

**BEFORE THE OIL CONSERVATION COMMISSION  
EXAMINER HEARING APRIL 08, 2021**

**CASE No. 21824**

*ROMEO FEDERAL COM #701H WELL*

**LEA COUNTY, NEW MEXICO**



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

**APPLICATION OF CENTENNIAL  
RESOURCE PRODUCTION, LLC TO  
POOL ADDITIONAL INTEREST OWNERS  
UNDER ORDER NO. R-21563,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 21824  
ORDER NO. R-21563**

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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
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APPLICATION OF CENTENNIAL  
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ORDER NO. R-21563

APPLICATION

Centennial Resource Production, LLC (“Centennial” or “Applicant”) (OGRID No. 372165) through its undersigned attorneys, hereby files this application with the Oil Conservation Division, to pool additional interest owners under the terms of Order No. R-21563. In support of its application, Centennial states:

1. Division Order No. R-21563 (“Order”), entered December 9, 2020, in Case No. 21535, created a 240-acre, more or less, standard horizontal spacing unit in the Wolfcamp formation underlying the W/2 W/2 of Section 22 and the W/2 NW/4 of Section 27, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico (“Unit”), and designated Centennial as operator of the Unit.

2. The Order dedicated the spacing unit to the initial **Romeo Federal Com #701H Well**, from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 27, and completed at a standard location.

3. Since the entry of the Order, Centennial has determined there are additional interest owners in the Unit who were not provided notice of the hearing in Case No. 21535, and as result, whose interests were not pooled by the terms of the Order.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A  
Submitted by: Centennial Resource Production, LLC  
Hearing Date: April 08, 2021  
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4. Centennial has sought and been unable to obtain a voluntary agreement for the development of these lands from the subject interest owners in the Unit.

5. The pooling of these interest owners under the terms of the Order will prevent waste, protect correlative rights, and promote administrative efficiency.

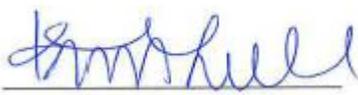
6. In order to permit Centennial to obtain its just and fair share of the oil and gas underlying the subject Unit, the additional interest owners should be pooled in the Unit pursuant to the terms of Order R-21563.

7. To provide proper notice to these additional interest owners and to bring their interests under the terms of Order R-21563, Centennial requests that this case be called for hearing at the next available Examiner docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 8, 2021, and, after notice and hearing as required by law, the Division pool the additional interest owners pursuant to the terms of Order R-21563.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Kaitlyn A. Luck  
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**ATTORNEYS FOR CENTENNIAL RESOURCE  
PRODUCTION, LLC**

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

**APPLICATION OF CENTENNIAL  
RESOURCE PRODUCTION, LLC TO  
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**SECOND AFFIDAVIT OF GAVIN SMITH**

Gavin Smith, of lawful age and being first duly sworn, declares as follows:

1. My name is Gavin Smith. I am a Senior Landman with Centennial Resource Production, LLC (“Centennial”).
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 Centennial in this case, and I am familiar with the status of the lands in the subject area.
4. None of the uncommitted parties has indicated opposition to the pooling application proceeding by affidavit, and therefore I do not expect any opposition at the hearing.
5. In **Case No. 21824**, Centennial seeks to pool additional interest owners under the terms of Order No. R-21563, which attached as **Centennial Exhibit B-1**.
6. Division Order No. R-21563 (“Order”), entered December 9, 2020, in Case No. 21535, created a 240-acre, more or less, standard horizontal spacing unit in the Wolfcamp formation underlying the W/2 W/2 of Section 22 and the W/2 NW/4 of Section 27, Township 24

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Hearing Date: April 08, 2021  
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South, Range 34 East, NMPM, Lea County, New Mexico (“Unit”), and designated Centennial as operator of the Unit.

7. The Order dedicated the spacing unit to the initial **Romeo Federal Com #701H well** (API No. 30-025-45557), from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 27, and completed at a standard location.

8. Since the entry of the Order, Centennial has determined there are additional interest owners in the Unit who were not provided notice of the hearing in Case No. 21535, and as result, whose interests were not pooled by the terms of the Order.

9. Centennial seeks to pool these additional interests because a voluntary agreement has not been reached at the time of filing.

