



SPUR



Radiohead 1H-4H

**Case Nos. 21584-21585
NMOCD Exhibits**

Hearing Date: Jan. 7th, 2021

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

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

CASE NOS. 21584 & 21585

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Eddy County, New Mexico

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COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| Case No. 21584 | APPLICANT'S RESPONSE |
|--|---|
| Date: January 7, 2021 | |
| Applicant | Spur Energy Partners, LLC |
| Designated Operator & OGRID (affiliation if applicable) | Spur Energy Partners, LLC (OGRID 338479) |
| Applicant's Counsel: | Holland & Hart LLP |
| Case Title: | Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. |
| Entries of Appearance/Intervenors: | None |
| Well Family | Radiohead wells |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Yeso formation, from the top of the Atoka; Glorieta Yeso Pool (Pool code 3250) to a depth of 3200 feet |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | Yeso formation |
| Pool Name and Pool Code: | Atoka; Glorieta Yeso Pool (Pool code 3250) |
| Well Location Setback Rules: | Statewide oil |
| Spacing Unit Size: | 200 acres, more or less |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 200 acres, more or less |
| Building Blocks: | 40-acre |
| Orientation: | laydown |
| Description: TRS/County | N/2 S/2 of Section 28, and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPPM, Eddy County, New Mexico |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | Yes, at 3,200 feet BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: Spur Energy Partners, LLC Hearing Date: January 7, 2021 Case Nos. 21584-21585 |

| | |
|--|--|
| Proximity Tracts: If yes, description | None |
| Proximity Defining Well: if yes, description | N/A |
| Applicant's Ownership in Each Tract | Yes, Exhibit C-2 |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | |
| Well #1 | <p>Radiohead Well No. 1H, API No. 30-015-pending SHL:2010 feet from the south line and 2375 feet from the west line, (Unit J) of Section 29, Township 18 South, Range 26 East, NMPM. BHL:1676 feet from the south line and 50 feet from the east line, (Unit I) of Section 28, Township 18 South, Range 26 East, NMPM.</p> <p>Completion Target: Yeso formation Well Orientation:West to East Completion Location expected to be:standard</p> |
| Well #2 | <p>Radiohead Well No. 2H, API No. 30-015-pending SHL:2030 feet from the south line and 2375 feet from the west line, (Unit J) of Section 29, Township 18 South, Range 26 East, NMPM. BHL:2221 feet from the south line and 50 feet from the east line, (Unit I) of Section 28, Township 18 South, Range 26 East, NMPM.</p> <p>Completion Target: Yeso formation Well Orientation:West to East Completion Location expected to be:standard</p> |
| Horizontal Well First and Last Take Points | Exhibit C-1 |
| Completion Target (Formation, TVD and MD) | Exhibit C-4 for the well proposal |
| | |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | Exhibit C-4 |
| Production Supervision/Month \$ | Exhibit C-4 |
| Justification for Supervision Costs | Exhibit C-4 |
| Requested Risk Charge | Exhibit C-4 |

| | |
|--|--------------------------|
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit A |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit E |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit F |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibit C-2 |
| Tract List (including lease numbers and owners) | Exhibit C-2 |
| Pooled Parties (including ownership type) | Exhibit C-2 |
| Unlocatable Parties to be Pooled | N/A |
| Ownership Depth Severance (including percentage above & below) | Exhibit C-2 |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit C-4 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit C-2 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit C-5 |
| Overhead Rates In Proposal Letter | Exhibit C-4 |
| Cost Estimate to Drill and Complete | Exhibit C-4 |
| Cost Estimate to Equip Well | Exhibit C-4 |
| Cost Estimate for Production Facilities | Exhibit C-4 |
| Geology | |
| Summary (including special considerations) | Exhibit D, D-1, D-3 |
| Spacing Unit Schematic | Exhibit D, D-1, D-3 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit D-3 |
| Well Orientation (with rationale) | Exhibit D, D-1, D-3 |
| Target Formation | Exhibit D, D-2, D-3, D-4 |
| HSU Cross Section | Exhibit D-1, D-4 |
| Depth Severance Discussion | Exhibit C, Exhibit D |
| Forms, Figures and Tables | |
| C-102 | Exhibit C-1 |
| Tracts | Exhibit C-2 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit C-2 |
| General Location Map (including basin) | Exhibit D-1 |
| Well Bore Location Map | Exhibit D-1 |
| Structure Contour Map - Subsea Depth | Exhibit D-2 |
| Cross Section Location Map (including wells) | Exhibit D-1, D-4 |
| Cross Section (including Landing Zone) | Exhibit D-1, D-4 |
| Additional Information | |

| | |
|--|--|
| Special Provisions/Stipulations | N/A |
| | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| | |
| Printed Name (Attorney or Party Representative): | Kaitlyn A. Luck |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 5-Jan-21 |

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| Case No. 21585 | APPLICANT'S RESPONSE |
|--|---|
| Date: January 7, 2021 | |
| Applicant | Spur Energy Partners, LLC |
| Designated Operator & OGRID (affiliation if applicable) | Spur Energy Partners, LLC (OGRID 338479) |
| Applicant's Counsel: | Holland & Hart LLP |
| Case Title: | Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. |
| Entries of Appearance/Intervenors: | None |
| Well Family | Radiohead wells |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Yeso formation, in the Atoka; Glorieta Yeso Pool (3250) from a depth of 3,201 feet to the base of the Pool |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | Yeso formation |
| Pool Name and Pool Code: | Atoka; Glorieta Yeso Pool (Pool code 3250) |
| Well Location Setback Rules: | Statewide oil |
| Spacing Unit Size: | 200 acres, more or less |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 200 acres, more or less |
| Building Blocks: | 40-acre |
| Orientation: | laydown |
| Description: TRS/County | N/2 S/2 of Section 28, and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | Yes, at 3,200 feet |

| | |
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| Proximity Tracts: If yes, description | None |
| Proximity Defining Well: if yes, description | N/A |
| Applicant's Ownership in Each Tract | Yes, Exhibit C-2 |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | |
| Well #1 | <p>Radiohead Well No. 3H, API No. 30-015-pending SHL:2050 feet from the south line and 2375 feet from the west line, (Unit J) of Section 29, Township 18 South, Range 26 East, NMPM. BHL:1726 feet from the south line and 50 feet from the east line, (Unit I) of Section 28, Township 18 South, Range 26 East, NMPM.</p> <p>Completion Target: Yeso formation Well Orientation:West to East Completion Location expected to be:standard</p> |
| Well #2 | <p>Radiohead Well No. 4H, API No. 30-015-pending SHL:2070 feet from the south line and 2375 feet from the west line, (Unit J) of Section 29, Township 18 South, Range 26 East, NMPM. BHL:2271 feet from the south line and 50 feet from the east line, (Unit I) of Section 28, Township 18 South, Range 26 East, NMPM.</p> <p>Completion Target: Yeso formation Well Orientation:West to East Completion Location expected to be:standard</p> |
| Horizontal Well First and Last Take Points | Exhibit C-1 |
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| Pooled Parties (including ownership type) | Exhibit C-2 |
| Unlocatable Parties to be Pooled | N/A |
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| Cross Section (including Landing Zone) | Exhibit D-1, D-4 |
| Additional Information | |

| | |
|--|--|
| Special Provisions/Stipulations | N/A |
| | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| | |
| Printed Name (Attorney or Party Representative): | Kaitlyn A. Luck |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 5-Jan-21 |

**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. 21584

APPLICATION

Spur Energy Partners, LLC (“Spur” or “Applicant”) (OGRID No. 338479) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in a portion of the Yeso formation, from the top of the Atoka; Glorieta Yeso Pool (3250) to a depth of 3200 feet, underlying a standard 200-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Section 28, and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Spur states:

1. An affiliate entity of Spur is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the proposed initial wells: (1) the **Radiohead #1H well**, and (2) the **Radiohead #2H well**, to be drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 27 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 29.
3. The completed intervals of the wells will comply with Statewide rules for oil wells.
4. A depth severance exists in the Yeso formation within the proposed the horizontal spacing unit, and Spur seeks to pool only a portion of the Atoka; Glorieta Yeso Pool from the top of the pool at a stratigraphic equivalent of 2,279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer 1 Well (API No. 30-015-05926), to a depth of 3200 feet. Spur

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B

Submitted by: Spur Energy Partners, LLC

Hearing Date: January 7, 2021

Case Nos. 21584-21585

will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

5. Spur has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

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

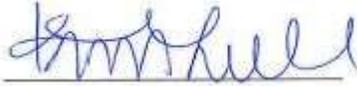
7. In order to permit Spur to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled, and Spur should be designated the operator of the proposed horizontal spacing unit and the proposed initial wells.

WHEREFORE, Spur requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Yeso formation and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

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kaluck@hollandhart.com

ATTORNEYS FOR SPUR ENERGY PARTNERS, LLC

**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. 21585

APPLICATION

Spur Energy Partners, LLC (“Spur” or “Applicant”) (OGRID No. 338479) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in a portion of the Yeso formation, in the Atoka; Glorieta Yeso Pool (3250) from a depth of 3,201 feet to the base of the Pool, underlying a standard 200-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Section 28, and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Spur states:

1. An affiliate entity of Spur is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the proposed initial wells: (1) the **Radiohead #3H well**, and (2) the **Radiohead #4H well**, to be drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 27 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 29.
3. The completed intervals of the wells will comply with Statewide rules for oil wells.
4. A depth severance exists in the Yeso formation within the proposed the horizontal spacing unit. Accordingly, Spur seeks to pool only a portion of the Atoka; Glorieta Yeso Pool from 3,201 feet to the bottom of the Yeso formation, at a stratigraphic equivalent of 4,460 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer 1 Well (API No. 30-015-

05926). Spur will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

5. Spur has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

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

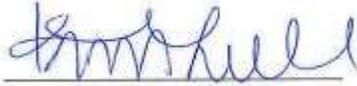
7. In order to permit Spur to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled, and Spur should be designated the operator of the proposed horizontal spacing unit and the proposed initial wells.

