

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Chevron USA Inc
Rye One 16 21 Federal Com #423H
Wolfcamp
Township: 26 South, Range: 27 East, NMPM
Section 16: W2
Section 21: W2

Eddy County, New Mexico

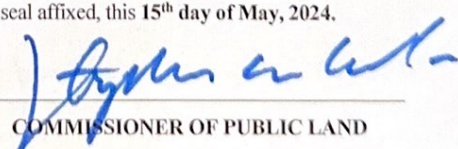
There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **February 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 15th day of May, 2024.




COMMISSIONER OF PUBLIC LAND
of the State of New Mexico

NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE

Revised June, 2022

ONLINE Version
COMMUNITIZATION AGREEMENT

API Initial Well: 30-0 15 - 53738

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions W/2,
Sect(s) 16 & 21, T 26S, R 27E, NMPM EDDY County, NM
containing 640 acres, more or less, and this agreement shall include only the
WOLFCAMP Formation
or pool, underlying said lands and the OIL AND GAS
(hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

ONLINE
version
June 2022

State/Fed/Fee

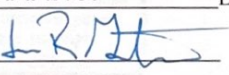
2024 MAR 1 AM 10:00

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is February Month 1 Day, 2024 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	CHEVRON U.S.A. INC.	Lessees of Record	CHEVRON U.S.A. INC.
By	Irvin Gutierrez 		CHEVRON MIDCONTINENT, L.P.
	Print name of person		
	Attorney-in-Fact		CONCHO OIL & GAS LLC/COG OPERATING LLC
	Type of authority		OXY Y-1 COMPANY

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of TEXAS _____)

County of HARRIS _____) SS)

This instrument was acknowledged before me on 3/15/2024

DATE

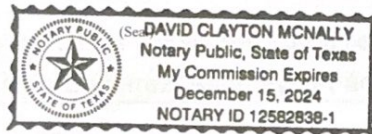
By Irvin Gutierrez _____

Name(s) of Person(s)

as Attorney-in-Fact _____ of Chevron U.S.A. Inc., a Pennsylvania corporation

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed



A handwritten signature in blue ink, appearing to read "David McNally".

Signature of Notarial Officer

My commission expires: 12/15/2024ONLINE
version
June 2022

State/Fed/Fee

2024 MAR 21 AM 10:00 5

Lease # and Lessee of Record: NMNM 100549; CHEVRON U.S.A. INC. BY:

Irvin Gutierrez, Attorney-in-Fact (Name and Title of Authorized Agent)

 (Signature of Authorized Agent)

Acknowledgment in an Individual Capacity

State of)
)
County of)

This instrument was acknowledged before me on

Date By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative Capacity

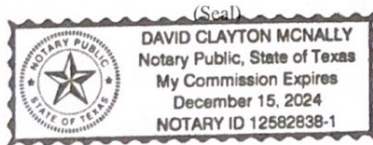
State of TEXAS)
)
County of HARRIS)

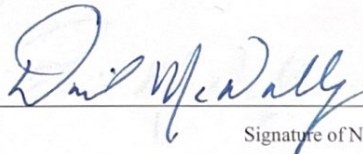
This instrument was acknowledged before me on

Date: 3/13/2024 By: .

Irvin Gutierrez, Attorney-in-Fact

Name(s) of Person(s)





Signature of Notarial Officer

My commission expires: 12/15/2024

LRMT (Signature of Authorized Agent)

Acknowledgment in an Individual Capacity

State of)
County of)
SS)

This instrument was acknowledged before me on

DateBy

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative Capacity

State of TEXAS)
County of HARRIS)

This instrument was acknowledged before me on

Date: 3/13/2024 By: .