10. **Centennial Exhibit B-2** identifies the interest owners and their ownership interest in the spacing unit. Centennial is seeking to pool those interest owners highlighted on the exhibit.

11. Centennial sent well proposal letters, along with corresponding AFEs, to each of the uncommitted interest owners. The costs reflected in the AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as **Centennial Exhibit B-3**.

12. Centennial has undertaken good faith efforts to reach an agreement with the uncommitted interest owners. A chronology of Centennial’s contacts with the working interest owners it is seeking to pool is attached hereto as **Centennial Exhibit B-4**.

13. If Centennial reaches an agreement with any of the proposed pool parties before the Division enters any order in this case, I will let the Division know that Centennial is no longer seeking to pool that party.

14. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners shown on Centennial Exhibit B-2. In compiling these addresses, Centennial conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All interest owners were locatable.

15. **Centennial Exhibits B-1 through B-4** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Gavin Smith  
GAVIN SMITH

STATE OF COLORADO )

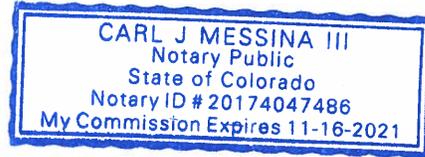
COUNTY OF Denver )

SUBSCRIBED and SWORN to before me this 6<sup>th</sup> day of April  
2020 by Gavin Smith.

Carl J. Messina III  
NOTARY PUBLIC

My Commission Expires:

11-16-2021



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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
CENTENNIAL RESOURCES PRODUCTION, LLC**

**CASE NO. 21535  
ORDER NO. R-21563**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 3, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Centennial Resources Production, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B1  
Submitted by: Centennial Resource Production, LLC  
Hearing Date: April 08, 2021  
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10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the

