formation in a 320-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 3, Township 17 South, Range 30 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to following wells: (1) Poseidon 3 Fed #20H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3; (2) Poseidon 3 Fed #23H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3; and (3) Poseidon 3 Fed #27H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit P in Section 3. The completed intervals of the wells will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately three miles northeast of Loco Hills New Mexico.

Case No. 21488

**SPUR ENERGY**  
**Exhibit A-8**





# 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

October 6, 2020

## VIA CERTIFIED MAIL

ConocoPhillips Company  
Attn: Wyn E. McCubbin  
925 N. Eldridge Parkway  
Houston, TX 77079

Re: Spur Energy Partners, LLC New Mexico Oil Conservation Division Application

Dear Mr. McCubbin:

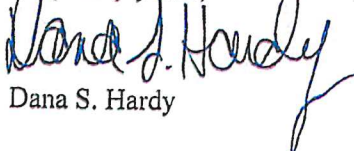
Enclosed is an application (Case No. 21488) that Spur Energy Partners, LLC ("Spur") has filed with the New Mexico Oil Conservation Division ("the Division"). Spur requests an order pooling all uncommitted mineral interests in the Yeso formation in a 320-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 3, Township 17 South, Range 30 East in Eddy 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 November 5, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. ConocoPhillips Company ("ConocoPhillips") is not required to attend the hearing, but as an owner of an interest that may be affected by Spur's application, it may appear at the hearing and present testimony. If ConocoPhillips does not appear at that time and become a party of record, it 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 Thursday, October 29, 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. 21488

**SPUR ENERGY**  
**Exhibit A-9**

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 Items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

ConocoPhillips Company  
Attn: Wyn E. McCubbin  
925 N. Eldridge Parkway  
Houston, TX 77079



9590 9402 5554 9249 4983 63

**2. Article Number (Transfer from service label)**

7019 2970 0000 7642 8839

**COMPLETE THIS SECTION ON DELIVERY**

**A. Signature**

x *[Signature]*

- ☐ Agent  
☐ Addressee

**B. Received by (Printed Name)**

*Jacque Turner*

**C. Date of Delivery**

*10/14/20*

- D. Is delivery address different from item 1?** ☐ Yes  
If YES, enter delivery address below: ☐ No

**3. Service Type**

- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                         | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery     | <input type="checkbox"/> Registered Mail™                           |
| <input type="checkbox"/> Certified Mail®                         | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery      | <input type="checkbox"/> Return Receipt for Merchandise             |
| <input type="checkbox"/> Collect on Delivery                     | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail                            |   |
| <input type="checkbox"/> Insured Mail Restricted Delivery        |   |



# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004408996

This is not an invoice

HINKLE SHANOR LLP  
218 MONTEZUMA

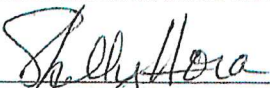
SANTA FE, NM 87501

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

10/07/2020

  
Legal Clerk

Subscribed and sworn before me this October 7, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC

8-25-23  
My commission expires

SHELLY HORA  
Notary Public  
State of Wisconsin

Ad # 0004408996  
PO #: ConocoPhillips Company  
# of Affidavits 1

This is not an invoice

This is to notify all interested parties, including ConocoPhillips Company, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Spur Energy Partners, LLC (Case No. 21488). 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 November 5, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order pooling all uncommitted mineral interests in the Yezo formation in a 320-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 3, Township 17 South, Range 30 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to following wells: (1) Poseidon 3 Fed #20H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3; (2) Poseidon 3 Fed #23H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3; and (3) Poseidon 3 Fed #27H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit P in Section 3. The completed intervals of the wells will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately three miles northeast of Loco Hills, New Mexico.  
#4408996, Current Argus, Oct. 7, 2020

Case No. 21488

SPUR ENERGY  
Exhibit A-10



**SEP Permian LLC**  
AUTHORITY FOR EXPENDITURE

**SPUR ENERGY**  
**Exhibit A-11**

AFE NO.:	D20110	COMPANY
AFE DESC:	POSEIDON 3 FED 20H	DIVISION
DATE:	08/27/2020	OPERATOR:
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,
GROSS/NET:	G	LLC

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION - OPS		29,000.00	0.00		29,000.00	
TOTAL:		29,000.00	0.00		29,000.00	
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/OPINIONS - LAND		60,000.00	0.00		60,000.00	
TOTAL:		60,000.00	0.00		60,000.00	
SURVEY - LAND		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
DRILLING RENTALS: SURFACE		44,013.00	0.00		44,013.00	
TOTAL:		44,013.00	0.00		44,013.00	
DRILLING RENTALS: SUBSURFACE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
DRILL MUD & COMPL FLUID		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLSITE SUPERVISION		27,900.00	0.00		27,900.00	
TOTAL:		27,900.00	0.00		27,900.00	
GROUND TRANSPORT		9,000.00	0.00		9,000.00	
TOTAL:		9,000.00	0.00		9,000.00	
CONTRACT DRILLING (DAY RATE/TUF		122,500.00	0.00		122,500.00	
TOTAL:		122,500.00	0.00		122,500.00	
DIRECTIONAL TOOLS AND SERVICES		97,350.00	0.00		97,350.00	
TOTAL:		97,350.00	0.00		97,350.00	
FLUID & CUTTINGS DISPOSAL		62,300.00	0.00		62,300.00	
TOTAL:		62,300.00	0.00		62,300.00	
FRAC TANK RENTALS		180.00	0.00		180.00	
TOTAL:		180.00	0.00		180.00	
BITS		30,500.00	0.00		30,500.00	
TOTAL:		30,500.00	0.00		30,500.00	
FUEL, WATER & LUBE		23,400.00	0.00		23,400.00	
TOTAL:		23,400.00	0.00		23,400.00	
CEMENT		32,500.00	0.00		32,500.00	
TOTAL:		32,500.00	0.00		32,500.00	
CASING CREWS AND LAYDOWN SERV		7,500.00	0.00		7,500.00	
TOTAL:		7,500.00	0.00		7,500.00	
PROD CSG CREW AND LAYDOWN SEI		7,500.00	0.00		7,500.00	
TOTAL:		7,500.00	0.00		7,500.00	
MUD LOGGER		9,000.00	0.00		9,000.00	
TOTAL:		9,000.00	0.00		9,000.00	
MOB/DEMOB RIG		16,800.00	0.00		16,800.00	
TOTAL:		16,800.00	0.00		16,800.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		38,000.00	0.00		38,000.00	
TOTAL:		38,000.00	0.00		38,000.00	
MISC IDC/CONTINGENCY		85,596.18	0.00		85,596.18	
TOTAL:		85,596.18	0.00		85,596.18	
SURFACE CASING		23,478.00	0.00		23,478.00	
TOTAL:		23,478.00	0.00		23,478.00	
PRODUCTION/LINER CASING		126,040.75	0.00		126,040.75	
TOTAL:		126,040.75	0.00		126,040.75	
CONDUCTOR PIPE		20,000.00	0.00		20,000.00	
TOTAL:		20,000.00	0.00		20,000.00	
WELLHEAD		14,000.00	0.00		14,000.00	
TOTAL:		14,000.00	0.00		14,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	