WHEREFORE, Spur requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Yeso formation and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

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kaluck@hollandhart.com

ATTORNEYS FOR SPUR ENERGY PARTNERS, LLC

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

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

CASE NOS. 21584 & 21585

**AFFIDAVIT OF MEGAN PEÑA
IN SUPPORT OF CASE NOS. 21584 & 21585**

Megan Peña, of lawful age and being first duly sworn, declares as follows:

1. My name is Megan Peña. I work for Spur Energy Partners, LLC, an affiliate of SEP Permian, LLC, (“Spur”) as a Senior Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the applications filed by Spur in these cases and the subject lands involved.
4. None of the mineral owners to be pooled have expressed opposition to these cases proceeding by affidavit, so I do not expect any opposition at the hearing.
5. In **Case No. 21584**, Spur seeks an order pooling all uncommitted interests in a portion of the Yeso formation, from the top of the Atoka; Glorieta Yeso Pool (Pool code 3250), to a depth of 3,200 feet in the 200-acre horizontal spacing comprised of the N/2 S/2 of Section 28, and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Spur Energy Partners, LLC
Hearing Date: January 7, 2021
Case Nos. 21584-21585**

6. Spur intends to dedicate this standard horizontal spacing unit to the proposed **Radiohead #1H well**, and **Radiohead #2H well**, to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 29 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 28.

7. The completed interval for this well complies with Statewide rules for oil wells.

8. **Spur Exhibit C-1** contains the C-102 for the proposed wells that are located in Atoka; Glorieta Yeso Pool (Pool code 3250).

9. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Spur seeks to pool only a portion of the Atoka; Glorieta Yeso Pool from the top of the pool at a stratigraphic equivalent of 2,279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer 1 Well (API No. 30-015-05926), to a depth of 3,200 feet.

10. Ownership is different above and below the depth severance line. **Spur Exhibit C-2** identifies ownership by tract in the proposed spacing unit from the top of the pool to a depth of 3,200 feet. Spur seeks to pool the highlighted working interest owners, overriding royalty interest owners, and unleased mineral interest owners.

11. In **Case No. 21585**, Spur seeks an order pooling all uncommitted interests in a portion of the Yeso formation, in the Atoka; Glorieta Yeso Pool (3250) from a depth of 3,201 feet to the base of the Pool in the 200-acre horizontal spacing comprised of the N/2 S/2 of Section 28 and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

12. Spur intends to dedicate this standard horizontal spacing unit to the following proposed initial wells: (1) the **Radiohead #3H well**, to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 29 to a standard bottom-hole location in the NE/4 SE/4 (Unit I) of Section 28; and (2) the **Radiohead #4H well**, to be drilled from a surface location in the NW/4

SE/4 (Unit J) of Section 29 to a standard bottom-hole location in the NE/4 SE/4 (Unit I) of Section 28.

13. The completed intervals for these wells comply with Statewide rules for oil wells.

14. **Spur Exhibit C-3** contains the C-102 for the proposed wells that are located in Atoka; Glorieta Yeso Pool (Pool code 3250).

15. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Spur seeks to pool only a portion of the Atoka; Glorieta Yeso Pool from 3,201 feet to the bottom of the Yeso formation, at a stratigraphic equivalent of 4,460 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer 1 Well (API No. 30-015-05926).

16. The depth severance was created by virtue of an assignment between two predecessors in interest. This document defines the depth severance as 3,200 feet.

17. Ownership is different above and below the depth severance line. **Spur Exhibit C-2** also identifies ownership by tract in the proposed spacing unit from 3,201 foot to the base of the Pool. Spur seeks to pool the highlighted working interest owners, overriding royalty interest owners, and unleased mineral interest owners.

18. **Spur Exhibit C-4** contains a sample of the well proposal letters and AFEs sent to the working interest owners for the proposed wells in **Case Nos. 21584** and **21585**. The estimated costs reflected on the AFE are consistent with what Spur and other operators have incurred for drilling similar horizontal wells in the Yeso formation in this area.

19. In addition to sending these well proposal letters, the uncommitted parties have been contacted multiple times regarding the proposed wells but have yet to voluntarily commit their interests to the proposed spacing units in **Case Nos. 21584** and **21585**. **Spur Exhibit C-5** contains a chronology of the contacts with the working interest owners that Spur seeks to pool. In

my opinion, Spur has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

20. Spur requests overhead and administrative rates of \$8,000 per month for drilling and \$800 per month for a producing well. These rates are consistent with the rates charged by Spur and other operators for wells of this type in this area of southeastern New Mexico.

21. I have provided the law firm of Holland and Hart, LLP, with the names and addresses of the mineral owners that Spur seeks to pool in **Case Nos. 21584** and **21585**. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, phone directories and conducted computer searches to locate contact information for these parties. All parties were locatable.

22. In addition to parties that Spur seeks to compulsory pool, I provided notice of these applications in **Case Nos. 21584** and **21585** to the vertical offsets who would be excluded from the spacing units that Spur seeks to create. All parties received notice and did not object to Spur's plans to pool only a portion of the pool in each of the cases.

23. **Spur Exhibits C-1** through **C-5** were prepared by me or compiled under my direction from Spur's company business records.

FURTHER AFFIANT SAYETH NAUGHT.

Megan Peña
MEGAN PEÑA

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 30th day of December, 2020 by MEGAN PEÑA.

Dilmy 2th
NOTARY PUBLIC

My Commission Expires:

03-11-2022



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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------|--|---|--|-------------|-----------------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name RADIOHEAD | | | 6 Well Number 1H |
| 7 OGRID NO. | | 8 Operator Name SPUR ENERGY PARTNERS LLC. | | | 9 Elevation 3422' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| J | 29 | 18S | 26E | | 2010 | SOUTH | 2375 | EAST | EDDY |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| I | 28 | 18S | 26E | | 1676 | SOUTH | 50 | EAST | EDDY |

| | | | |
|--------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--------------------|--------------------|-----------------------|--------------|

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.

16 GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION (SL)
N: 624644.4 - E: 519776.1
LAT: 32.7171681° N
LONG: 104.4034402° W

FIRST TAKE POINT (FTP)
1676' FSL & 1220' FEL - SEC 29
N: 624305.7 - E: 520928.7
LAT: 32.7162394° N
LONG: 104.3996916° W

LAST TAKE POINT (LTP)
1676' FSL & 100' FEL - SEC 28
N: 624279.2 - E: 527358.9
LAT: 32.7161758° N
LONG: 104.3787843° W

BOTTOM HOLE (BH)
N: 624279.0 - E: 527408.9
LAT: 32.7161753° N
LONG: 104.3786217° W

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

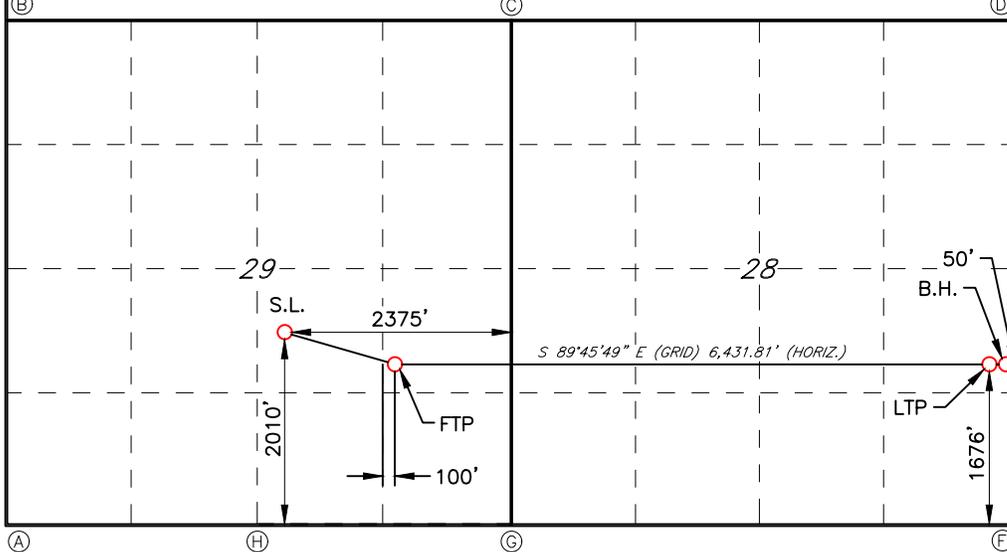
18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