election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR**

AES/jag

Date: 12/09/2020

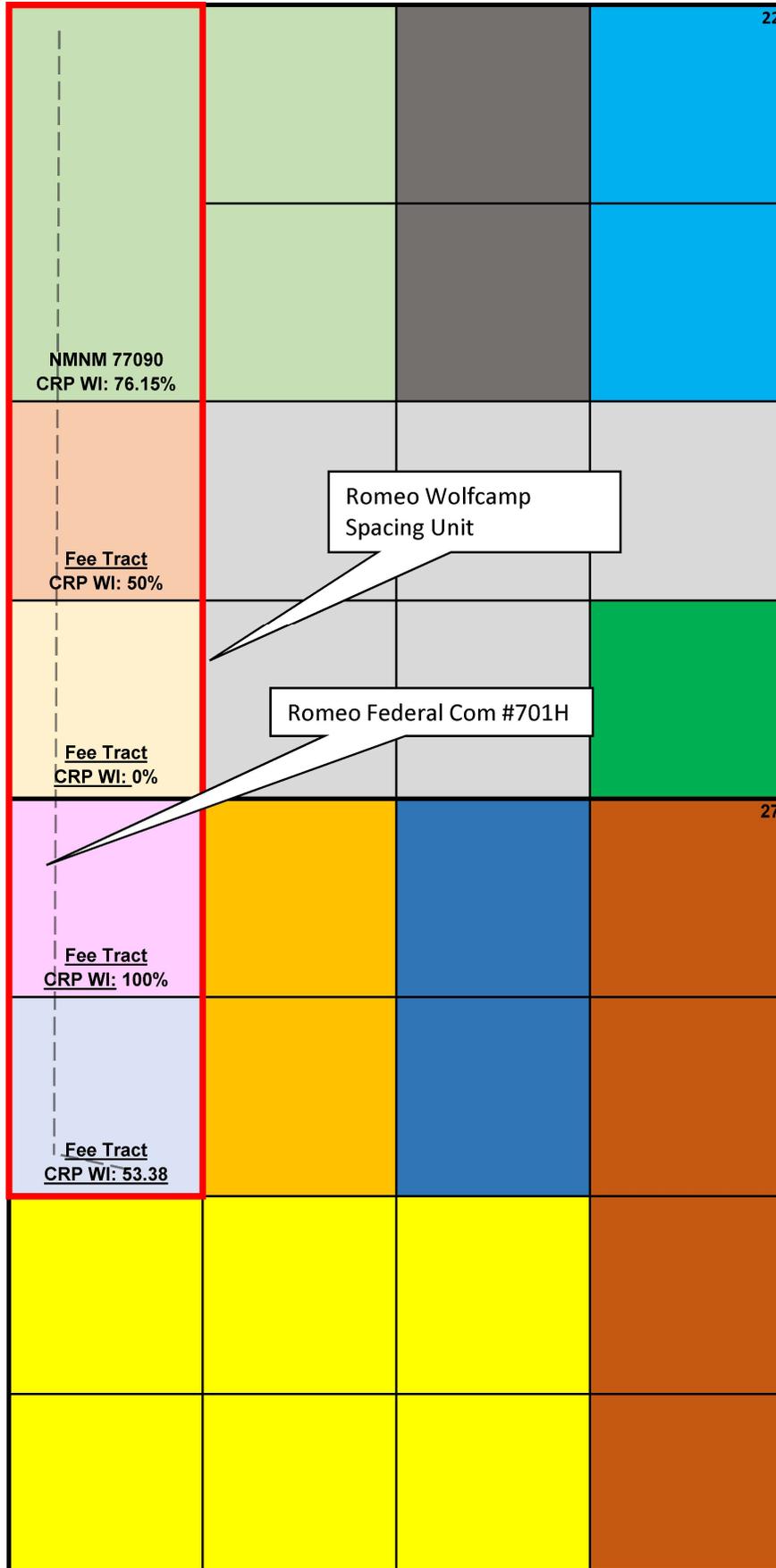
## Exhibit A

<b>COMPULSORY POOLING APPLICATION CHECKLIST (pdf)</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case No.: 21535</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: December 3, 2020</b>	
Applicant	<b>Centennial Resource Production, LLC</b>
Designated Operator & OGRID (affiliation if applicable)	<b>Centennial Resource Production, LLC (OGRID No. 372165)</b>
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of Centennial Resource Production, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	MRC Permian LLC
Well Family	Romeo Federal Com #701H well
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Antelope Ridge; Wolfcamp (2220)
Well Location Setback Rules:	Statewide horizontal well rules
Spacing Unit Size:	240, more or less
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240, more or less
Building Blocks:	Quarter-quarter sections, or the equivalent
Orientation:	North/South
Description: TRS/County	W/2 W/2 of Section 22 and the W/2 NW/4 of Section 27, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-6
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed

Well #1	Romeo Federal Com No. 701H (API No. 30-025-45557)  SHL: 400' from North line and 817' from West line NW/4 NW/4 (Unit D) of Section 22, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico BHL: 2538' from North line and 330' from West line SW/4 NW/4 (Unit E) of Section 27, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico  Completion Target: Wolfcamp Well Orientation: North/South Completion location expected to be standard
Horizontal Well First and Last Take Points	Exhibit C-5
Completion Target (Formation, TVD and MD)	Exhibits C-8, D-8
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	Exhibit B, C-8
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit C-3
Tract List (including lease numbers and owners)	Exhibit C-3
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit C-8
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-7
Chronology of Contact with Non-Joined Working Interests	Exhibit C-9
Overhead Rates In Proposal Letter	Exhibit C-8
Cost Estimate to Drill and Complete	Exhibit C-8
Cost Estimate to Equip Well	Exhibit C-8
Cost Estimate for Production Facilities	Exhibit C-8
<b>Geology</b>	
Summary (including special considerations)	Exhibit D

Spacing Unit Schematic	Exhibit D-5
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D, D-5
Target Formation	Exhibit D, D-5, D-6, D-7, D-8
HSU Cross Section	Exhibit D, D-5, D-6, D-7, D-8
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-5
Tracts	Exhibit C-6
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-7
General Location Map (including basin)	Exhibit D-5
Well Bore Location Map	Exhibit D-5
Structure Contour Map - Subsea Depth	Exhibit D-6
Cross Section Location Map (including wells)	Exhibit D-7
Cross Section (including Landing Zone)	Exhibit D-8
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	
Date:	1-Dec-20