**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D20110		COMPANY	
AFE DESC: POSEIDON 3 FED 20H		DIVISION	
DATE: 08/27/2020		OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN,	
GROSS/NET: G		LLC	
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
EQUIP RENT	44,000.00	0.00	44,000.00
<b>TOTAL:</b>	<b>44,000.00</b>	<b>0.00</b>	<b>44,000.00</b>
RENTALS: SURFACE IRON	65,000.00	0.00	65,000.00
<b>TOTAL:</b>	<b>65,000.00</b>	<b>0.00</b>	<b>65,000.00</b>
DRILLING RENTALS: SUBSURFACE	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
DRILL MUD & COMPL FLUID	275,000.00	0.00	275,000.00
<b>TOTAL:</b>	<b>275,000.00</b>	<b>0.00</b>	<b>275,000.00</b>
WELLSITE SUPERVISION	46,250.00	0.00	46,250.00
<b>TOTAL:</b>	<b>46,250.00</b>	<b>0.00</b>	<b>46,250.00</b>
COMPLETION CHEMICALS	110,000.00	0.00	110,000.00
<b>TOTAL:</b>	<b>110,000.00</b>	<b>0.00</b>	<b>110,000.00</b>
GROUND TRANSPORT	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
PUMPDOWN	25,000.00	0.00	25,000.00
<b>TOTAL:</b>	<b>25,000.00</b>	<b>0.00</b>	<b>25,000.00</b>
CASED HOLE WIRELINE	82,000.00	0.00	82,000.00
<b>TOTAL:</b>	<b>82,000.00</b>	<b>0.00</b>	<b>82,000.00</b>
FRAC PLUGS	44,000.00	0.00	44,000.00
<b>TOTAL:</b>	<b>44,000.00</b>	<b>0.00</b>	<b>44,000.00</b>
FRAC/FLUID SW DISPOSAL	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FRAC TANK RENTALS	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FLOWBACK	47,000.00	0.00	47,000.00
<b>TOTAL:</b>	<b>47,000.00</b>	<b>0.00</b>	<b>47,000.00</b>
STIMULATION AND PUMPING SERVIC	300,000.00	0.00	300,000.00
<b>TOTAL:</b>	<b>300,000.00</b>	<b>0.00</b>	<b>300,000.00</b>
PROPPANT	150,000.00	0.00	150,000.00
<b>TOTAL:</b>	<b>150,000.00</b>	<b>0.00</b>	<b>150,000.00</b>
FUEL, WATER & LUBE	120,000.00	0.00	120,000.00
<b>TOTAL:</b>	<b>120,000.00</b>	<b>0.00</b>	<b>120,000.00</b>
CASING CREWS AND LAYDOWN SERV	2,500.00	0.00	2,500.00
<b>TOTAL:</b>	<b>2,500.00</b>	<b>0.00</b>	<b>2,500.00</b>
COMPLETION/WORKOVER RIG	51,500.00	0.00	51,500.00
<b>TOTAL:</b>	<b>51,500.00</b>	<b>0.00</b>	<b>51,500.00</b>
KILL TRUCK	2,500.00	0.00	2,500.00
<b>TOTAL:</b>	<b>2,500.00</b>	<b>0.00</b>	<b>2,500.00</b>
COIL TUBING, SNUBBING, NITRO SVC	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
CONTRACT LABOR - ARTIFICIAL LIFT	17,500.00	0.00	17,500.00
<b>TOTAL:</b>	<b>17,500.00</b>	<b>0.00</b>	<b>17,500.00</b>
CONTRACT LABOR - ELECTRICAL/AU	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
CONTRACT LABOR - WELL LEVEL	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
FACILITY PAD CONSTRUCTION	17,500.00	0.00	17,500.00
<b>TOTAL:</b>	<b>17,500.00</b>	<b>0.00</b>	<b>17,500.00</b>
MISC INTANGIBLE FACILITY COSTS	5,000.00	0.00	5,000.00
<b>TOTAL:</b>	<b>5,000.00</b>	<b>0.00</b>	<b>5,000.00</b>
CONTRACT LABOR - AUTOMATION	5,750.00	0.00	5,750.00
<b>TOTAL:</b>	<b>5,750.00</b>	<b>0.00</b>	<b>5,750.00</b>
EQUIPMENT RENTALS	3,750.00	0.00	3,750.00
<b>TOTAL:</b>	<b>3,750.00</b>	<b>0.00</b>	<b>3,750.00</b>
FREIGHT & HANDLING	3,750.00	0.00	3,750.00
<b>TOTAL:</b>	<b>3,750.00</b>	<b>0.00</b>	<b>3,750.00</b>
CONTRACT LABOR - ELECTRICAL	10,000.00	0.00	10,000.00



**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D20110		COMPANY		
AFE DESC: POSEIDON 3 FED 20H		DIVISION		
DATE: 08/27/2020		OPERATOR:		
AFE TYPE: DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN,		
GROSS/NET: G		LLC		
TOTAL:		10,000.00	0.00	10,000.00
FACILITY CONSTRUCTION LABOR		45,000.00	0.00	45,000.00
TOTAL:		45,000.00	0.00	45,000.00
BITS		1,000.00	0.00	1,000.00
TOTAL:		1,000.00	0.00	1,000.00
OVERHEAD POWER		12,500.00	0.00	12,500.00
TOTAL:		12,500.00	0.00	12,500.00
PARTS & SUPPLIES - ARTIFICIAL LIFT		50,000.00	0.00	50,000.00
TOTAL:		50,000.00	0.00	50,000.00
PARTS & SUPPLIES - ELECTRICAL/AU		5,000.00	0.00	5,000.00
TOTAL:		5,000.00	0.00	5,000.00
PARTS & SUPPLIES - WELL LEVEL		20,000.00	0.00	20,000.00
TOTAL:		20,000.00	0.00	20,000.00
TUBING		44,250.00	0.00	44,250.00
TOTAL:		44,250.00	0.00	44,250.00
TUBING HEAD/XMAS TREE		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
VESSELS		41,750.00	0.00	41,750.00
TOTAL:		41,750.00	0.00	41,750.00
ELECTRICAL - OVERHEAD & TRANSFER		12,500.00	0.00	12,500.00
TOTAL:		12,500.00	0.00	12,500.00
LACT		18,750.00	0.00	18,750.00
TOTAL:		18,750.00	0.00	18,750.00
AUTOMATION METERS, SENSORS, V/		23,750.00	0.00	23,750.00
TOTAL:		23,750.00	0.00	23,750.00
MISC FITTINGS & SUPPLIES		20,000.00	0.00	20,000.00
TOTAL:		20,000.00	0.00	20,000.00
PUMPS & PUMP SUPPLIES		7,500.00	0.00	7,500.00
TOTAL:		7,500.00	0.00	7,500.00
MISC TANGIBLE FACILITY COSTS		2,500.00	0.00	2,500.00
TOTAL:		2,500.00	0.00	2,500.00
TANKS (OIL & WATER)		43,750.00	0.00	43,750.00
TOTAL:		43,750.00	0.00	43,750.00
CONTAINMENT		15,000.00	0.00	15,000.00
TOTAL:		15,000.00	0.00	15,000.00
PIPING		12,500.00	0.00	12,500.00
TOTAL:		12,500.00	0.00	12,500.00
ELECTRICAL - FACILITY		61,250.00	0.00	61,250.00
TOTAL:		61,250.00	0.00	61,250.00
TOTAL THIS AFE:		2,951,557.93	0.00	2,951,557.93