Irvin Gutierrez, attorney-in-fact
Name(s) of Person(s)

Name(s) of Person(s)

(Seal)

Paul M. Day
Signature of _____

Signature of Notarial Officer

My commission expires: 12/15/2024

ONLINE
version
June 2022

State/Fed/Fee

2024 MAR 21 AM 10:00

Lease # and Lessee of Record: V0-7398; CONCHO OIL & GAS LLC/COG OPERATING LLC BY:
Ryan D. Owen, Attorney-in-fact (Name and Title of Authorized Agent)

 (Signature of Authorized Agent)
JKR AUR

Acknowledgment in an Individual Capacity

State of _____)
 County of _____)
)
)

This instrument was acknowledged before me on _____
 Name(s) of Person(s)

Date By _____

(Seal)

 Signature of Notarial Officer

My commission expires: _____

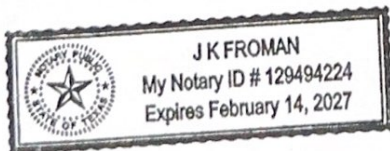
Acknowledgment in an Representative Capacity

State of Texas)
 County of Midland)
)
)

This instrument was acknowledged before me on _____
 By: Ryan D. Owen, Attorney-in-fact
 Name(s) of Person(s)

Date: 3/5/2024

(Seal)




 Signature of Notarial Officer

My commission expires: 02/14/2027

Lease # and Lessee of Record: NMNM 100549; OXY Y-1 COMPANY BY:

(Name and Title of Authorized Agent)

(Signature of Authorized Agent)

Acknowledgment in an Individual Capacity

State of _____)

SS)

County of _____)

This instrument was acknowledged before me on

DateBy

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative Capacity

State of _____)

SS)

County of _____)

This instrument was acknowledged before me on

Date:_____ By: .

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated February 1, 2024

Plat of communitized area covering the:

Subdivisions W/2, of Sect(s). 16 & 21, T26S, R27E, NMPM, Eddy County, NM.

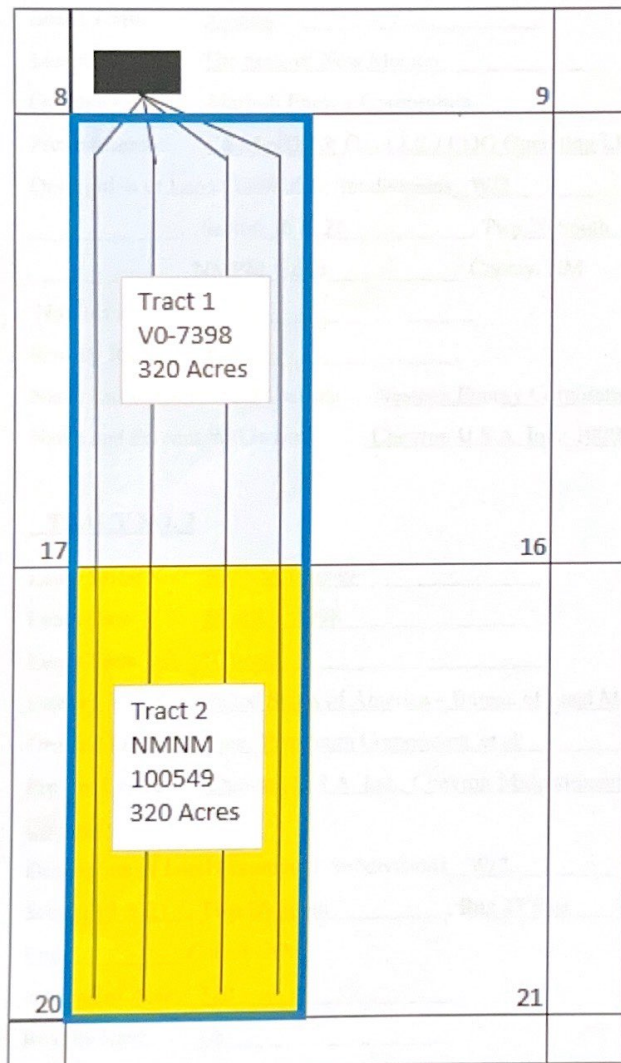
Wells:

RYE ONE 16 21 FEDERAL COM 422H 30-015-53739

RYE ONE 16 21 FEDERAL COM 423H 30-015-53738

RYE ONE 16 21 FEDERAL COM 424H 30-015-53801

RYE ONE 16 21 FEDERAL COM 425H 30-015-53737



ONLINE
version
August 2021

State/Fed/Fee

6

To Communitization Agreement dated February 1, 2024, embracing the Subdivisions W/2 of Sect(s) 16 & 21, T26S,
R27E, N.M.P.M., Eddy County, NM

DESCRIPTION OF LEASES COMMITTED

Lease Serial No.: V0-7398

Lease Date: May 1, 2005

Lease Term: 5 years

Lessor: The State of New Mexico

Original Lessee: Marbob Energy Corporation

Present Lessee: Concho Oil & Gas LLC / COG Operating LLC

Description of Land Committed: Subdivisions W/2
,Sect(s) 16 & 21, Twp 26 South, Rng 27 East
NMPM, Eddy County, NM

Number of Acres: 320

Royalty Rate: 1/6

Name and Percent ORRI Owners: Nestegg Energy Corporation: 0.39424%

Name and Percent WIOwners: Chevron U.S.A. Inc.: 100%

Lease Serial No.: NMNM 100549
Lease Date: March 1, 1998
Lease Term: 10 years
Lessor: United States of America – Bureau of Land Management
Original Lessee: Yates Petroleum Corporation, et al.
Present Lessee: Chevron U.S.A. Inc.; Chevron Midcontinent, L.P.; Oxy Y-1
Company
Description of Land Committed: Subdivisions W/2,
Sect(s) 16 & 21, Twp 26 South, Rng 27 East, NMPM,
Eddy County, NM
Number of Acres: 320
Royalty Rate: 1/8
Name and Percent ORRI Owners: Oxy Y-1 Company; 0.75%
Name and Percent WIOwners: Chevron U.S.A. Inc. : 69.4%; Chevron Midcontinent, L.P.: 30.6%

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	<u>320</u>	<u>50%</u>
Tract No.2	<u>320</u>	<u>50%</u>

Office
 District I – (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II – (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III – (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV – (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-53739
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator CHEVRON USA, INC.		6. State Oil & Gas Lease No.
3. Address of Operator 6301 DEAUVILLE BLVD, MIDLAND, TEXAS 79706		7. Lease Name or Unit Agreement Name RYE ONE 16 21 FEDERAL COM
4. Well Location Unit Letter <u>M</u> : <u>323</u> feet from the <u>SOUTH</u> line and <u>635</u> feet from the <u>WEST</u> line Section <u>9</u> Township <u>26S</u> Range <u>27E</u> NMPM County <u>EDDY</u>		8. Well Number 422H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3280' GR		9. OGRID Number 4323
		10. Pool name or Wildcat PURPLE SAGE; WOLFCAMP (GAS)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	COMMENT <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	P AND A	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: APPROVED SUPPLEMENT TO PLC-887B <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHEVRON USA INC. REQUESTS THE FOLLOWING:

PLEASE FIND ATTACHED THE APPROVED SUPPLEMENT FROM THE STATE LAND OFFICE TO THE PREVIOUSLY APPROVED ORDER PLC-887B FOR THE FOLLOWING WELLS IN HAYHURST NEW MEXICO:

RYE ONE 16 21 FEDERAL COM 422H / API 30-015-53739

RYE ONE 16 21 FEDERAL COM 423H / API 30-015-53738

RYE ONE 16 21 FEDERAL COM 424H / API 30-015-53801

RYE ONE 16 21 FEDERAL COM 425H / API 30-015-53737

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Carol Adler TITLE Sr. Regulatory Affairs Coordinator DATE 10/1/2024

Type or print name Carol Adler E-mail address: caroladler@chevron.com PHONE: (432) 687-7148

For State Use Only

APPROVED

BY: _____ TITLE _____ DATE _____ Conditions
 of Approval (if any):

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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 389037

CONDITIONS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 389037
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	None	10/25/2024