**Exhibit B-2**



**Exhibit B-2**  
**Romeo Federal Com #701H**

<b>Name</b>	<b>Address</b>	<b>Interest Type</b>	<b>Working Interest</b>
<b>Owners to be Pooled</b>			
John V. McCarthy, II	P.O. Box 3688 Bernice, OK 74331	Mineral	1.929977%
<b>Owners Pooled under existing Order</b>			
OXY USA WTP Limited Partnership	5 Greenway Plaza, Suite 110 Houston, TX 77046	Working Interest	7.950457%
MRC Permian Company	5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	Working Interest	8.738426%
COG Operating, LLC	One Concho Center 600 West Illinois Midland, TX 79701	Working Interest	1.172840%
BC Operating, Inc.	P.O. Box 50820 Midland, TX 79701	Working Interest	0.520833%
Diamondback Energy, Inc.	500 West Texas Avenue Suite 1200 Midland, TX 79701	Working Interest	0.115740%
Novo Oil and Gas Northern Delaware, LLC	1001 West Wilshire Boulevard Suite 206 Oklahoma City, OK 73116	Working Interest	2.777778%
Marathon Oil Permian, LLC	555 San Felipe St. Houston, TX 77056	Working Interest	2.777778%
Chief Capital O&G II, LLC	8111 Westchester Drive Suite 900 Dallas, TX 75225	Working Interest	5.555556%
Roy G. Barton	1919 N. Turner St. Hobbs, NM 88240	Mineral	5.555556%
Crownrock Minerals, LP	P.O. Box 51933 Midland, TX 79701	ORRI	N/A
JM Cox Resources, LP	400 W. Wall St Midland, TX 79701	ORRI	N/A
Robert E. Landreth	110 W. Louisiana Street Suite 404 Midland, TX 79701	ORRI	N/A
Aquinnah Resources, LLC	110 W. Louisiana Street Suite 404 Midland, TX 79701	ORRI	N/A
<b>Total:</b>			<b>35.164962%</b>
ADD ORRI			
<b>Owners NOT being Pooled</b>			
Centennial Resource Production, LLC	1001 17th St., Suite 1800 Denver, CO 80202	Working Interest	62.905060%
<b>Total:</b>			<b>62.905060%</b>
Total Working Interest:			100.00000%



February 11, 2021

RE: Romeo Federal Com #701H  
SHL: 400' FNL Sec. 22 & 817' FWL Sec. 22 T24S R34E  
BHL: 2538' FNL Sec. 27 & 330' FWL Sec. 27 T24S R34E  
Lea County, New Mexico

To Whom it May Concern:

Centennial Resource Production, LLC ("CRP") proposes to drill and complete the Romeo Federal Com #701H as a horizontal well to test the Wolfcamp Formation at a TVD of 12,200 feet. The W/2 W/2 of the referenced Section 22 and the W/2 NW/4 of Section 27 will be dedicated to the well as the proration unit being a total of 240.00 acres. Please see the enclosed AFE in the amount of \$7,221,491.00

Upon your response we will send a Joint Operating Agreement ("JOA") with an effective date of September 1, 2020. The JOA contains a proposed overhead rate of \$8000 per month for drilling and \$800 per month for producing and provides for a 100%/300%/300% non-consent penalty.

In the space provided below, please indicate your election and return one original copy of this letter along with an original copy of the enclosed AFE or email me a copy at [gavin.smith@cdevinc.com](mailto:gavin.smith@cdevinc.com). Should you have any questions, please call me at (720) 499-1474.

Best Regards

A handwritten signature in blue ink, appearing to read "Gavin Smith", is written over a faint, illegible printed name.

Gavin Smith, CPL  
Senior Landman

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B3  
Submitted by: Centennial Resource Production, LLC  
Hearing Date: April 08, 2021  
Case No. 21824



THE UNDERSIGNED HEREBY ELECTS **TO PARTICIPATE** IN THE CAPTIONED ROMEO FEDERAL COM #701H WELLBORE AND TO WAIVE THE NEED FOR A COMPLETION ELECTION.

AGREED TO and ACCEPTED this \_\_\_\_ day of \_\_\_\_\_, 2021.

**Owner Name:** \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

THE UNDERSIGNED HEREBY ELECTS **NOT TO PARTICIPATE** IN THE CAPTIONED ROMEO FEDERAL COM #701H WELLBORE, AND TO GO NONCONSENT.

AGREED TO and ACCEPTED this \_\_\_\_ day of \_\_\_\_\_, 2021.