**SEP Permian LLC**  
AUTHORITY FOR EXPENDITURE

AFE NO.: D20111	COMPANY
AFE DESC: POSEIDON 3 FED 23H	DIVISION
DATE: 08/27/2020	OPERATOR:
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,
GROSS/NET: G	LLC

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION - OPS		29,000.00	0.00		29,000.00	
TOTAL:		29,000.00	0.00		29,000.00	
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/OPINIONS - LAND		60,000.00	0.00		60,000.00	
TOTAL:		60,000.00	0.00		60,000.00	
SURVEY - LAND		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
DRILLING RENTALS: SURFACE		44,013.00	0.00		44,013.00	
TOTAL:		44,013.00	0.00		44,013.00	
DRILLING RENTALS: SUBSURFACE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
DRILL MUD & COMPL FLUID		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLSITE SUPERVISION		27,900.00	0.00		27,900.00	
TOTAL:		27,900.00	0.00		27,900.00	
GROUND TRANSPORT		9,000.00	0.00		9,000.00	
TOTAL:		9,000.00	0.00		9,000.00	
CONTRACT DRILLING (DAY RATE/TUF		122,500.00	0.00		122,500.00	
TOTAL:		122,500.00	0.00		122,500.00	
DIRECTIONAL TOOLS AND SERVICES		97,350.00	0.00		97,350.00	
TOTAL:		97,350.00	0.00		97,350.00	
FLUID & CUTTINGS DISPOSAL		62,300.00	0.00		62,300.00	
TOTAL:		62,300.00	0.00		62,300.00	
FRAC TANK RENTALS		180.00	0.00		180.00	
TOTAL:		180.00	0.00		180.00	
BITS		30,500.00	0.00		30,500.00	
TOTAL:		30,500.00	0.00		30,500.00	
FUEL, WATER & LUBE		23,400.00	0.00		23,400.00	
TOTAL:		23,400.00	0.00		23,400.00	
CEMENT		32,500.00	0.00		32,500.00	
TOTAL:		32,500.00	0.00		32,500.00	
CASING CREWS AND LAYDOWN SER		7,500.00	0.00		7,500.00	
TOTAL:		7,500.00	0.00		7,500.00	
PROD CSG CREW AND LAYDOWN SEI		7,500.00	0.00		7,500.00	
TOTAL:		7,500.00	0.00		7,500.00	
MUD LOGGER		9,000.00	0.00		9,000.00	
TOTAL:		9,000.00	0.00		9,000.00	
MOB/DEMOB RIG		16,800.00	0.00		16,800.00	
TOTAL:		16,800.00	0.00		16,800.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		38,000.00	0.00		38,000.00	
TOTAL:		38,000.00	0.00		38,000.00	
MISC IDC/CONTINGENCY		85,596.18	0.00		85,596.18	
TOTAL:		85,596.18	0.00		85,596.18	
SURFACE CASING		23,478.00	0.00		23,478.00	
TOTAL:		23,478.00	0.00		23,478.00	
PRODUCTION/LINER CASING		126,040.75	0.00		126,040.75	
TOTAL:		126,040.75	0.00		126,040.75	
CONDUCTOR PIPE		20,000.00	0.00		20,000.00	
TOTAL:		20,000.00	0.00		20,000.00	
WELLHEAD		14,000.00	0.00		14,000.00	
TOTAL:		14,000.00	0.00		14,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	



**SEP Permian LLC**  
AUTHORITY FOR EXPENDITURE

AFE NO.:	D20111	COMPANY	
AFE DESC:	POSEIDON 3 FED 23H	DIVISION	
DATE:	08/27/2020	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET:	G	LLC	

