



H&L EXPLORATION COMPANY, LLC

October 25, 2023

Chairman Christi Craddick
P.O. Box 12967
Austin, TX 78011-2967

Commissioner Wayne Christian
Commissioner Jim Wright

Re: Rule 8 Proposal on Authorized Pits

Dear Chairman and Commissioners:

H&L has been a small operator in the Texas Panhandle since before the Dead Sea was only sick.

This business can not stand anymore fees, regulations, or taxes, PERIOD.

I've attached the costs of a very successful well we drilled this year in Lipscomb County, RRC District 10. Also, please find the Proceeds Statement for this well from DCP Midstream detailing payment for September.

This well is producing 1,000 mcfcpd, choked back because of low prices, though it is more than capable of producing 4,000 mcfcpd. Reserves are estimated to be upwards of 5 BCF. This is NEW production with NEW reserves which will add to the value of our company, Lipscomb County, and the State of Texas. There is a lot more where this came from, but we are not going to drill for it.

When H&L put this prospect together, gas was north of \$4.00/mmbtu. H&L was paid a paltry \$1.20 per mmbtu for this gas by DCP. Forget what you see on NYMEX or Henry Hub, this is what we are paid. DCP kept 37% of the proceeds. DCP does not drill wells, and who could blame them when they know they can steal it instead. The RRC should be ashamed for never intervening on behalf of the producer, perpetually claiming it was 'a contract issue'.

This well will take 5 ½ years to payout which means there will be no more wells drilled until the prices rise. Independents can not survive in this environment, and they sure as hell shouldn't be expected to shoulder the burden of additional taxes, fees, and idiotically unnecessary regulations such as Rule 8.

Yours truly,

A handwritten signature in blue ink, appearing to be 'Gib Brown', is written over a blue horizontal line.

Gib Brown

HLEXPLORATION.COM



PERCENT OF PROCEEDS STATEMENT

(Fixed Recovery)

Recipient: 711690
H & L EXPLORATION COMPANY LLC

10/25/2023
7:47:37AM

Lease Information									
Settle ID	Payment ID	Lease Name	Facility Name	State	Contract ID	Operator Name/ID	Pressure Base		
742180-00	742180-00	KAKEE 1-15H	NATIONAL HELIUM	TX	NHC47635PUR	H & L EXPLORATION COMPANY LLC	14.730		
Settlement Summary									
Run ID:	1309017	Component Value	Fees & Adjustments	Gross Value	Exempt Value	Settlement Gallons	Price	Component Value	Net Value
103965	120923	\$7,231.56	\$19,712.12	\$36,148.66	0.00	0.00	0.00	\$36,148.66	0.00
Accounting Date:	October 2023	Rate per MCF:	\$48,629.22						
Statement Date:	October 25, 2023	Rate per MMBTU:	\$19,712.12						

Wellhead Information										
	MMBTU	MCF	Theoretical Gallons	Fixed Recoveries	Allocated Gallons	Shrink MMBTU	Contract %	Settlement Gallons	Price	Component Value
Gross WH:	29,894.00	27,614.00	9,211.63	0.3000	2,763.49	183.33	95.00	2,625.32	0.0915450	\$240.33
Allocation Decimal:	1.00000000	1.00000000	5,081.09	0.8000	4,064.87	372.19	95.00	3,861.63	0.5294510	\$2,044.54
Paystation:	29,894.00	27,614.00	732.68	0.9500	696.05	69.35	95.00	661.25	0.7610450	\$503.24
Contractual Field	-2,989.40	-2,761.40	1,712.48	0.9500	1,626.86	168.77	95.00	1,545.52	0.6866700	\$1,061.26
Deducts:	26,904.60	24,852.60	2,508.03	0.9500	2,382.63	273.46	95.00	2,263.50	1.4942320	\$3,382.19
Net Delivered:		(14.730D)								
Wellhead BTU	1.0826									
Gas Factor:	0.0000									
			19,245.92		11,533.90	1,067.10		10,957.22		\$1,231.56

Residue Settlement										
Net Delivered MMBTU	Contractual Fuel/FIare	Shrink	Theoretical Residue	Allocated Residue	Net Residue MCF	Net Residue MMBTU	Settlement %	Settlement Residue	Price	Residue Value
26,904.60	1,805.27	1,067.10	24,032.23	24,032.23	22,802.16	24,032.23	95.00	22,830.62	2.1300000	\$48,629.22

Analysis		Contacts	
Components	Mol %	GPM	
Helium	0.0550		
Nitrogen	0.7600		
Carbon Dioxide	0.9860		
H2S	0.0000		
Other Inerts	0.0570		
Methane	91.9950		
Ethane	3.1710	0.8499	
Propane	1.6980	0.4688	
Iso Butane	0.2060	0.0676	
Nor Butane	0.5000	0.1580	
Iso Pentane	0.1250	0.0458	
Nor Pentane	0.1330	0.0483	
Hexanes Plus	0.3140	0.1373	
Totals	100.0000	1.7757	

Plant Product Volumes	
Plant BTU	1.0759

ACCOUNTING:		CONTACTS ADMIN:	
HTTPS://DCPMIDSTREAM.SERVICE-NOW.COM/GCSM		HTTPS://DCPMIDSTREAM.SERVICE-NOW.COM/GCSM	
MEASUREMENT@P66.COM		TAXES:	
		HTTPS://DCPMIDSTREAM.SERVICE-NOW.COM/GCSM	

GENERAL:	
PLANT OPERATING HOURS 314.00	
CONTRACT:	

Fees / Adjustments		Fee Rate	Value
3rd Party Upstream Charge	0.1549	\$4,167.24	
Charge per Contract	0.5200	\$15,544.88	
		19711	

H&L Exploration Company, LLC

Property Cash Flow - 100% WI
January 2022 Thru October 2023

(187) Kaker 1-15

Date	100% Oil Revenue	100% Gas Revenue	Other Income	Severance Taxes	Other Deductions	Less: Royalty Burden	Lease Operating	Intangibles	Leasehold	Equipment	Net Cash Flow to WI
Bal Fwd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
01/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
02/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,555.88	0.00	0.00	(1,555.88)
04/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
05/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,639.32	0.00	0.00	(30,639.32)
07/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36,985.35	0.00	0.00	(36,985.35)
08/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,019.05	0.00	0.00	(1,019.05)
09/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	0.00	0.00	(10,000.00)
2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80,199.60	0.00	0.00	(80,199.60)
01/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
02/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	222,749.05	0.00	0.00	(222,749.05)
03/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	579,517.38	0.00	259,970.37	(839,487.75)
04/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	253,066.05	0.00	2,812.41	(255,888.46)
05/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,167.11	0.00	18,000.00	(55,167.11)
06/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,894.51	0.00	8,825.00	(27,719.51)
07/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41,719.53	0.00	98,594.52	(140,304.05)
08/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,405.19	0.00	12,464.01	(21,869.20)
09/2023	0.00	0.00	0.00	0.00	0.00	0.00	6,677.80	28,082.46	0.00	11,930.44	(46,680.70)
10/2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2023	0.00	0.00	0.00	0.00	0.00	0.00	6,677.80	1,190,621.29	0.00	412,566.75	(1,609,865.84)
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	6,677.80	1,270,820.89	0.00	412,566.75	(1,690,065.44)