**Owner Name:** \_\_\_\_\_

Signature: \_\_\_\_\_

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

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



# Authorization for Expenditure

AFE Number	401379	Original
Drilling Total (\$)	\$2,849,676	
Completion Total (\$)	\$2,208,138	
Facilities Total (\$)	\$1,403,850	
Flowback Total (\$)	\$759,827	
AFE Total (\$)	\$7,221,491	

## AFE Description

Property Name	Well: Romeo Federal Com 701H	State	New Mexico
AFE Type	Drill and Complete		
Operator	Centennial Resource Production, LLC	Field	Delaware Basin - TX
Scheduled Spud Date	Feb 01, 2021	Estimated TVD (ft)	
Target Zone	WOLFCAMP CLASTICS U (X SAND)	Estimated MD (ft)	
Sub-Target Zone			

## Non Operator Approval

Company	
Approved By	
Title	
Date	

## Cost Estimate

Account	Description	Total (\$)	Account	Description	Total (\$)
8015.1000	IDC - PERMITS,LICENSES,ETC	\$10,000.00	8015.1100	IDC - STAKING & SURVEYING	\$18,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00	8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$175,000.00	8015.1500	IDC - RIG MOB / TRUCKING	\$150,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$35,000.00	8015.1700	IDC - DAYWORK CONTRACT	\$294,000.00
8015.1800	IDC - FOOTAGE CONTRACT	\$0.00	8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$165,000.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$25,000.00	8015.2100	IDC - WIRELINE SVCS CASED&OPEN	\$0.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$91,294.00	8015.2300	IDC - FUEL / POWER	\$72,000.00
8015.2400	IDC - RIG WATER	\$16,000.00	8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$160,000.00
8015.2600	IDC - MUD LOGGING	\$21,500.00	8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$65,000.00
8015.2800	IDC - CORE ANALYSIS	\$0.00	8015.2900	IDC - OPEN/CASED HOLE LOGGING	\$0.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$165,000.00	8015.3100	IDC - CASING CREW & TOOLS	\$55,000.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$25,000.00	8015.3400	IDC - MATERIALS & SUPPLIES	\$0.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$31,500.00	8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$46,500.00
8015.3700	IDC - DISPOSAL	\$128,000.00	8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$25,000.00
8015.3900	IDC - FISHING TOOLS & SERVICES	\$0.00	8015.4100	IDC - RENTAL EQUIPMENT	\$59,000.00
8015.4200	IDC - MANCAMP	\$32,000.00	8015.4300	IDC - WELLSITE SUPERVISION	\$97,000.00
8015.4400	IDC - SUPERVISION/ENGINEERING	\$0.00	8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$12,400.00
8015.4800	IDC - OVERHEAD	\$0.00	8015.5000	IDC - WELL CONTROL INSURANCE	\$12,993.84
8015.5200	IDC - CONTINGENCY	\$203,518.78	8015.1310	IDC - PERMANENT EASEMENT	\$0.00
<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>	<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>
8020.1000	TDC - CASING - CONDUCTOR	\$0.00	8020.1100	TDC - CASING - SURFACE	\$17,212.50
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$216,740.97	8020.1300	TDC - CASING - INTERMEDIATE 2	\$0.00
8020.1400	TDC - CASING - PRODUCTION	\$258,516.34	8020.1500	TDC - WELLHEAD EQUIPMENT	\$51,000.00
8020.1700	TDC - PACKER/DOWNHOLE TOOLS	\$67,500.00	8020.1800	TDC - CONTINGENCY	\$0.00
<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>	<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>
8025.1000	ICC - STAKING & SURVEYING	\$0.00	8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.1200	ICC - COMPLETION RIG	\$0.00	8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$20,000.00
8025.1500	ICC - FUEL / POWER	\$149,436.00	8025.1600	ICC - COILED TUBING	\$109,649.00