12-29-2020
Date of Survey

Signature and Seal of Professional Surveyor _____

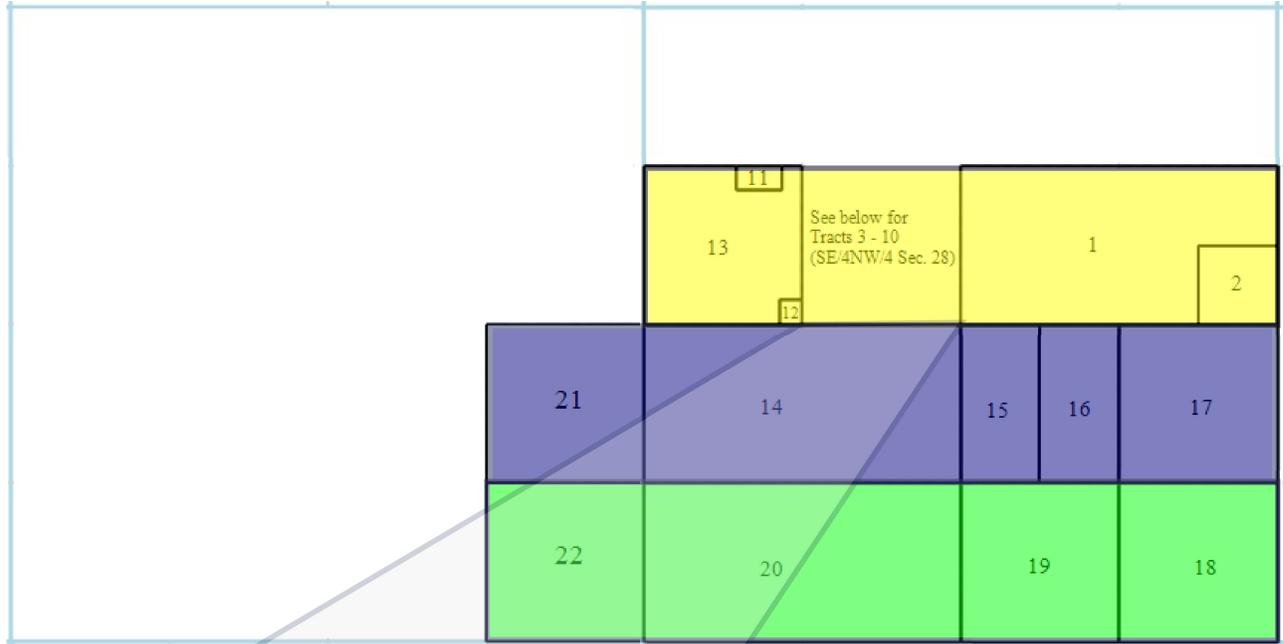
19680
Certificate Number

LS18121379R2

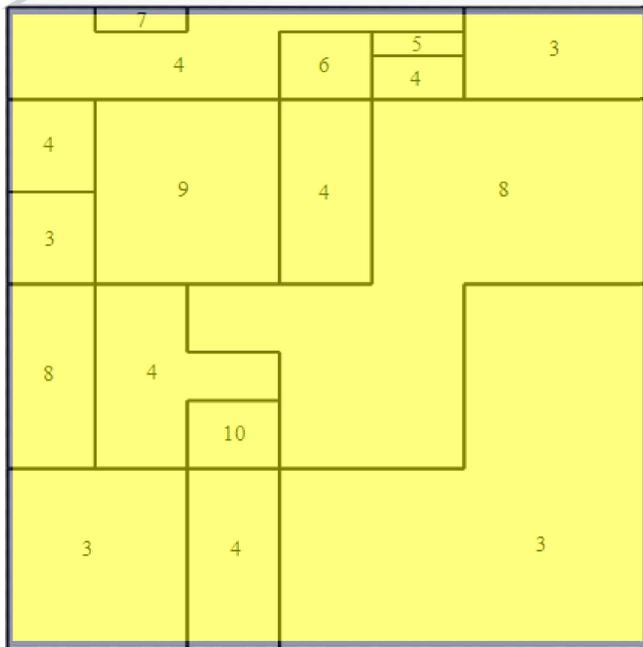


Section 29-18S-26E NMPM

Section 28-18S-26E NMPM



SE4/NW4 Sec. 28 (TRACTS 3-10)



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C2
Submitted by: Spur Energy Partners, LLC
Hearing Date: January 7, 2021
Case Nos. 21584-21585

RADIOHEAD - TRACT WORKING INTEREST SUMMARY

| TRACT NUMBER | LOCATION | SECTION | ACRES |
|--------------|---------------|------------|------------|
| TRACT 14 | N/2 SW/4 | 28-18S-26E | 80 |
| TRACT 15 | W/2 NW/4 SE/4 | 28-18S-26E | 20 |
| TRACT 16 | E/2 NW/4 SE/4 | 28-18S-26E | 20 |
| TRACT 17 | NE/4 SE/4 | 28-18S-26E | 40 |
| TRACT 21 | NE/4 SE/4 | 29-18S-26E | 40 |
| | | | 200 |

Parties to be pooled are highlighted in YELLOW

**RADIOHEAD 1H & 2H
(top of Yeso to 3100')**

| | Net Ac | DSU WI% |
|--------------------------|---------------|-------------|
| EOG Resources, Inc. | 82.5 | 41.25% |
| Oxy Y-1 Company | 30 | 15% |
| Vladin, LLC | 7.5 | 3.75% |
| SEP Permian LLC | 79.7916668 | 39.895833% |
| Sandra S. Bateman | 0.1736110 | 0.086806% |
| Sapphire Royalties, Inc. | 0.0173612 | 0.008681% |
| J.M. Mineral & Land Co. | 0.0173610 | 0.008681% |
| TOTAL | 200.00 | 100% |

**RADIOHEAD 3H & 4H
(below 3200')**

| | Net Ac | DSU WI% |
|--------------------------|---------------|----------------|
| EOG Resources, Inc. | 30 | 15% |
| Oxy Y-1 Company | 10 | 5% |
| SEP Permian LLC | 159.79 | 79.895833% |
| Sandra S. Bateman | 0.1736110 | 0.086806% |
| Sapphire Royalties, Inc. | 0.0173612 | 0.008681% |
| J.M. Mineral & Land Co. | 0.0173610 | 0.008681% |
| TOTAL | 200.00 | 100.00% |

| TRACT 14 - Top of the Yeso Formation to 3,100' | Interest Type | WI | NRI | Gross Ac | Net Ac |
|--|---------------|-------------------|-------------------|-----------|-----------|
| EOG Resources, Inc. | WI | 0.65625000 | 0.45117188 | 80 | 52.5 |
| Oxy Y-1 Company | WI | 0.25000000 | 0.17187500 | [80] | 20 |
| Vladin, LLC | WI | 0.09375000 | 0.06445313 | [80] | 7.5 |
| TOTAL | | 1.00000000 | 0.68750001 | 80 | 80 |

| TRACT 14 - Depths from 3,101' to 3,200' | Interest Type | WI | NRI | Gross Ac | Net Ac |
|---|---------------|-------------------|-------------------|-----------|-----------|
| EOG Resources, Inc. | WI | 1.00000000 | 0.68750000 | 80 | 80 |
| TOTAL | | 1.00000000 | 0.68750000 | 80 | 80 |

| TRACT 14 - Depths from 3,201' to bottom of Yeso Formation | Interest Type | WI | NRI | Gross Ac | Net Ac |
|---|---------------|-------------------|-------------------|-----------|-----------|
| SEP Permian LLC | WI | 1.00000000 | 0.81250000 | 80 | 80 |
| TOTAL | | 1.00000000 | 0.81250000 | 80 | 80 |

| TRACT 15 - All of the Yeso Formation | Interest Type | WI | NRI | Gross Ac | Net Ac |
|--------------------------------------|---------------|-------------------|-------------------|-----------|-----------|
| SEP Permian LLC | WI | 1.00000000 | 0.75000000 | 20 | 20 |
| TOTAL | | 1.00000000 | 0.75000000 | 20 | 20 |

| TRACT 16 - All of the Yeso Formation | Interest Type | WI | NRI | Gross Ac | Net Ac |
|--------------------------------------|---------------|-------------------|-------------------|-----------|-------------------|
| SEP Permian, LLC | WI | 0.98958334 | 0.74635417 | 20 | 19.7916668 |
| Sandra S. Bateman | UMI | 0.00868055 | 0.00868055 | [20] | 0.1736110 |
| Sapphire Royalties, Inc. | UMI | 0.00086806 | 0.00086806 | [20] | 0.0173612 |
| J.M. Mineral & Land Co. | UMI | 0.00086805 | 0.00086805 | [20] | 0.0173610 |
| TOTAL | | 1.00000000 | 0.75677083 | 20 | 20.0000000 |

| TRACT 17 - All of the Yeso Formation | Interest Type | WI | NRI | Gross Ac | Net Ac |
|--------------------------------------|---------------|-------------------|-------------------|-----------|-----------|
| EOG Resources, Inc. | WI | 0.75000000 | 0.57421875 | 40 | 30 |
| Oxy Y-1 Company | WI | 0.25000000 | 0.19140625 | [40] | 10 |
| TOTAL | | 1.00000000 | 0.76562500 | 40 | 40 |

| TRACT 21 - All of the Yeso Formation | Interest Type | WI | NRI | Gross Ac | Net Ac |
|--------------------------------------|---------------|-------------------|-------------------|-----------|-----------|
| SEP Permian LLC | WI | 1.00000000 | 0.75000000 | 40 | 40 |
| TOTAL | | 1.00000000 | 0.75000000 | 40 | 40 |

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------|--|---|--|-------------|-----------------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name RADIOHEAD | | | 6 Well Number 3H |
| 7 OGRID NO. | | 8 Operator Name SPUR ENERGY PARTNERS LLC. | | | 9 Elevation 3422' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| J | 29 | 18S | 26E | | 2050 | SOUTH | 2375 | EAST | EDDY |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| I | 28 | 18S | 26E | | 1726 | SOUTH | 50 | EAST | EDDY |

| | | | |
|--------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--------------------|--------------------|-----------------------|--------------|

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.

16

GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION (SL)
N: 624684.3 - E: 519776.2
LAT: 32.7172780° N
LONG: 104.4034397° W

FIRST TAKE POINT (FTP)
1726' FSL & 1220' FEL - SEC 29
N: 624355.7 - E: 520929.0
LAT: 32.7163768° N
LONG: 104.3996909° W

LAST TAKE POINT (LTP)
1726' FSL & 100' FEL - SEC 28
N: 624329.2 - E: 527358.9
LAT: 32.7163132° N
LONG: 104.3787842° W

BOTTOM HOLE (BH)
N: 624329.0 - E: 527408.9
LAT: 32.7163127° N
LONG: 104.3786217° W

CORNER DATA
NAD 83 GRID - NM EAST

G: CALCULATED CORNER
N: 622625.1 - E: 522141.2

A: FOUND FENCE POST
N: 622614.8 - E: 516841.1

H: FOUND 38" REBAR
N: 622636.0 - E: 519499.8

B: CALCULATED CORNER
N: 627902.6 - E: 516889.4

C: CALCULATED CORNER
N: 627898.4 - E: 522165.5

D: FOUND NAIL
N: 627894.1 - E: 527461.9

E: FOUND COTTON SPINDLE
N: 625243.8 - E: 527459.8

F: FOUND REBAR
N: 622603.2 - E: 527457.4

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

18 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.