<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
EQUIP RENT	44,000.00	0.00	44,000.00
<b>TOTAL:</b>	<b>44,000.00</b>	<b>0.00</b>	<b>44,000.00</b>
RENTALS: SURFACE IRON	65,000.00	0.00	65,000.00
<b>TOTAL:</b>	<b>65,000.00</b>	<b>0.00</b>	<b>65,000.00</b>
DRILLING RENTALS: SUBSURFACE	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
DRILL MUD & COMPL FLUID	275,000.00	0.00	275,000.00
<b>TOTAL:</b>	<b>275,000.00</b>	<b>0.00</b>	<b>275,000.00</b>
WELLSITE SUPERVISION	46,250.00	0.00	46,250.00
<b>TOTAL:</b>	<b>46,250.00</b>	<b>0.00</b>	<b>46,250.00</b>
COMPLETION CHEMICALS	110,000.00	0.00	110,000.00
<b>TOTAL:</b>	<b>110,000.00</b>	<b>0.00</b>	<b>110,000.00</b>
GROUND TRANSPORT	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
PUMPDOWN	25,000.00	0.00	25,000.00
<b>TOTAL:</b>	<b>25,000.00</b>	<b>0.00</b>	<b>25,000.00</b>
CASED HOLE WIRELINE	82,000.00	0.00	82,000.00
<b>TOTAL:</b>	<b>82,000.00</b>	<b>0.00</b>	<b>82,000.00</b>
FRAC PLUGS	44,000.00	0.00	44,000.00
<b>TOTAL:</b>	<b>44,000.00</b>	<b>0.00</b>	<b>44,000.00</b>
FRAC/FLUID SW DISPOSAL	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FRAC TANK RENTALS	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FLOWBACK	47,000.00	0.00	47,000.00
<b>TOTAL:</b>	<b>47,000.00</b>	<b>0.00</b>	<b>47,000.00</b>
STIMULATION AND PUMPING SERVIC	300,000.00	0.00	300,000.00
<b>TOTAL:</b>	<b>300,000.00</b>	<b>0.00</b>	<b>300,000.00</b>
PROPPANT	150,000.00	0.00	150,000.00
<b>TOTAL:</b>	<b>150,000.00</b>	<b>0.00</b>	<b>150,000.00</b>
FUEL, WATER & LUBE	120,000.00	0.00	120,000.00
<b>TOTAL:</b>	<b>120,000.00</b>	<b>0.00</b>	<b>120,000.00</b>
CASING CREWS AND LAYDOWN SERV	2,500.00	0.00	2,500.00
<b>TOTAL:</b>	<b>2,500.00</b>	<b>0.00</b>	<b>2,500.00</b>
COMPLETION/WORKOVER RIG	51,500.00	0.00	51,500.00
<b>TOTAL:</b>	<b>51,500.00</b>	<b>0.00</b>	<b>51,500.00</b>
KILL TRUCK	2,500.00	0.00	2,500.00
<b>TOTAL:</b>	<b>2,500.00</b>	<b>0.00</b>	<b>2,500.00</b>
COIL TUBING, SNUBBING, NITRO SVC	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
CONTRACT LABOR - ARTIFICIAL LIFT	17,500.00	0.00	17,500.00
<b>TOTAL:</b>	<b>17,500.00</b>	<b>0.00</b>	<b>17,500.00</b>
CONTRACT LABOR - ELECTRICAL/AU	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
CONTRACT LABOR - WELL LEVEL	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
FACILITY PAD CONSTRUCTION	17,500.00	0.00	17,500.00
<b>TOTAL:</b>	<b>17,500.00</b>	<b>0.00</b>	<b>17,500.00</b>
MISC INTANGIBLE FACILITY COSTS	5,000.00	0.00	5,000.00
<b>TOTAL:</b>	<b>5,000.00</b>	<b>0.00</b>	<b>5,000.00</b>
CONTRACT LABOR - AUTOMATION	5,750.00	0.00	5,750.00
<b>TOTAL:</b>	<b>5,750.00</b>	<b>0.00</b>	<b>5,750.00</b>
EQUIPMENT RENTALS	3,750.00	0.00	3,750.00
<b>TOTAL:</b>	<b>3,750.00</b>	<b>0.00</b>	<b>3,750.00</b>
FREIGHT & HANDLING	3,750.00	0.00	3,750.00
<b>TOTAL:</b>	<b>3,750.00</b>	<b>0.00</b>	<b>3,750.00</b>
CONTRACT LABOR - ELECTRICAL	10,000.00	0.00	10,000.00



**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D20111		COMPANY	
AFE DESC: POSEIDON 3 FED 23H		DIVISION	
DATE: 08/27/2020	OPERATOR:		
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,		
GROSS/NET: G	LLC		
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FACILITY CONSTRUCTION LABOR	45,000.00	0.00	45,000.00
<b>TOTAL:</b>	<b>45,000.00</b>	<b>0.00</b>	<b>45,000.00</b>
BITS	1,000.00	0.00	1,000.00
<b>TOTAL:</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>
OVERHEAD POWER	12,500.00	0.00	12,500.00
<b>TOTAL:</b>	<b>12,500.00</b>	<b>0.00</b>	<b>12,500.00</b>
PARTS & SUPPLIES - ARTIFICIAL LIFT	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
PARTS & SUPPLIES - ELECTRICAL/AU	5,000.00	0.00	5,000.00
<b>TOTAL:</b>	<b>5,000.00</b>	<b>0.00</b>	<b>5,000.00</b>
PARTS & SUPPLIES - WELL LEVEL	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
TUBING	44,250.00	0.00	44,250.00
<b>TOTAL:</b>	<b>44,250.00</b>	<b>0.00</b>	<b>44,250.00</b>
TUBING HEAD/XMAS TREE	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
VESSELS	41,750.00	0.00	41,750.00
<b>TOTAL:</b>	<b>41,750.00</b>	<b>0.00</b>	<b>41,750.00</b>
ELECTRICAL - OVERHEAD & TRANSF	12,500.00	0.00	12,500.00
<b>TOTAL:</b>	<b>12,500.00</b>	<b>0.00</b>	<b>12,500.00</b>
LACT	18,750.00	0.00	18,750.00
<b>TOTAL:</b>	<b>18,750.00</b>	<b>0.00</b>	<b>18,750.00</b>
AUTOMATION METERS, SENSORS, V/	23,750.00	0.00	23,750.00
<b>TOTAL:</b>	<b>23,750.00</b>	<b>0.00</b>	<b>23,750.00</b>
MISC FITTINGS & SUPPLIES	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
PUMPS & PUMP SUPPLIES	7,500.00	0.00	7,500.00
<b>TOTAL:</b>	<b>7,500.00</b>	<b>0.00</b>	<b>7,500.00</b>
MISC TANGIBLE FACILITY COSTS	2,500.00	0.00	2,500.00
<b>TOTAL:</b>	<b>2,500.00</b>	<b>0.00</b>	<b>2,500.00</b>
TANKS (OIL & WATER)	43,750.00	0.00	43,750.00
<b>TOTAL:</b>	<b>43,750.00</b>	<b>0.00</b>	<b>43,750.00</b>
CONTAINMENT	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
PIPING	12,500.00	0.00	12,500.00
<b>TOTAL:</b>	<b>12,500.00</b>	<b>0.00</b>	<b>12,500.00</b>
ELECTRICAL - FACILITY	61,250.00	0.00	61,250.00
<b>TOTAL:</b>	<b>61,250.00</b>	<b>0.00</b>	<b>61,250.00</b>
<b>TOTAL THIS AFE:</b>	<b>2,951,557.93</b>	<b>0.00</b>	<b>2,951,557.93</b>



**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.:	D20112	COMPANY	
AFE DESC:	POSEIDON 3 FED 27H	DIVISION	
DATE:	08/27/2020	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET:	G	LLC	