8025.1700	ICC - CEMENTING & SERVICES	\$ .00	8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$15,435.00
8025.1900	ICC - INSPECTION & TESTING	\$ .00	8025.2000	ICC - TRUCKING	\$13,125.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$231,645.00	8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2400	ICC - CASING CREW AND TOOLS	\$ .00	8025.2500	ICC - WELL STIMULATION/FRACTUR	\$913,997.31
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00	8025.3000	ICC - WATER HANDLING	\$74,269.64
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00	8025.3200	ICC - FISHING TOOLS & SERVICES	\$ .00
8025.3300	ICC - COMMUNICATIONS	\$ .00	8025.3400	ICC - RENTAL EQUIPMENT	\$226,860.00
8025.3500	ICC - WELLSITE SUPERVISION	\$33,600.00	8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00	8025.3800	ICC - OVERHEAD	\$10,000.00
8025.4000	ICC - WELL CONTROL INSURANCE	\$ .00	8025.4200	ICC - CONTINGENCY	\$ .00
8025.3050	ICC - SOURCE WATER	\$267,370.71	8025.4400	ICC - COMPANY LABOR	\$ .00
<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>	<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>
8030.1000	TCC - CASING - PRODUCTION	\$ .00	8030.1600	TCC - PROD LINER & EQUIPMENT	\$ .00
8030.1700	TCC - PACKER/DOWNHOLE TOOLS	\$ .00	8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>	<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>
8035.1400	FAC - ROAD LOCATIONS PITS	\$75,000.00	8035.1600	FAC - TRANSPORTATION TRUCKING	\$25,000.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$177,500.00	8035.2400	FAC - SUPERVISION	\$16,000.00
8035.2700	FAC - P-LINE F-LINE LINEPIPE	\$ .00	8035.2900	FAC - TANK BATTERY	\$152,000.00
8035.3000	FAC - HEATER TREATER/SEPERATOR	\$92,000.00	8035.3200	FAC - VALVES FITTINGS & PIPE	\$165,000.00
8035.3300	FAC - CIRCULATING TRNSFER PUMP	\$31,500.00	8035.3400	FAC - METER & LACT	\$175,000.00
8035.3600	FAC - ELECTRICAL	\$60,000.00	8035.3700	FAC - COMM TELEMETRY & AUTOMAT	\$45,000.00
8035.3800	FAC - FLARE/COMBUSTER	\$75,000.00	8035.4500	FAC - CONTINGENCY	\$66,850.00
8035.1300	FAC - SURFACE DAMAGE / ROW	\$ .00	8035.1500	FAC - MATERIALS & SUPPLIES	\$ .00
8035.1700	FAC - RENTAL EQUIPMENT	\$27,500.00	8035.1800	FAC - FUEL / POWER	\$ .00
8035.1900	FAC - WATER DISPOSAL / SWD	\$ .00	8035.2000	FAC - WASTE DISPOSAL	\$ .00
8035.2100	FAC - INSPECTION & TESTING	\$ .00	8035.2300	FAC - FRAC TANK RENTAL	\$ .00
8035.2500	FAC - CONSULTING SERVICES	\$ .00	8035.2600	FAC - INJECTION PUMP	\$ .00
8035.3100	FAC - DEHYDRATOR EQUIPMENT	\$ .00	8035.3500	FAC - COMPRESSOR	\$ .00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	\$10,000.00	8035.4100	FAC - OVERHEAD	\$ .00
8035.4300	FAC - INSURANCE	\$ .00	8035.1310	FAC - PEMANENT EASEMENT	\$ .00
8035.4400	FAC - COMPANY LABOR	\$ .00			
<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>	<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>
8036.1000	PLN - PERMITS LICENSES ETC	\$ .00	8036.1100	PLN - STAKING & SURVEYING	\$ .00
8036.1200	PLN - LEGAL TITLE SERVICES	\$ .00	8036.1300	PLN - SURFACE DAMAGE / ROW	\$ .00
8036.1310	PLN - PEMANENT EASEMENT	\$14,500.00	8036.1400	PLN - ROAD LOCATIONS PITS	\$ .00
8036.1500	PLN - MATERIALS & SUPPLIES	\$ .00	8036.1600	PLN - TRANSPORTATION TRUCKING	\$ .00
8036.1700	PLN - RENTAL EQUIPMENT	\$ .00	8036.1900	PLN - WATER DISPOSAL / SWD	\$ .00
8036.2000	PLN - WASTE DISPOSAL	\$ .00	8036.2100	PLN - INSPECTION & TESTING	\$ .00
8036.2200	PLN - CONTRACT LABOR	\$ .00	8036.2300	PLN - FRAC TANK RENTAL	\$ .00
8036.2400	PLN - SUPERVISION	\$ .00	8036.2500	PLN - CONSULTING SERVICES	\$ .00
8036.2700	PLN - PIPELINE	\$70,000.00	8036.2800	PLN - FLOWLINE	\$16,000.00
8036.2900	PLN - TANK BATTERY	\$ .00	8036.3000	PLN - SEPARATOR / SCRUBBER	\$ .00
8036.3100	PLN - TREATING EQUIPMENT	\$ .00	8036.3200	PLN - VALVES FITTINGS & PIPE	\$ .00
8036.3300	PLN - PUMP	\$ .00	8036.3400	PLN - METER	\$ .00
8036.3500	PLN - COMPRESSOR	\$ .00	8036.3600	PLN - ELECTRICAL SUPPLIES	\$ .00
8036.3610	PLN - POWER DISTRIBUTION MATERIAL	\$55,000.00	8036.3620	PLN - POWER DISTRIBUTION LABOR	\$55,000.00
8036.3700	PLN - AUTOMATION	\$ .00	8036.4000	PLN - SAFETY / ENVIRONMENTAL	\$ .00
8036.4300	PLN - INSURANCE	\$ .00	8036.4400	PLN - COMPANY LABOR	\$ .00
8036.4500	PLN - CONTINGENCY	\$ .00			
<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>	<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>
8040.1100	IFC - ROADS LOCATIONS / PITS	\$ .00	8040.1200	IFC - COMPLETION RIG	\$9,000.00
8040.1400	IFC - WIRELINE OPEN/CASED HOLE	\$5,000.00	8040.1500	IFC - FUEL / POWER	\$ .00
8040.1600	IFC - COILED TUBING	\$ .00	8040.1700	IFC - CEMENTING & SERVICES	\$ .00
8040.1899	IFC - FRAC WATER RECOVERY	\$260,726.74	8040.1900	IFC - INSPECTION & TESTING	\$ .00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00	8040.2200	IFC - ELECTRIC LOGGING/PERFORATING	\$ .00
8040.2300	IFC - COMPLETION FLUID	\$ .00	8040.2400	IFC - CASING CREW AND TOOLS	\$ .00
8040.2600	IFC - CONTRACT LABOR/ROUSTABOUT	\$5,000.00	8040.2800	IFC - MATERIAL & SUPPLIES	\$ .00
8040.2900	IFC - WELL TESTING / FLOWBACK	\$150,000.00	8040.3100	IFC - WELLHEAD/FRAC TREE REPAIR	\$ .00
8040.3200	IFC - FISHING TOOLS & SERVICES	\$ .00	8040.3400	IFC - RENTAL EQUIPMENT	\$70,000.00
8040.3500	IFC - WELLSITE SUPERVISION	\$3,600.00	8040.3700	IFC - SAFETY / ENVIRONMENTAL	\$10,000.00