12-29-2020
Date of Survey

Signature and Seal of Professional Surveyor _____

19680
Certificate Number

LS18121381R2

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

| | | | | | |
|-----------------|--|---|--|-------------|-----------------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name RADIOHEAD | | | 6 Well Number 4H |
| 7 OGRID NO. | | 8 Operator Name SPUR ENERGY PARTNERS LLC. | | | 9 Elevation 3422' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| J | 29 | 18S | 26E | | 2070 | SOUTH | 2375 | EAST | EDDY |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| I | 28 | 18S | 26E | | 2271 | SOUTH | 50 | EAST | EDDY |

| | | | |
|--------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--------------------|--------------------|-----------------------|--------------|

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.

16 GEODETIC DATA
 NAD 83 GRID - NM EAST

SURFACE LOCATION (SL)
 N: 624704.3 - E: 519776.3
 LAT: 32.7173330° N
 LONG: 104.4034394° W

FIRST TAKE POINT (FTP)
 2271' FSL & 1220' FEL - SEC 29
 N: 624900.6 - E: 520931.7
 LAT: 32.7178746° N
 LONG: 104.3996833° W

LAST TAKE POINT (LTP)
 2271' FSL & 100' FEL - SEC 28
 N: 624874.0 - E: 527359.4
 LAT: 32.7178109° N
 LONG: 104.3787835° W

BOTTOM HOLE (BH)
 N: 624873.8 - E: 527409.4
 LAT: 32.7178103° N
 LONG: 104.3786209° W

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

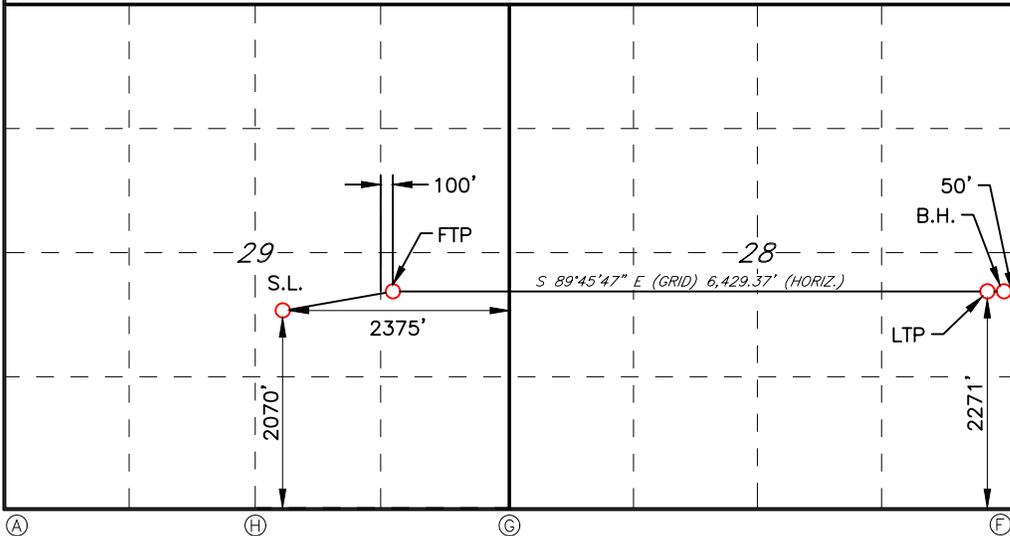
18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

12-29-2020
 Date of Survey

Signature and Seal of Professional Surveyor _____

19680
 Certificate Number

LS18121382R2





BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C4

Submitted by: Spur Energy Partners, LLC

Hearing Date: January 7, 2021

Case Nos. 21584-21585

October 26, 2020

EOG Resources, Inc.
104 South Fourth Street
Artesia, NM 88210

RE: Well Proposal & Letter Agreement
Radiohead 1H and Radiohead 2H
N2/S2 Section 28 & NE/SE Section 29; T18S-R26E
Eddy County, New Mexico

Dear Working Interest Owner,

Spur Energy Partners, LLC, ("SPUR"), hereby proposes to drill and complete the **Radiohead 1H** and **Radiohead 2H** wells to the approximate total vertical depths as referenced below as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking and survey).

Radiohead 1H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 1909' FSL & 703' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 1676' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 2750'

Radiohead 2H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 1929' FSL & 703' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 2221' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 2500'

Spur proposes to form a Drilling Spacing Unit ("DSU") covering the N2/S2 Section 28 & NE/SE Section 29; T18S-R26E, Eddy County, New Mexico, containing 200 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 October 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 October 1, 2020
- Contract Area consisting of N2/S2 Section 28 & NE/SE Section 29; T18S-R26E
- Limited in depth from the top of the Yeso formation 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

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs, whether more or less than those shown on the enclosed AFEs.



SPUR respectfully requests that you select one of the following four options with regard to your interest in the proposed wells:

Option 1: Participate in the drilling and completion of the proposed well and agree to enter into the NJOA with the terms specified above.

Option 2: Not participate in the proposed well (an election of “Non-Consent”)

Term Assignment Option: Assign your working interest in the N2/S2 Section 28 & NE/SE Section 29; T18S-R26E, exclusive of existing wellbores, to SPUR through a term assignment with a primary term of three (3) years and a bonus consideration of \$500 per net acre, delivering a 75% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option: Assign your working interest in the N2/S2 Section 28 & NE/SE Section 29; T18S-R26E, exclusive of existing wellbores, to SPUR for a bonus consideration of \$1,000 per net acre, delivering a 75% leasehold net revenue interest (all rights owned).

Should you elect Option 1 or Option 2, SPUR will send the NJOA for your review and execution. If you prefer to review the NJOA prior to making an election, please request a copy by email and SPUR will supply you the NJOA. In the event you elect to assign your minerals under the terms outlined above in either the Term Assignment or Assignment Option, please indicate this by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt, SPUR will submit an Assignment to you for your review and execution.

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 proposal, 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.

Please indicate your elections as to the Subject Wells in the spaces provided below and execute and return a copy of this letter to the undersigned within 30 days of receipt of this proposal. A pre-paid envelope is enclosed for your convenience. Should you have any questions regarding this proposal, please contact me via email at mpena@spurellc.com.

Sincerely,

A handwritten signature in blue ink that reads "Megan Peña".

Megan Peña
Sr. Landman

Enclosures
AFEs



Radiohead 1H

Owner: EOG Resources, Inc.

WI Decimal: 0.4125

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 1H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 1H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Radiohead 2H

Owner: EOG Resources, Inc.

WI Decimal: 0.4125

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 2H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 2H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Term Assignment Option

Owner: EOG Resources, Inc.
WI Decimal: 0.4125

_____ *The undersigned hereby elects to assign their working interest in the E/2 of Section 7, T19S-R25E, exclusive of existing wellbores, to SPUR through a term assignment with a primary term of three (3) years and a bonus consideration of \$500 per net acre, delivering a 75% leasehold net revenue interest (limited to the Yeso formation).*

Assignment Option

Owner: EOG Resources, Inc.
WI Decimal: 0.4125

_____ *The undersigned hereby elects to assign their working interest in the E/2 of Section 7-19S-25E, exclusive of existing wellbores, to SPUR for a bonus consideration of \$1,000 per net acre, delivering a 75% leasehold net revenue interest (all rights owned).*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | |
|------------------------------------|--------------------|----------|
| AFE NO.: D20801 | | COMPANY |
| AFE DESC: RADIOHEAD 1H - C | | DIVISION |
| DATE: 10/26/2020 | OPERATOR: | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | |
| GROSS/NET: GROSS | 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 SE | | 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.: D20801 | | COMPANY | |
| AFE DESC: RADIOHEAD 1H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | LLC | | |

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

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | |
|------------|--------------------------|--------------------|--|
| AFE NO.: | D20801 | COMPANY | |
| AFE DESC: | RADIOHEAD 1H - C | DIVISION | |
| DATE: | 10/26/2020 | OPERATOR: | |
| AFE TYPE: | DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | |
| GROSS/NET: | GROSS | 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 & TRANSF(| | 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.: D20802 | | COMPANY | |
| AFE DESC: RADIOHEAD 2H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | 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 SE | | 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.: D20802 | | COMPANY | |
| AFE DESC: RADIOHEAD 2H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | LLC | | |

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

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | |
|------------------------------------|--------------------|----------|--|
| AFE NO.: D20802 | | COMPANY | |
| AFE DESC: RADIOHEAD 2H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | 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 & TRANSF | | 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 |



October 26, 2020

EOG Resources, Inc.
104 South Fourth Street
Artesia, NM 88210

**RE: Well Proposal & Letter Agreement
Radiohead 3H and Radiohead 4H
N2/S2 Section 28 & NE/SE Section 29; T18S-R26E
Eddy County, New Mexico**

Dear Working Interest Owner,

Spur Energy Partners, LLC, ("SPUR"), hereby proposes to drill and complete the **Radiohead 3H** and **Radiohead 4H** wells to the approximate total vertical depths as referenced below as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking and survey).

Radiohead 3H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 2079' FSL & 673' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 1726' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 3300'

Radiohead 4H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 2099' FSL & 673' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 2271' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 3500'

Spur proposes to form a Drilling Spacing Unit ("DSU") covering the N2/S2 Section 28 & NE/SE Section 29; T18S-R26E, Eddy County, New Mexico, containing 200 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 October 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 October 1, 2020
- Contract Area consisting of N2/S2 Section 28 & NE/SE Section 29; T18S-R26E
- Limited in depth from the top of the Yeso formation 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

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs, whether more or less than those shown on the enclosed AFEs.



SPUR respectfully requests that you select one of the following four options with regard to your interest in the proposed wells:

Option 1: Participate in the drilling and completion of the proposed well and agree to enter into the NJOA with the terms specified above.

Option 2: Not participate in the proposed well (an election of “Non-Consent”)

Term Assignment Option: Assign your working interest in the N2/S2 Section 28 & NE/SE Section 29; T18S-R26E, exclusive of existing wellbores, to SPUR through a term assignment with a primary term of three (3) years and a bonus consideration of \$500 per net acre, delivering a 75% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option: Assign your working interest in the N2/S2 Section 28 & NE/SE Section 29; T18S-R26E, exclusive of existing wellbores, to SPUR for a bonus consideration of \$1,000 per net acre, delivering a 75% leasehold net revenue interest (all rights owned).