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION - OPS		29,000.00	0.00		29,000.00	
TOTAL:		29,000.00	0.00		29,000.00	
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/OPINIONS - LAND		60,000.00	0.00		60,000.00	
TOTAL:		60,000.00	0.00		60,000.00	
SURVEY - LAND		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
DRILLING RENTALS: SURFACE		44,013.00	0.00		44,013.00	
TOTAL:		44,013.00	0.00		44,013.00	
DRILLING RENTALS: SUBSURFACE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
DRILL MUD & COMPL FLUID		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLSITE SUPERVISION		27,900.00	0.00		27,900.00	
TOTAL:		27,900.00	0.00		27,900.00	
GROUND TRANSPORT		9,000.00	0.00		9,000.00	
TOTAL:		9,000.00	0.00		9,000.00	
CONTRACT DRILLING (DAY RATE/TUF		122,500.00	0.00		122,500.00	
TOTAL:		122,500.00	0.00		122,500.00	
DIRECTIONAL TOOLS AND SERVICES		97,350.00	0.00		97,350.00	
TOTAL:		97,350.00	0.00		97,350.00	
FLUID & CUTTINGS DISPOSAL		62,300.00	0.00		62,300.00	
TOTAL:		62,300.00	0.00		62,300.00	
FRAC TANK RENTALS		180.00	0.00		180.00	
TOTAL:		180.00	0.00		180.00	
BITS		30,500.00	0.00		30,500.00	
TOTAL:		30,500.00	0.00		30,500.00	
FUEL, WATER & LUBE		23,400.00	0.00		23,400.00	
TOTAL:		23,400.00	0.00		23,400.00	
CEMENT		32,500.00	0.00		32,500.00	
TOTAL:		32,500.00	0.00		32,500.00	
CASING CREWS AND LAYDOWN SERV		7,500.00	0.00		7,500.00	
TOTAL:		7,500.00	0.00		7,500.00	
PROD CSG CREW AND LAYDOWN SEI		7,500.00	0.00		7,500.00	
TOTAL:		7,500.00	0.00		7,500.00	
MUD LOGGER		9,000.00	0.00		9,000.00	
TOTAL:		9,000.00	0.00		9,000.00	
MOB/DEMOB RIG		16,800.00	0.00		16,800.00	
TOTAL:		16,800.00	0.00		16,800.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		38,000.00	0.00		38,000.00	
TOTAL:		38,000.00	0.00		38,000.00	
MISC IDC/CONTINGENCY		85,596.18	0.00		85,596.18	
TOTAL:		85,596.18	0.00		85,596.18	
SURFACE CASING		23,478.00	0.00		23,478.00	
TOTAL:		23,478.00	0.00		23,478.00	
PRODUCTION/LINER CASING		126,040.75	0.00		126,040.75	
TOTAL:		126,040.75	0.00		126,040.75	
CONDUCTOR PIPE		20,000.00	0.00		20,000.00	
TOTAL:		20,000.00	0.00		20,000.00	
WELLHEAD		14,000.00	0.00		14,000.00	
TOTAL:		14,000.00	0.00		14,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	



**SEP Permian LLC**  
AUTHORITY FOR EXPENDITURE

AFE NO.: D20112		COMPANY	
AFE DESC: POSEIDON 3 FED 27H		DIVISION	
DATE: 08/27/2020		OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN,	
GROSS/NET: G		LLC	
<b>TOTAL:</b>		<b>15,000.00</b>	<b>0.00</b>
EQUIP RENT		44,000.00	0.00
<b>TOTAL:</b>		<b>44,000.00</b>	<b>0.00</b>
RENTALS: SURFACE IRON		65,000.00	0.00
<b>TOTAL:</b>		<b>65,000.00</b>	<b>0.00</b>
DRILLING RENTALS: SUBSURFACE		10,000.00	0.00
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>
DRILL MUD & COMPL FLUID		275,000.00	0.00
<b>TOTAL:</b>		<b>275,000.00</b>	<b>0.00</b>
WELLSITE SUPERVISION		46,250.00	0.00
<b>TOTAL:</b>		<b>46,250.00</b>	<b>0.00</b>
COMPLETION CHEMICALS		110,000.00	0.00
<b>TOTAL:</b>		<b>110,000.00</b>	<b>0.00</b>
GROUND TRANSPORT		10,000.00	0.00
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>
PUMPDOWN		25,000.00	0.00
<b>TOTAL:</b>		<b>25,000.00</b>	<b>0.00</b>
CASED HOLE WIRELINE		82,000.00	0.00
<b>TOTAL:</b>		<b>82,000.00</b>	<b>0.00</b>
FRAC PLUGS		44,000.00	0.00
<b>TOTAL:</b>		<b>44,000.00</b>	<b>0.00</b>
FRAC/FLUID SW DISPOSAL		10,000.00	0.00
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>
FRAC TANK RENTALS		10,000.00	0.00
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>
FLOWBACK		47,000.00	0.00
<b>TOTAL:</b>		<b>47,000.00</b>	<b>0.00</b>
STIMULATION AND PUMPING SERVIC		300,000.00	0.00
<b>TOTAL:</b>		<b>300,000.00</b>	<b>0.00</b>
PROPPANT		150,000.00	0.00
<b>TOTAL:</b>		<b>150,000.00</b>	<b>0.00</b>
FUEL, WATER & LUBE		120,000.00	0.00
<b>TOTAL:</b>		<b>120,000.00</b>	<b>0.00</b>
CASING CREWS AND LAYDOWN SERV		2,500.00	0.00
<b>TOTAL:</b>		<b>2,500.00</b>	<b>0.00</b>
COMPLETION/WORKOVER RIG		51,500.00	0.00
<b>TOTAL:</b>		<b>51,500.00</b>	<b>0.00</b>
KILL TRUCK		2,500.00	0.00
<b>TOTAL:</b>		<b>2,500.00</b>	<b>0.00</b>
COIL TUBING, SNUBBING, NITRO SVC		10,000.00	0.00
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>
CONTRACT LABOR - ARTIFICIAL LIFT		17,500.00	0.00
<b>TOTAL:</b>		<b>17,500.00</b>	<b>0.00</b>
CONTRACT LABOR - ELECTRICAL/AU		20,000.00	0.00
<b>TOTAL:</b>		<b>20,000.00</b>	<b>0.00</b>
CONTRACT LABOR - WELL LEVEL		15,000.00	0.00
<b>TOTAL:</b>		<b>15,000.00</b>	<b>0.00</b>
FACILITY PAD CONSTRUCTION		17,500.00	0.00
<b>TOTAL:</b>		<b>17,500.00</b>	<b>0.00</b>
MISC INTANGIBLE FACILITY COSTS		5,000.00	0.00
<b>TOTAL:</b>		<b>5,000.00</b>	<b>0.00</b>
CONTRACT LABOR - AUTOMATION		5,750.00	0.00
<b>TOTAL:</b>		<b>5,750.00</b>	<b>0.00</b>
EQUIPMENT RENTALS		3,750.00	0.00
<b>TOTAL:</b>		<b>3,750.00</b>	<b>0.00</b>
FREIGHT & HANDLING		3,750.00	0.00
<b>TOTAL:</b>		<b>3,750.00</b>	<b>0.00</b>
CONTRACT LABOR - ELECTRICAL		10,000.00	0.00