8040.4200	IFC - CONTINGENCY	\$ .00	8040.4400	IFC - COMPANY LABOR	\$ .00
8040.4500	IFC - SWABBING	\$ .00	8040.2500	IFC - WELL STIMULATION/FRACTURE	\$ .00
<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>	<b>Account</b>	<b>Description</b>	<b>Total (\$)</b>
8045.1100	TFC - TUBING	\$75,000.00	8045.1200	TFC - SUCKER RODS & ACCESSORY	\$ .00
8045.1300	TFC - DOWNHOLE ARTIFICIAL LIFT EQPT	\$20,000.00	8045.1500	TFC - SUBSURFACE PUMPS	\$ .00
8045.1600	TFC - PROD LINER & EQUIPMENT	\$ .00	8045.1700	TFC - PACKER/DOWNHOLE TOOLS	\$8,500.00
8045.1900	TFC - PUMPING UNITS /SURFACE LIFT EQUIPMENT	\$ .00	8045.2000	TFC - WELLHEAD EQUIPMENT	\$20,000.00
8045.2500	TFC - VALVES / CONNECTIONS / FITINGS	\$40,000.00	8045.3100	TFC - MEASUREMENT EQUIPMENT	\$23,000.00
8045.3200	TFC - COMM, TELEMETRY & AUTOMATION	\$ .00	8045.3400	TFC - CONTRACTOR LABOR INSTALL	\$40,000.00
8045.3500	TFC - CONTINGENCY	\$ .00	8045.4400	TFC - COMPANY LABOR	\$ .00