Should you elect Option 1 or Option 2, SPUR will send the NJOA for your review and execution. If you prefer to review the NJOA prior to making an election, please request a copy by email and SPUR will supply you the NJOA. In the event you elect to assign your minerals under the terms outlined above in either the Term Assignment or Assignment Option, please indicate this by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt, SPUR will submit an Assignment to you for your review and execution.

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 proposal, 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.

Please indicate your elections as to the Subject Wells in the spaces provided below and execute and return a copy of this letter to the undersigned within 30 days of receipt of this proposal. A pre-paid envelope is enclosed for your convenience. Should you have any questions regarding this proposal, please contact me via email at mpena@spurellc.com.

Sincerely,

A handwritten signature in blue ink that reads "Megan Peña".

Megan Peña
Sr. Landman

Enclosures
AFEs



Radiohead 3H

Owner: EOG Resources, Inc.

WI Decimal: 0.15

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 3H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 3H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Radiohead 4H

Owner: EOG Resources, Inc.

WI Decimal: 0.15

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 4H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 4H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Term Assignment Option

Owner: EOG Resources, Inc.

WI Decimal: 0.15

_____ The undersigned hereby elects to assign their working interest in the E/2 of Section 7, T19S-R25E, exclusive of existing wellbores, to SPUR through a term assignment with a primary term of three (3) years and a bonus consideration of \$500 per net acre, delivering a 75% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option

Owner: EOG Resources, Inc.

WI Decimal: 0.15

_____ The undersigned hereby elects to assign their working interest in the E/2 of Section 7-19S-25E, exclusive of existing wellbores, to SPUR for a bonus consideration of \$1,000 per net acre, delivering a 75% leasehold net revenue interest (all rights owned).

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | |
|------------------------------------|--------------------|----------|--|
| AFE NO.: D20803 | | COMPANY | |
| AFE DESC: RADIOHEAD 3H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | 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 | | 58,134.00 | 0.00 | | 58,134.00 | |
| TOTAL: | | 58,134.00 | 0.00 | | 58,134.00 | |
| 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 | | 37,200.00 | 0.00 | | 37,200.00 | |
| TOTAL: | | 37,200.00 | 0.00 | | 37,200.00 | |
| GROUND TRANSPORT | | 9,000.00 | 0.00 | | 9,000.00 | |
| TOTAL: | | 9,000.00 | 0.00 | | 9,000.00 | |
| CONTRACT DRILLING (DAY RATE/TUF | | 160,000.00 | 0.00 | | 160,000.00 | |
| TOTAL: | | 160,000.00 | 0.00 | | 160,000.00 | |
| DIRECTIONAL TOOLS AND SERVICES | | 124,350.00 | 0.00 | | 124,350.00 | |
| TOTAL: | | 124,350.00 | 0.00 | | 124,350.00 | |
| FLUID & CUTTINGS DISPOSAL | | 62,300.00 | 0.00 | | 62,300.00 | |
| TOTAL: | | 62,300.00 | 0.00 | | 62,300.00 | |
| FRAC TANK RENTALS | | 240.00 | 0.00 | | 240.00 | |
| TOTAL: | | 240.00 | 0.00 | | 240.00 | |
| BITS | | 30,500.00 | 0.00 | | 30,500.00 | |
| TOTAL: | | 30,500.00 | 0.00 | | 30,500.00 | |
| FUEL, WATER & LUBE | | 31,200.00 | 0.00 | | 31,200.00 | |
| TOTAL: | | 31,200.00 | 0.00 | | 31,200.00 | |
| 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 SE | | 7,500.00 | 0.00 | | 7,500.00 | |
| TOTAL: | | 7,500.00 | 0.00 | | 7,500.00 | |
| MUD LOGGER | | 12,000.00 | 0.00 | | 12,000.00 | |
| TOTAL: | | 12,000.00 | 0.00 | | 12,000.00 | |
| 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 | | 122,647.46 | 0.00 | | 122,647.46 | |
| TOTAL: | | 122,647.46 | 0.00 | | 122,647.46 | |
| SURFACE CASING | | 23,478.00 | 0.00 | | 23,478.00 | |
| TOTAL: | | 23,478.00 | 0.00 | | 23,478.00 | |
| PRODUCTION/LINER CASING | | 147,772.60 | 0.00 | | 147,772.60 | |
| TOTAL: | | 147,772.60 | 0.00 | | 147,772.60 | |
| 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.: D20803 | | COMPANY | |
| AFE DESC: RADIOHEAD 3H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | LLC | | |

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

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | |
|------------------------------------|--------------------|----------|
| AFE NO.: D20803 | | COMPANY |
| AFE DESC: RADIOHEAD 3H - C | | DIVISION |
| DATE: 10/26/2020 | OPERATOR: | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | |
| GROSS/NET: GROSS | 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 & TRANSF | | 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: | | 3,109,122.06 | 0.00 | 3,109,122.06 |

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | |
|------------------------------------|--------------------|----------|
| AFE NO.: D20804 | | COMPANY |
| AFE DESC: RADIOHEAD 4H - C | | DIVISION |
| DATE: 10/26/2020 | OPERATOR: | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | |
| GROSS/NET: GROSS | 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 | | 58,134.00 | 0.00 | | 58,134.00 | |
| TOTAL: | | 58,134.00 | 0.00 | | 58,134.00 | |
| 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 | | 37,200.00 | 0.00 | | 37,200.00 | |
| TOTAL: | | 37,200.00 | 0.00 | | 37,200.00 | |
| GROUND TRANSPORT | | 9,000.00 | 0.00 | | 9,000.00 | |
| TOTAL: | | 9,000.00 | 0.00 | | 9,000.00 | |
| CONTRACT DRILLING (DAY RATE/TUF | | 160,000.00 | 0.00 | | 160,000.00 | |
| TOTAL: | | 160,000.00 | 0.00 | | 160,000.00 | |
| DIRECTIONAL TOOLS AND SERVICES | | 124,350.00 | 0.00 | | 124,350.00 | |
| TOTAL: | | 124,350.00 | 0.00 | | 124,350.00 | |
| FLUID & CUTTINGS DISPOSAL | | 62,300.00 | 0.00 | | 62,300.00 | |
| TOTAL: | | 62,300.00 | 0.00 | | 62,300.00 | |
| FRAC TANK RENTALS | | 240.00 | 0.00 | | 240.00 | |
| TOTAL: | | 240.00 | 0.00 | | 240.00 | |
| BITS | | 30,500.00 | 0.00 | | 30,500.00 | |
| TOTAL: | | 30,500.00 | 0.00 | | 30,500.00 | |
| FUEL, WATER & LUBE | | 31,200.00 | 0.00 | | 31,200.00 | |
| TOTAL: | | 31,200.00 | 0.00 | | 31,200.00 | |
| 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 SE | | 7,500.00 | 0.00 | | 7,500.00 | |
| TOTAL: | | 7,500.00 | 0.00 | | 7,500.00 | |
| MUD LOGGER | | 12,000.00 | 0.00 | | 12,000.00 | |
| TOTAL: | | 12,000.00 | 0.00 | | 12,000.00 | |
| 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 | | 122,647.46 | 0.00 | | 122,647.46 | |
| TOTAL: | | 122,647.46 | 0.00 | | 122,647.46 | |
| SURFACE CASING | | 23,478.00 | 0.00 | | 23,478.00 | |
| TOTAL: | | 23,478.00 | 0.00 | | 23,478.00 | |
| PRODUCTION/LINER CASING | | 147,772.60 | 0.00 | | 147,772.60 | |
| TOTAL: | | 147,772.60 | 0.00 | | 147,772.60 | |
| 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.: D20804 | | COMPANY | |
| AFE DESC: RADIOHEAD 4H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | LLC | | |

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

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

| | | | |
|------------------------------------|--------------------|----------|--|
| AFE NO.: D20804 | | COMPANY | |
| AFE DESC: RADIOHEAD 4H - C | | DIVISION | |
| DATE: 10/26/2020 | OPERATOR: | | |
| AFE TYPE: DRILL COMPLETE AND EQUIP | 102 - SEP PERMIAN, | | |
| GROSS/NET: GROSS | 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 & TRANSF | | 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: | | 3,109,122.06 | 0.00 | 3,109,122.06 |



October 26, 2020

Sandra S. Bateman
2234 Purple Martin Drive
Rockhill, SC 29732

RE: Well Proposal & Letter Agreement
Radiohead 1H, 2H, 3H and 4H
N2/S2 Section 28 & NE/SE Section 29; T18S-R26E
Eddy County, New Mexico

Dear Unleased Mineral Interest Owner,

Spur Energy Partners, LLC, ("SPUR"), hereby proposes to drill and complete the **Radiohead 1H, 2H, 3H and 4H** wells to the approximate total vertical depths as referenced below as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking and survey).

Radiohead 1H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 1909' FSL & 703' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 1676' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 2750'

Radiohead 2H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 1929' FSL & 703' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 2221' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 2500'

Radiohead 3H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 2079' FSL & 673' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 1726' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 3300'

Radiohead 4H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 2099' FSL & 673' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 2271' FSL & 1270' FEL, Section 29, T18S-R26E
- TVD: 3500'

Spur proposes to form a Drilling Spacing Unit ("DSU") covering the N2/S2 Section 28 & NE/SE Section 29; T18S-R26E, Eddy County, New Mexico, containing 200 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 October 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 October 1, 2020
- Contract Area consisting of N2/S2 Section 28 & NE/SE Section 29; T18S-R26E
- Limited in depth from the top of the Yeso formation 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

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs, whether more or less than those shown on the enclosed AFEs.

SPUR respectfully requests that you select one of the following three options with regard to your interest in the proposed wells:

Option 1: Participate in the drilling and completion of the proposed well and agree to enter into the NJOA with the terms specified above.