**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D20112		COMPANY	
AFE DESC: POSEIDON 3 FED 27H		DIVISION	
DATE: 08/27/2020	OPERATOR:		
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,		
GROSS/NET: G	LLC		
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FACILITY CONSTRUCTION LABOR	45,000.00	0.00	45,000.00
<b>TOTAL:</b>	<b>45,000.00</b>	<b>0.00</b>	<b>45,000.00</b>
BITS	1,000.00	0.00	1,000.00
<b>TOTAL:</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>
OVERHEAD POWER	12,500.00	0.00	12,500.00
<b>TOTAL:</b>	<b>12,500.00</b>	<b>0.00</b>	<b>12,500.00</b>
PARTS & SUPPLIES - ARTIFICIAL LIFT	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
PARTS & SUPPLIES - ELECTRICAL/AU	5,000.00	0.00	5,000.00
<b>TOTAL:</b>	<b>5,000.00</b>	<b>0.00</b>	<b>5,000.00</b>
PARTS & SUPPLIES - WELL LEVEL	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
TUBING	44,250.00	0.00	44,250.00
<b>TOTAL:</b>	<b>44,250.00</b>	<b>0.00</b>	<b>44,250.00</b>
TUBING HEAD/XMAS TREE	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
VESSELS	41,750.00	0.00	41,750.00
<b>TOTAL:</b>	<b>41,750.00</b>	<b>0.00</b>	<b>41,750.00</b>
ELECTRICAL - OVERHEAD & TRANSF	12,500.00	0.00	12,500.00
<b>TOTAL:</b>	<b>12,500.00</b>	<b>0.00</b>	<b>12,500.00</b>
LACT	18,750.00	0.00	18,750.00
<b>TOTAL:</b>	<b>18,750.00</b>	<b>0.00</b>	<b>18,750.00</b>
AUTOMATION METERS, SENSORS, V/	23,750.00	0.00	23,750.00
<b>TOTAL:</b>	<b>23,750.00</b>	<b>0.00</b>	<b>23,750.00</b>
MISC FITTINGS & SUPPLIES	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
PUMPS & PUMP SUPPLIES	7,500.00	0.00	7,500.00
<b>TOTAL:</b>	<b>7,500.00</b>	<b>0.00</b>	<b>7,500.00</b>
MISC TANGIBLE FACILITY COSTS	2,500.00	0.00	2,500.00
<b>TOTAL:</b>	<b>2,500.00</b>	<b>0.00</b>	<b>2,500.00</b>
TANKS (OIL & WATER)	43,750.00	0.00	43,750.00
<b>TOTAL:</b>	<b>43,750.00</b>	<b>0.00</b>	<b>43,750.00</b>
CONTAINMENT	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
PIPING	12,500.00	0.00	12,500.00
<b>TOTAL:</b>	<b>12,500.00</b>	<b>0.00</b>	<b>12,500.00</b>
ELECTRICAL - FACILITY	61,250.00	0.00	61,250.00
<b>TOTAL:</b>	<b>61,250.00</b>	<b>0.00</b>	<b>61,250.00</b>
<b>TOTAL THIS AFE:</b>	<b>2,951,557.93</b>	<b>0.00</b>	<b>2,951,557.93</b>



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

**APPLICATION OF SPUR ENERGY  
PARTNERS, LLC FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 21488**

**SELF-AFFIRMED STATEMENT OF  
C.J. LIPINSKI**

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 Spur Energy Partners, LLC ("Spur Energy"). I am familiar with the geological matters that pertain to Spur Energy'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.
5. A gun barrel diagram of the proposed Poseidon 3 Fed #20H, #23H, and #27H wells is attached as Exhibit B-2.
6. A structure map of the Yeso formation is attached as Exhibit B-3. The map shows that the structure gently dips to the east. It also shows a line of cross section and the HSU for the proposed Poseidon 3 Fed #20H, #23H, and #27H wells.
7. Attached as Exhibit B-4 is a gross isochore map of the Paddock member of the Yeso formation, which is the target zone for the proposed wells. It shows that the dolostone across the HSU is relatively consistent at approximately 400' thick.

Case No. 21488

**SPUR ENERGY  
Exhibit B**



8. Attached as Exhibit B-5 is a west to east cross section. The well logs on the cross section provide a representative sample of the Yeso formation in the area. The target zone for the proposed wells is continuous across the HSU.

9. To optimally produce the Yeso Formation, the preference is laydown horizontal wells (west to east or east to west) that follow depositional trend.

10. The wells' producing intervals will be orthodox.

11. There are no depth severances in the Yeso formation in the proposed HSU.

12. 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 wells; and
- c) Each quarter-quarter section in the HSU will contribute more or less equally to production.

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

14. Exhibits B-1 through B-5 were either prepared by me or compiled from company records.

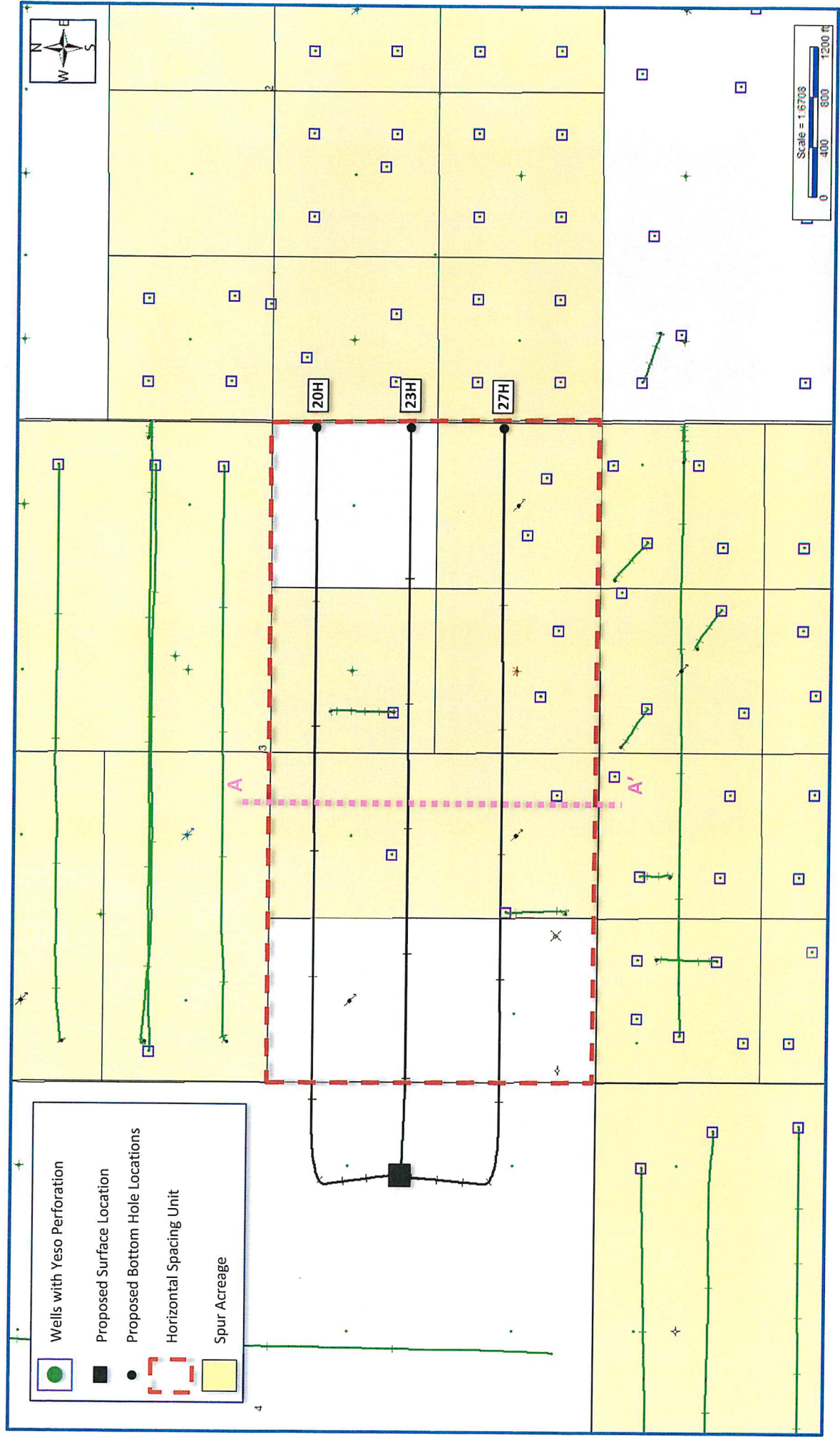
15. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 14 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