Exhibit B-4

<b>Date</b>	<b>Action</b>
December 2020	Received Pooling Order R-21563 for the Romeo Federal Com #701H
	Identified additional owners and attempted to make contact.
February 1, 2021	Mailed lease offers
February 11, 2021	Mailed Romeo Federal Com #701H well proposals via certified mail
February 22, 2021	Proposals delivered to John V. McCarthy via certified mail (Green card received)
March 2021	Centennial files to re-open Order R-21563 to include uncommitted owners

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B4  
Submitted by: Centennial Resource Production, LLC  
Hearing Date: April 08, 2021  
Case No. 21824





**Kaitlyn A. Luck**  
**Associate**  
Phone (505) 988-4421  
Fax (505) 983-6043  
kaluck@hollandhart.com

March 19, 2021

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Application of Centennial Resource Production, LLC to Pool Additional Interest Owners Under Order No. R-21563, Lea County, New Mexico.**  
**Romeo Federal Com #701H Well**

Ladies & Gentlemen:

This letter is to advise you that Centennial Resource Production, LLC has filed the enclosed amended application with the New Mexico Oil Conservation Division.

**During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021, beginning at 8:15 a.m., until it is concluded. 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 online or in person at the Division's Santa Fe office and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", written over a horizontal line.

Kaitlyn A. Luck  
ATTORNEY FOR CENTENNIAL RESOURCE  
PRODUCTION, LLC

Centennial - Romeo 701H  
Case No. 21824 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765898520214	John V. McCarthy II	PO Box 3688	Bernice	OK	74331-3688	This is a reminder to arrange for redelivery of your item or
9414811898765898520207	Joseph M. Victory	50 Sequoyah Blvd	Shawnee	OK	74801-5569	Your shipment was received at 3:03 pm on March 19, 2021

# Affidavit of Publication

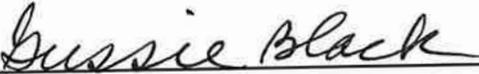
STATE OF NEW MEXICO  
COUNTY OF LEA

I, Todd Bailey, Editor of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

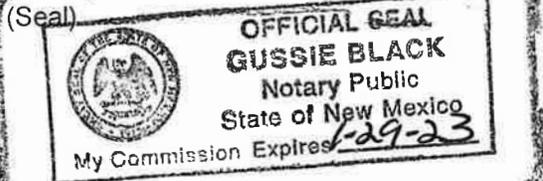
Beginning with the issue dated  
March 25, 2021  
and ending with the issue dated  
March 25, 2021.

  
\_\_\_\_\_  
Editor

Sworn and subscribed to before me this  
25th day of March 2021.

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

My commission expires  
January 29, 2023



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

LEGAL

LEGAL

LEGAL

LEGAL NOTICE  
March 25, 2021

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

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, April 8, 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 Salvidez, at [Marlene.Salvidez@state.nm.us](mailto:Marlene.Salvidez@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 Salvidez at [Marlene.Salvidez@state.nm.us](mailto:Marlene.Salvidez@state.nm.us), or the New Mexico Relay Network at 1-800-659-1779, no later than **March 28, 2021**.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e1a53b301b1f6485853e05d5f923df077>  
Event number: 187 653 1969  
Event password: FvRGmafs933

Join by video: 1876531969@nmemnrd.webex.com  
Numeric Password: 490768  
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: 187 653 1969

**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 pooled parties, including: John V. McCarthy II, his heirs and devisees; and Joseph M. Victory, his heirs and devisees.**

**Case No. 21824: Application of Centennial Resource Production, LLC to Pool Additional Interest Owners Under Order No. R-21563, Lea County, New Mexico.** Applicant in the above-styled cause seeks to pool additional interest owners under the terms of Division Order No. R-21563. Order No. R-21563 pooled all uncommitted interests in the Wolfcamp formation in the 240-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Section 22 and the W/2 NW/4 of Section 27, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is dedicated to the initial **Romeo Federal Com #701H Well** to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 27. Said area is located approximately 5 miles northwest of Jal, New Mexico.  
**#36325**

67100754

00252371

HOLLAND & HART LLC  
PO BOX 2208  
SANTA FE,, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D  
Submitted by: Centennial Resource Production, LLC  
Hearing Date: April 08, 2021  
Case No. 21824