Option 2: Not participate in the proposed well (an election of “Non-Consent”)

Lease Option: Execute an Oil and Gas Lease (“OGL”) based upon a price of \$500 per net mineral acre, 1/5th royalty, and three (3) year primary term (limited to the Yeso formation), and as long thereafter as production is obtained in paying quantities and upon approval of marketable and defensible title.

Should you elect Option 1 or Option 2, SPUR will send the NJOA for your review and execution. If you prefer to review the NJOA prior to making an election, please request a copy by email and SPUR will supply you the NJOA. In the event you elect to lease your minerals under the terms outlined above in the Lease Option, please indicate this by signing the enclosed Lease Election page and returning an executed W-9. Upon receipt, SPUR will submit an OGL to you for your review and execution.

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 proposal, 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.

Please indicate your elections as to the Subject Wells in the spaces provided below and execute and return a copy of this letter to the undersigned within 30 days of receipt of this proposal. A pre-paid envelope is enclosed for your convenience. Should you have any questions regarding this proposal, please contact me via email at mpena@spurepllc.com.

Sincerely,

A handwritten signature in blue ink that reads "Megan Peña".

Megan Peña
Sr. Landman

Enclosures



Radiohead 1H

Owner: Sandra S. Bateman

UMI Decimal: 0.00008681

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 1H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 1H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Radiohead 2H

Owner: Sandra S. Bateman

UMI Decimal: 0.00008681

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 2H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 2H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Radiohead 3H

Owner: Sandra S. Bateman

UMI Decimal: 0.00008681

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 3H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 3H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Radiohead 4H

Owner: Sandra S. Bateman

UMI Decimal: 0.00008681

_____ **Option 1)** *The undersigned elects to participate in the drilling and completion of the Radiohead 4H well and agrees to the formation of the DSU and to the terms of the NJOA as detailed in this proposal, 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 completion of the Radiohead 4H well.*

Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.

Well Insurance:

_____ *The undersigned requests Well Insurance coverage provided by Spur Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____



Lease Option

Owner: Sandra S. Bateman

UMI Decimal: 0.00086805

_____ *The undersigned hereby elects to enter into an OGL covering their unleased minerals in the E/2 NW/4 SE/4 of Section 28, T18S-R26E, upon approval of marketable and defensible title, with SEP Permian LLC for a bonus consideration of \$500 per net mineral acre, 1/5th royalty and three (3) year primary term (limited to the Yeso formation).*

Agreed to and Accepted this _____ day of _____, 2020.

Company/Individual: _____

By: _____

Name: _____

Title: _____

First Round (FP) Well Elections
Radiohead 1H-4H

| <u>Delivery Date</u> | <u>Entity</u> | <u>Int Type</u> | <u>1H WELL ELECTION</u> | <u>2H WELL ELECTION</u> | <u>3H WELL ELECTION</u> | <u>4H WELL ELECTION</u> | <u>Comments</u> |
|----------------------|-----------------------|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|---|
| RETURNED | | | | | | | |
| 12/11/20 | Sandra Bateman | UMI | | | | | Unknown address |
| 11/13/2020 | JM Minerals | UMI | | | | | No response |
| no tracking | | | | | | | |
| after 11/13/20 | Morgan Capital | UMI | LEASE | LEASE | LEASE | LEASE | spoke to Tim Gilliam 11/12, emailed lease offer 11/12 |
| 11/9/2020 | Sapphire | UMI | | | | | No response |
| 11/2/2020 | EOG | WI | | | | | No response |
| 10/31/2020 | OXY | WI | | | | | No response |
| 11/2/2020 | Vladin (1H & 2H only) | WI | | | | | No response |

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C5
Submitted by: Spur Energy Partners, LLC
Hearing Date: January 7, 2021
Case Nos. 21584-21585

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

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

CASE NOS. 21584 & 21585

**AFFIDAVIT OF C.J. LIPINSKI
IN SUPPORT OF CASE NOS. 21584 & 21585**

C.J. Lipinski, of lawful age and being first duly sworn, declares as follows:

1. My name is C.J. Lipinski, and I work for Spur Energy Partners, LLC, an affiliate of SEP Permian, LLC (“Spur”), as a geologist.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters and my credentials as an expert petroleum geologist have been accepted by the Division and made a matter of record.

3. I am familiar with the applications filed by Spur in these cases, and I have conducted a geologic study of the Yeso formation underlying the subject acreage.

4. The Len Mayer 1 (30-015-05926) log shows the top of the pool at 2,279 feet measured depth, and the bottom of the pool/base of the Yeso at 4,460 feet measured depth.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Spur Energy Partners, LLC
Hearing Date: January 7, 2021
Case Nos. 21584-21585**

5. **Spur Exhibit D-1** is a location map that I prepared for the spacing units in Case Nos. 21584 and 21585 located in Sections 28 and 29. This map shows the proposed spacing units in N/2 S/2 of Section 28 and the NE/4 SE/4 of Section 29 in a red dotted line, and the proposed initial **Radiohead #1H, #2H, #3H, and #4H wells** with black lines. Offset Glorieta/Yeso producers are highlighted with purple squares.

6. **Spur Exhibit D-2** is a structure map that I prepared for the top of the Glorieta. The contour interval is 25 feet. The structure map shows that the area is gently dipping to the southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing the targeted intervals with horizontal wells.

7. **Spur Exhibit D-3** is a Gun Barrel view (B to B') of Spur's intended development of the Yeso formation in Sections 28 and 29.

8. **Spur Exhibit D-4** is a cross section using the representative wells depicted on Exhibit D-3. Each well in the cross-section contains gamma ray, resistivity, and or porosity logs. The proposed target intervals for the proposed wells in Case No. 21584 are highlighted with blue and orange lines. The proposed target interval for the proposed wells in Case No. 21585 are labeled with brown and black lines. The cross-section demonstrates that the targeted intervals extend across the proposed spacing units.

9. This exhibit also shows a depth severance in a yellow line at 3,200 feet. Spur has proposed to drill and complete horizontal wells and has filed a separate applications in these cases to force pool all uncommitted interests within the Atoka; Glorieta Yeso Pool both above and below the depth severance in this acreage.

10. Spur agrees to appear before the Division in the event that it proposes to drill any infill well closer to the depth severance line than indicated above and as depicted in **Exhibit D-4**.

11. In my opinion, the east to west well orientation in the Yeso formation is appropriate for proper exploitation because of the consistent rock properties throughout the spacing units and the lack of preferred fracture orientation in this portion of the trend.

12. Based on my geologic study of the area, the Yeso formation underlying the subject areas and subject spacing units are suitable for development by horizontal wells and the tracts comprising the proposed spacing units will contribute more-or-less equally to the production in the wells.

13. In my opinion, the granting of Spur's applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

FURTHER AFFIANT SAYETH NOT.


C.J. Lipinski

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 4 day of January, 2020 by
CJ Lipinski.


NOTARY PUBLIC

My Commission Expires:
03-11-2022

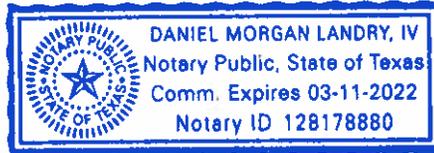
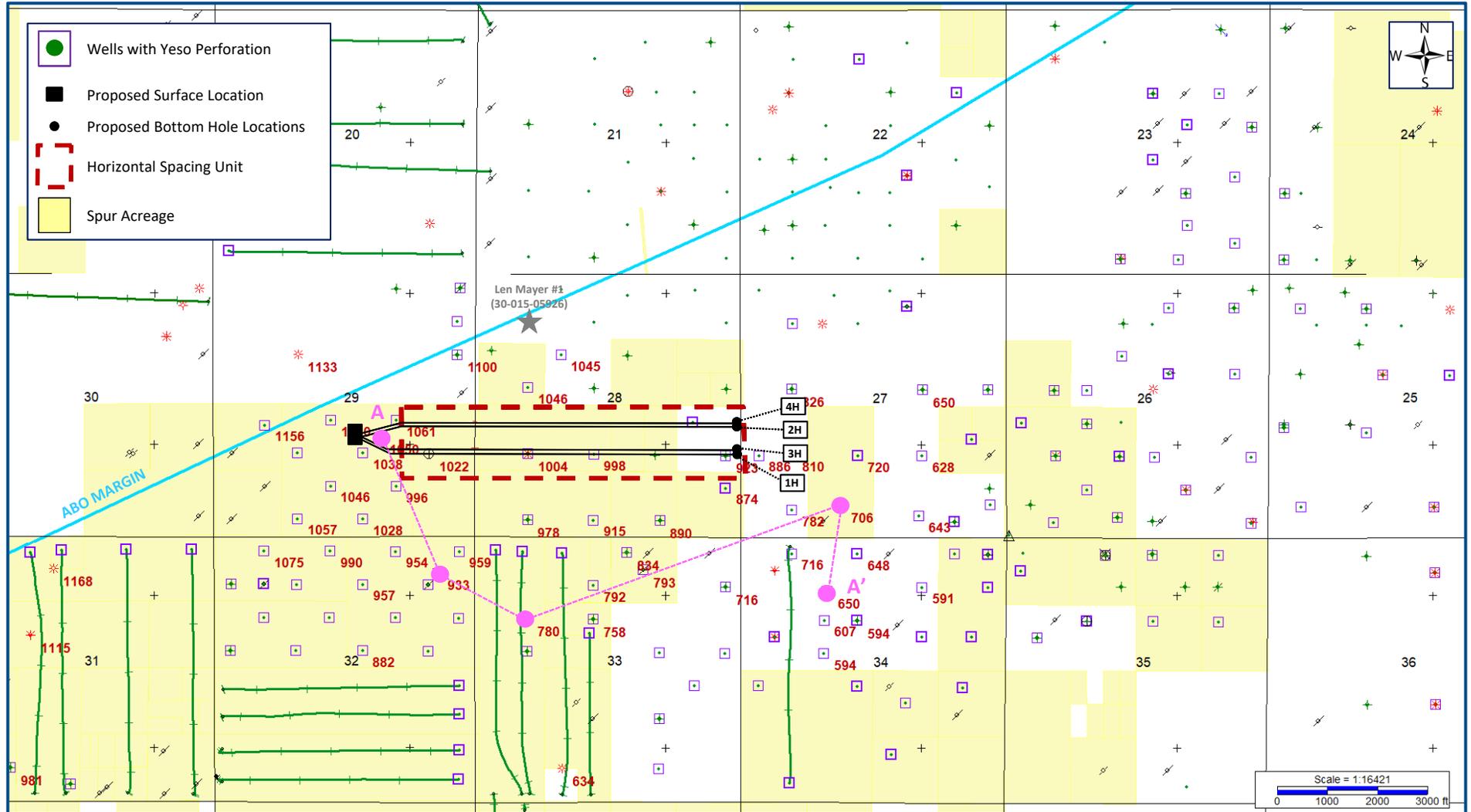