  
C.J. Lipinski

10/28/20  
Date

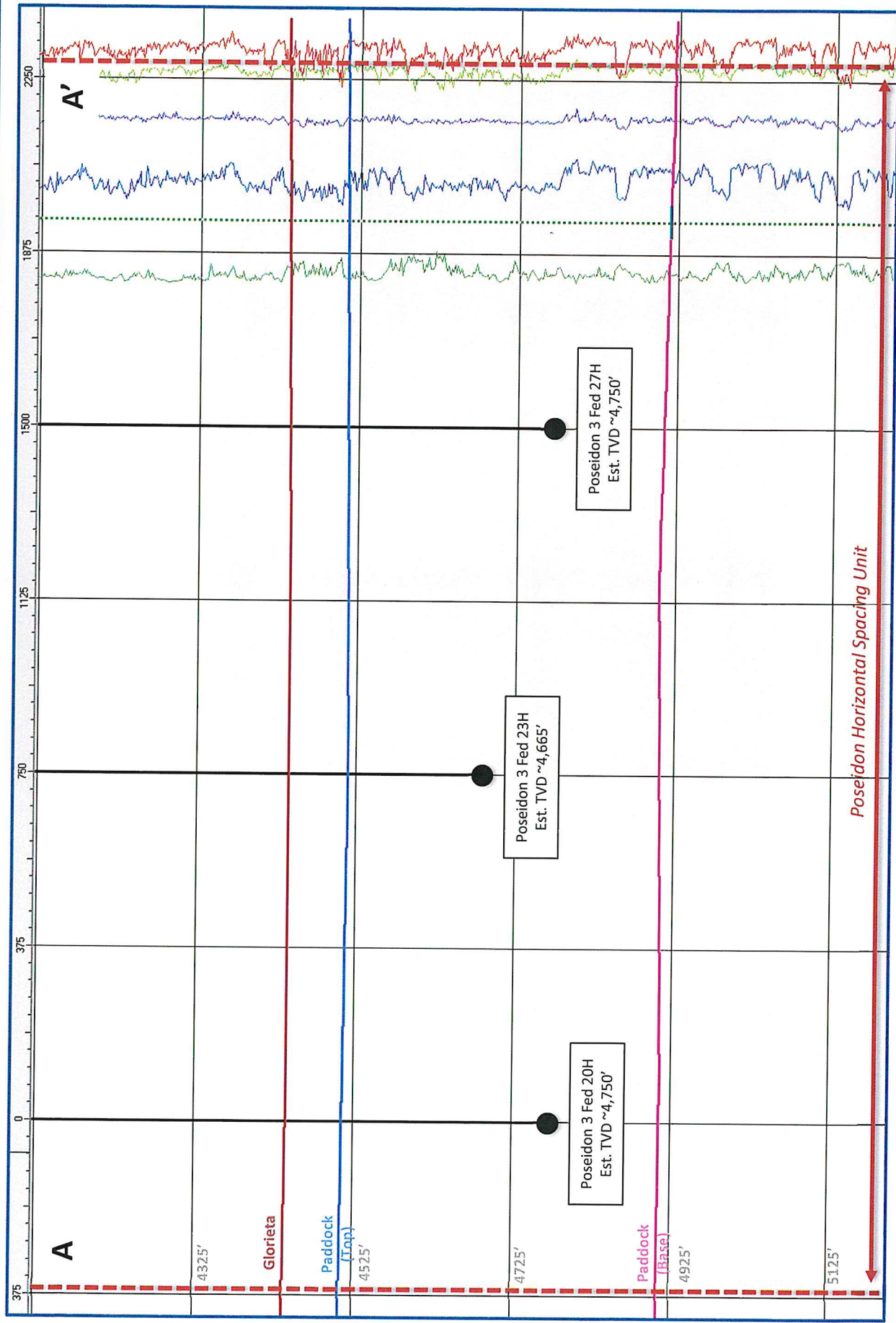


# Exhibit B-1: Poseidon Basemap



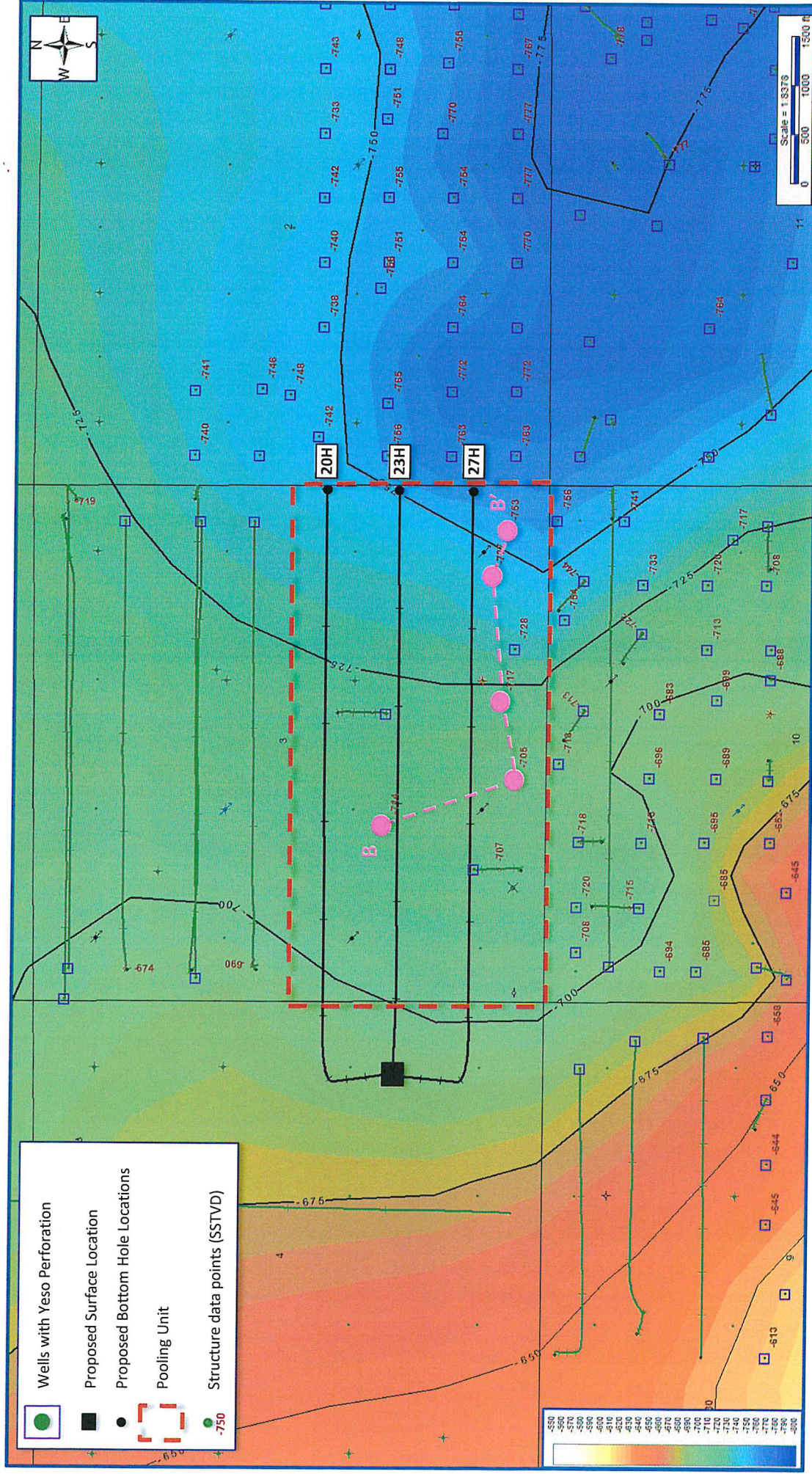


# Exhibit B-2: Poseidon Gun Barrel (TVD)