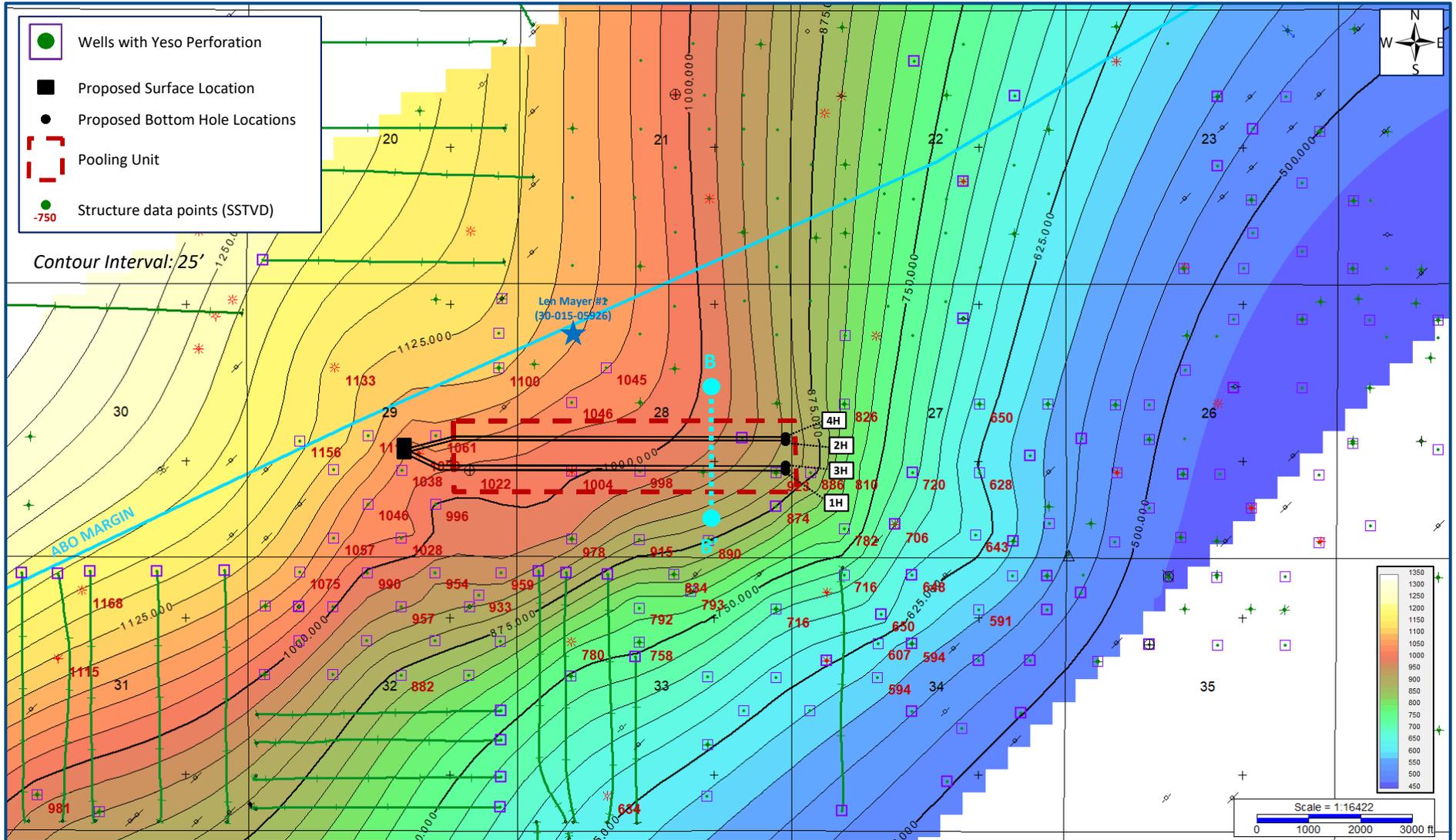
Exhibit D-1: Radiohead Basemap



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D1
Submitted by: Spur Energy Partners, LLC
Hearing Date: January 7, 2021
Case Nos. 21584-21585



Exhibit D-2: Structure Map (SSTVD) - Top Yeso



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D2
 Submitted by: Spur Energy Partners, LLC
 Hearing Date: January 7, 2021
 Case Nos. 21584-21585





Exhibit D-3: Radiohead Gun Barrel (TVD)

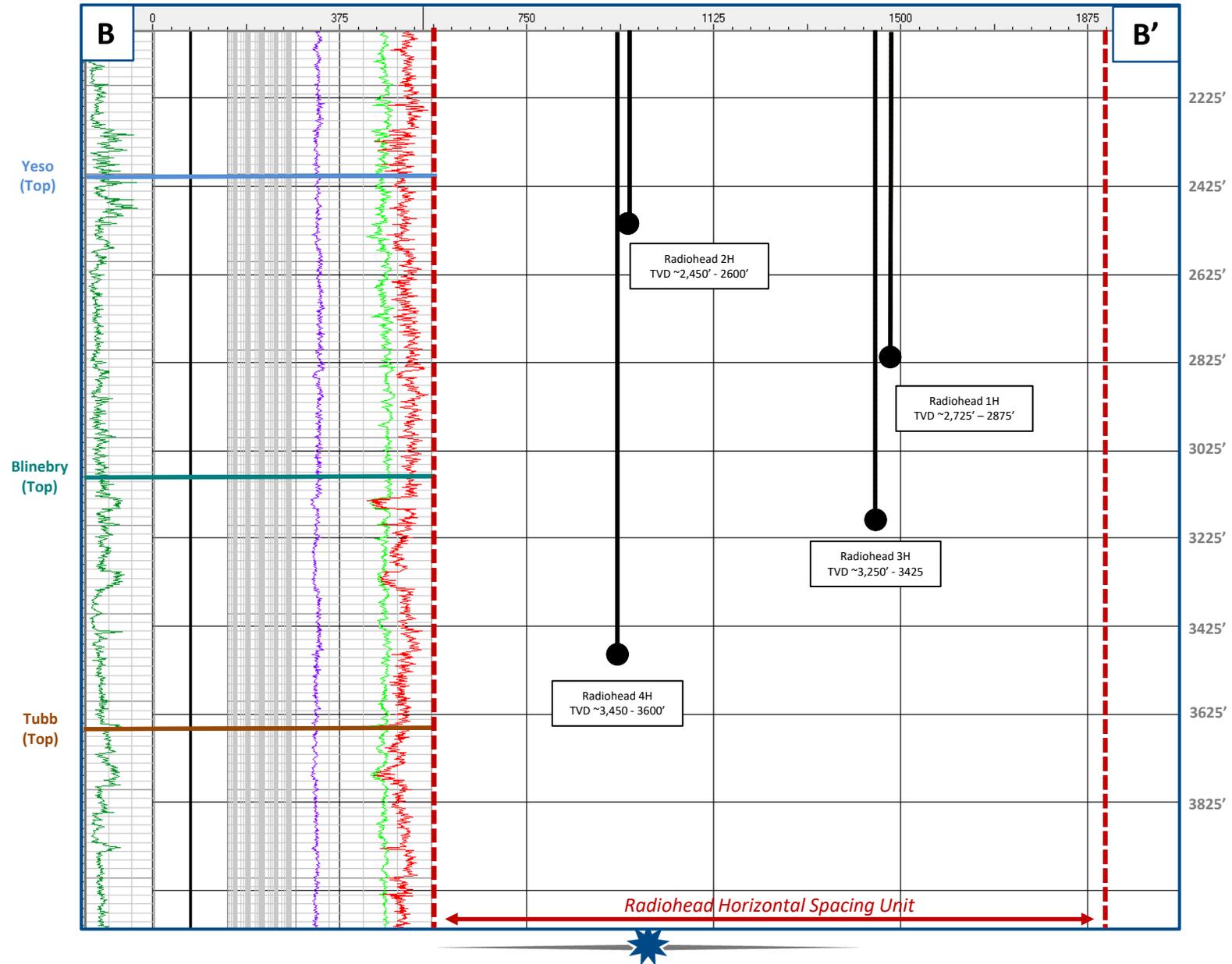
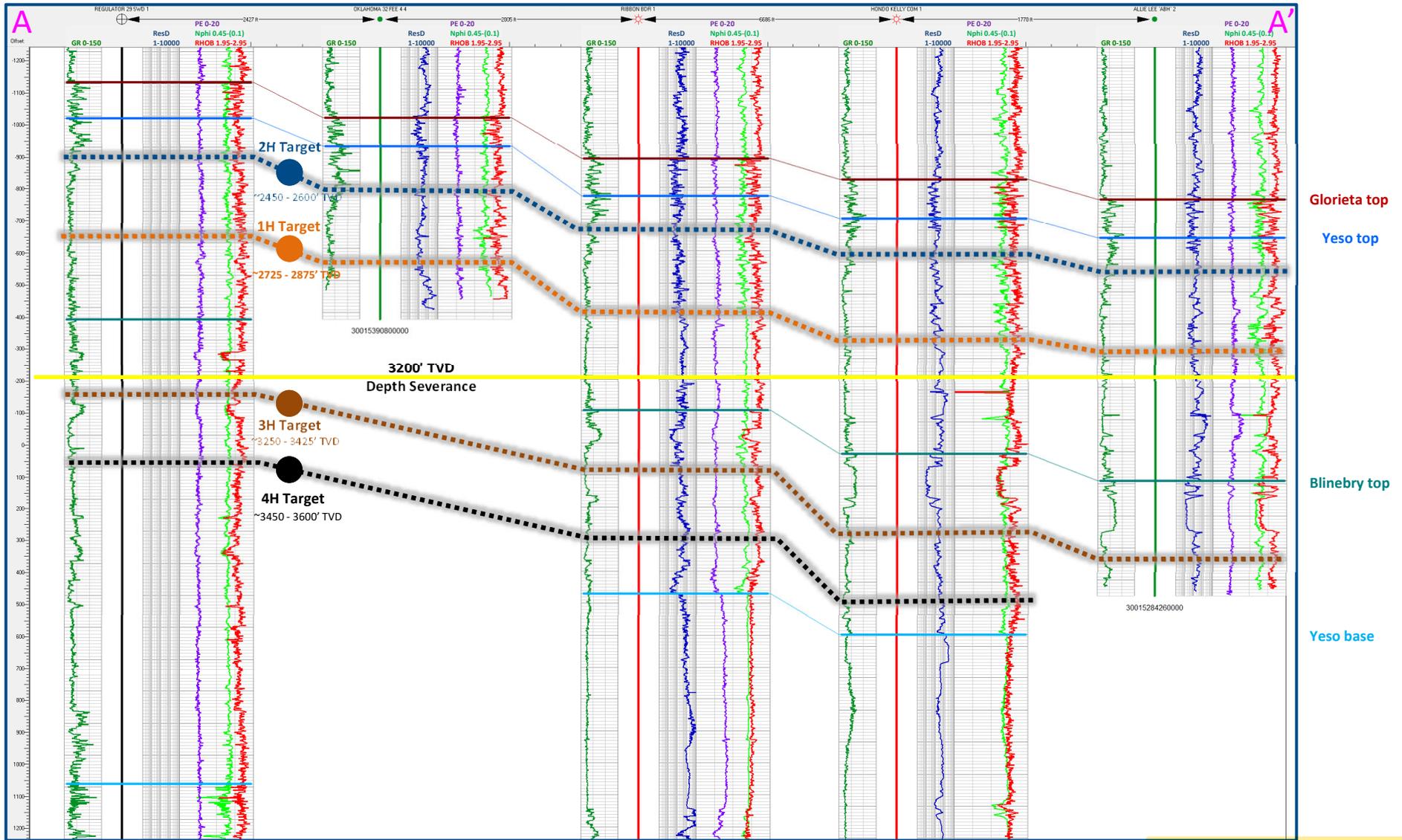


Exhibit D-4: Radiohead Structural Cross Section (TVD)



December 18, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Spur Energy Partners, LLC for compulsory pooling, Eddy County, New Mexico.
Radiohead #1H, #2H wells

This letter is to advise you that Spur Energy Partners, LLC has filed the enclosed application with the New Mexico Oil Conservation Division.

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 January 7, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Megan Peña at (832) 930-8581 or mpeña@spurepllc.com.

Sincerely,



Kaitlyn A. Luck
ATTORNEY FOR SPUR ENERGY PARTNERS,
LLC

December 18, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Spur Energy Partners, LLC for compulsory pooling, Eddy County, New Mexico.
Radiohead #3H, #4H wells

This letter is to advise you that Spur Energy Partners, LLC has filed the enclosed application with the New Mexico Oil Conservation Division.

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 January 7, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.

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Sincerely,



Kaitlyn A. Luck
**ATTORNEY FOR SPUR ENERGY PARTNERS,
LLC**

December 18, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

Vladin, LLC
Attn: Jim Ball
P.O. Box 100
Artesia, NM 88211

Re: Application of Spur Energy Partners, LLC for compulsory pooling, Eddy County, New Mexico.
Radiohead #1H, #2H wells

Ladies & Gentlemen:

This letter is to advise you that Spur Energy Partners, LLC has filed the enclosed application with the New Mexico Oil Conservation Division.

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Your interest is not being pooled by this application. You are receiving this notice because you own an interest in the Yeso formation that is not being included in the horizontal spacing unit. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

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ATTORNEY FOR SPUR ENERGY PARTNERS,
LLC

December 18, 2020

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CERTIFIED RECEIPT REQUESTED

Vladin, LLC
Attn: Jim Ball
P.O. Box 100
Artesia, NM 88211

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Radiohead #3H, #4H wells

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Sincerely,



Kaitlyn A. Luck
ATTORNEY FOR SPUR ENERGY PARTNERS,
LLC

SPUR - Radiohead 1H-4H
Case Nos. 21584-21585 Postal Delivery Report

| TrackingNo | ToName | DeliveryAddress | City | State | Zip | USPS_Status |
|------------------------|----------------------------|-----------------------|-----------|-------|------------|--|
| 9414811898765895872811 | EOG Resources, Inc. | 104 S 4th St | Artesia | NM | 88210-2123 | Your item was delivered to the front desk, reception area, or mail room at 7:34 am on December 29, 2020 in ARTESIA, NM 88210. |
| 9414811898765895872859 | Oxy Y-1 Company | 5 Greenway Plz | Houston | TX | 77046-0526 | Your item departed our NORTH HOUSTON TX DISTRIBUTION CENTER destination facility on December 30, 2020 at 9:53 pm. The item is currently in transit to the destination. |
| 9414811898765895872866 | Sandra S. Bateman | 2234 Purple Martin Dr | Rock Hill | SC | 29732 | Your item was delivered to an individual at the address at 10:57 am on December 29, 2020 in ROCK HILL, SC 29732. |
| 9414811898765895872828 | J.M. Mineral & Land Co. | PO Box 1015 | Midland | TX | 79702-1015 | Your item was delivered at 11:39 am on December 30, 2020 in MIDLAND, TX 79701. |
| 9414811898765895872804 | Morgan Capital Group, Inc. | PO Box 12663 | Odessa | TX | 79768-2663 | Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility. |
| 9414811898765895872897 | Sapphire Royalties, Inc. | PO Box 682 | Midland | TX | 79702-0682 | Your item was delivered at 11:07 am on December 29, 2020 in MIDLAND, TX 79701. |

SPUR - Radiohead 1H-4H Vertical Offset - Vladin
Case Nos. 21584-21585 Postal Delivery Report

| TrackingNo | ToName | DeliveryAddress | City | State | Zip | USPS_Status |
|------------------------|---------------------------|-----------------|---------|-------|------------|--|
| 9414811898765895872279 | Vladin, LLC attn Jim Ball | PO Box 100 | Artesia | NM | 88211-0100 | Your item was delivered at 12:51 pm on December 29, 2020 in ARTESIA, NM 88210. |

Affidavit of Publication

Ad # 0004522789

This is not an invoice

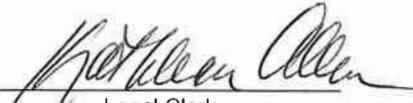
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

HOLLAND & HART
POBOX 2208

SANTA FE, NM 87504

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:

12/24/2020


Legal Clerk

Subscribed and sworn before me this December 24, 2020:


State of WI, County of Brown
NOTARY PUBLIC

8-25-23
My commission expires

SHELLY HORA
Notary Public
State of Wisconsin

Ad # 0004522789
PO #: 4522789
of Affidavits 1

This is not an invoice

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. F

Submitted by: Spur Energy Partners, LLC

Hearing Date: January 7, 2021

Case Nos. 21584-21585

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, January 7, 2021, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **December 27, 2020**.

Persons may view and participate in the hearings through the following link and as indicated below:
<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e0e56e14177fcede8dda29a2f47ce25e18>
Event number: 146 638 2572
Event password: J4Hh3YvBwG3
Join by video: 1466382572@nmemnrd.webex.com
Numeric Password: 530198
You can also dial 173.243.2.68 and enter your meeting number
Join by audio: 1-844-992-4726 United States Toll Free
Access code: 146 638 2572.

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: EOG Resources, Inc.; Oxy Y-1 Company; Sandra S. Bateman, her heirs and devisees; J.M. Mineral & Land Co.; Morgan Capital Group, Inc.; Sapphire Royalties, Inc. and Vladin, LLC.

Case No. 21584: Application of Spur Energy Partners, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in a portion of the Yeso formation, from the top of the Atoka; Glorieta Yeso Pool (3250) to a depth of 3200 feet, underlying a standard 200-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Section 28, and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Spur proposes to dedicate the above-referenced spacing unit to the proposed initial wells: (1) the Radiohead #1H well, and (2) the Radiohead #2H well, to be drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 27 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 29. The completed interval of the well will comply with state-wide setbacks for oil wells. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, actual operating costs, and charges for supervision, designation of Spur as operator of the well, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 3.8 miles southeast of Atoka, New Mexico.

#4522789, Current Argus, December 24, 2020

Affidavit of Publication

Ad # 0004522798

This is not an invoice

HOLLAND & HART
POBOX 2208

SANTA FE, NM 87504

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:

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Legal Clerk

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State of WI, County of Brown
NOTARY PUBLIC

8-25-23

My commission expires

SHELLY HORA
Notary Public
State of Wisconsin

Ad # 0004522798

PO #:
of Affidavits 1

This is not an invoice

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

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Case No. 21585: Application of Spur Energy Partners, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in a portion of the Yeso formation, in the Atoka; Glorieta Yeso Pool (3250) from a depth of 3,201 feet to the base of the Pool, underlying a standard 200-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Section 28, and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Spur proposes to dedicate the above-referenced spacing unit to the proposed initial wells: (1) the Radiohead #3H well, and (2) the Radiohead #4H well, to be drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 27 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 29. The completed intervals of the wells will comply with statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, actual operating costs, and charges for supervision, designation of Spur as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 3.8 miles southeast of Atoka, New Mexico.
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