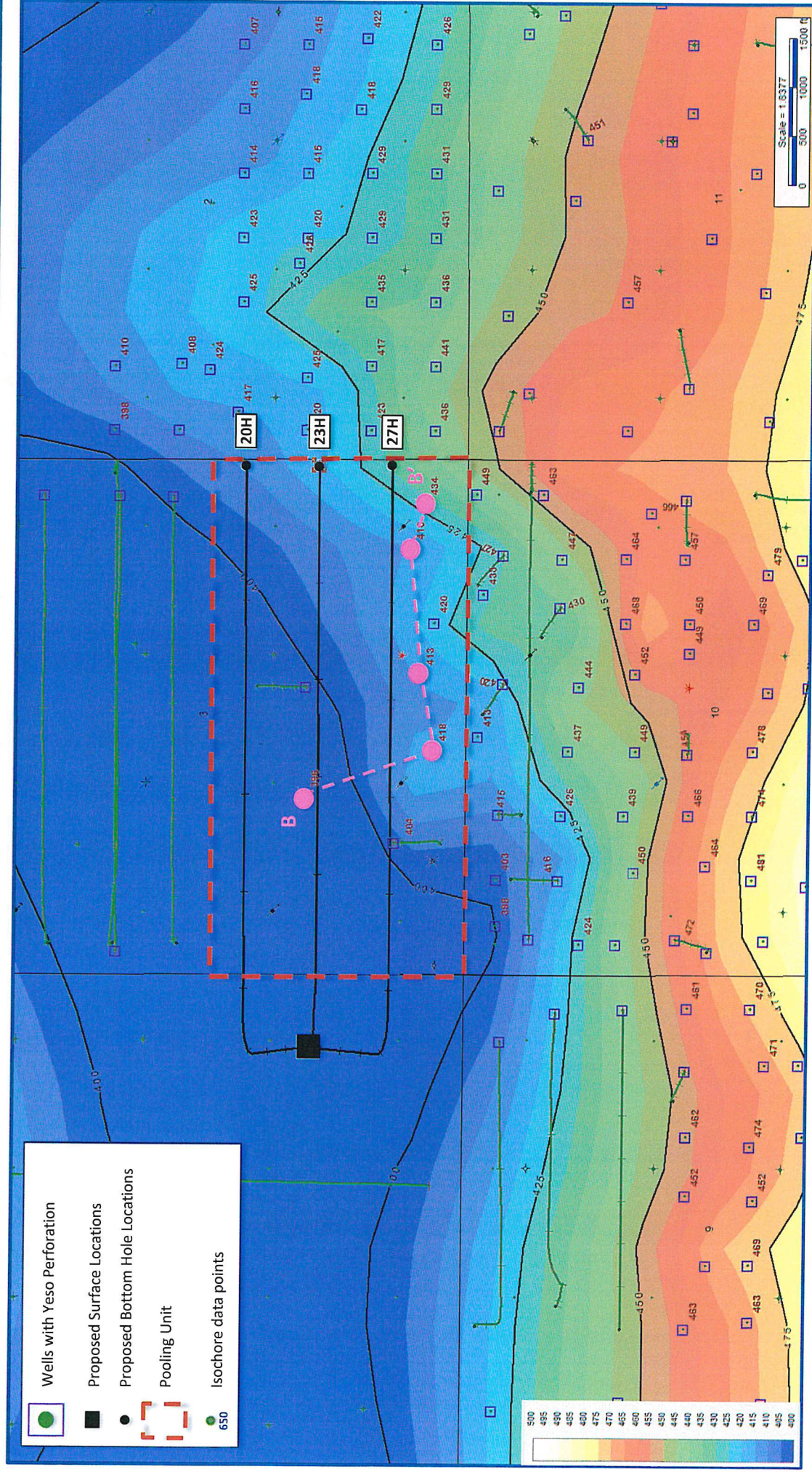


# Exhibit B-3: Structure Map (SSTVD): Top Glorieta





# Exhibit B-4: Isochore Map (TVT) - Paddock





# Exhibit B-5: Poseidon Structural Cross Section (TVD)

