

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING AUGUST 8, 2018**

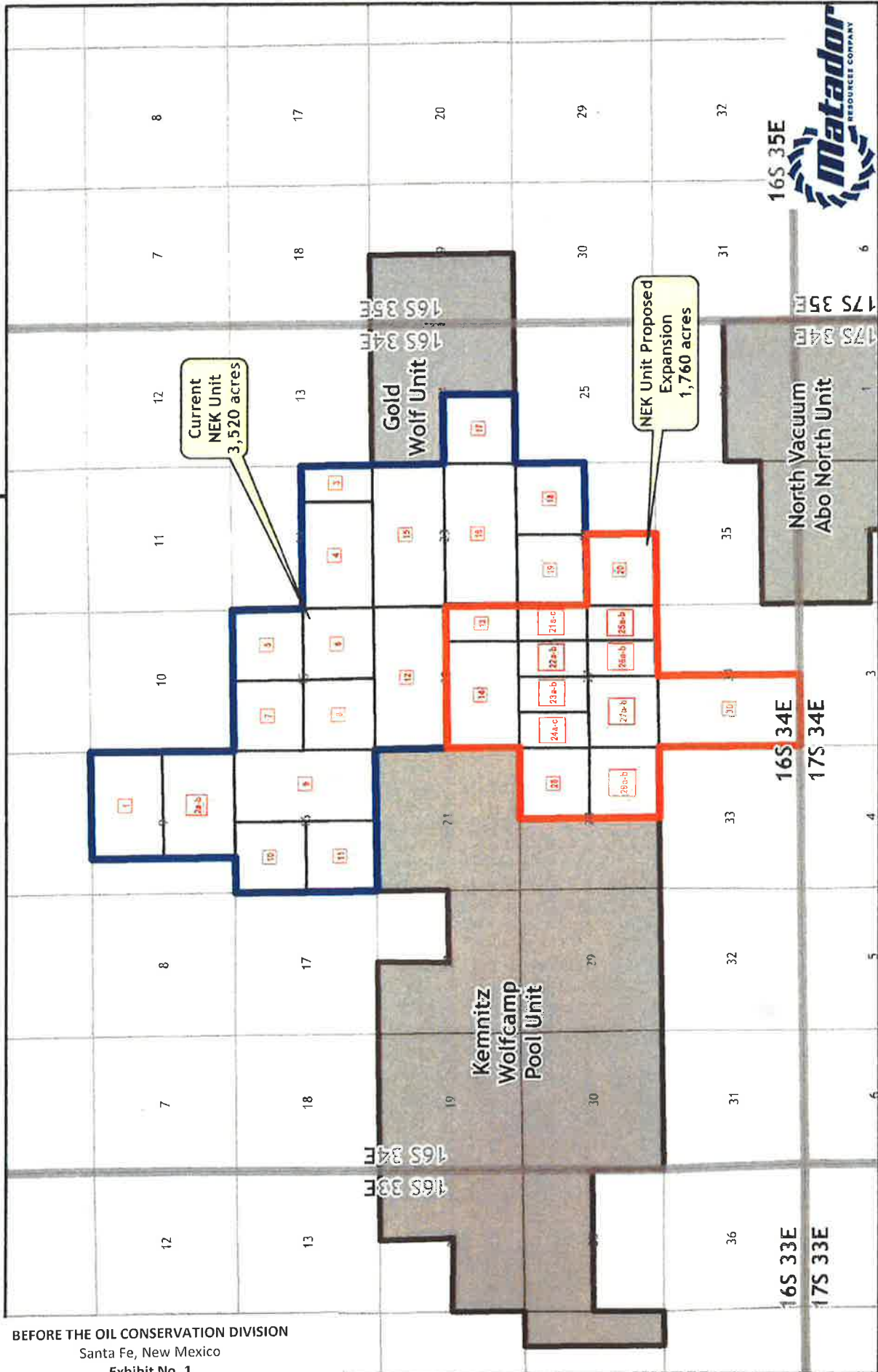
CASE No. 16343

NORTHEAST KEMNITZ UNIT

LEA COUNTY, NEW MEXICO



Northeast Kemnitz Unit Expansion

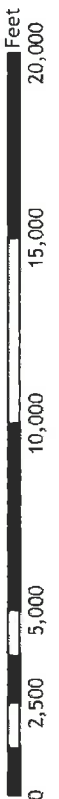


BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 1

Submitted by: Matador Production Company
Hearing Date: August 8, 2018
Case No. 16343

GIS Standard Map Disclaimer:
This cartographic product is for informational purposes only and may not be used for legal or regulatory purposes. The user assumes all liability for any use of this information. Data is current as of the date of the information.

1:60,000
1 inch = 5,000 feet



Southeast New Mexico
Map Prepared by: Hudgins
Cartographic Services
File Name: NEK Unit Expansion Letter
Coordinate System: NAD 1927 StatePlane New Mexico East FIPS 3001
Projection: Transverse Mercator; Datum: North American 1927; Units: Foot US
Sources: IRS; ESR;

Entered July 6, 1976
JLR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5697
Order No. R-5232

APPLICATION OF ELK OIL COMPANY FOR
APPROVAL OF THE NORTHEAST KEMNITZ
UNIT AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on June 23, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of July, 1976, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.
- (2) That the applicant, Elk Oil Company, seeks approval of
the Northeast Kemnitz Unit Agreement covering 3520.0 acres, more
or less, of State land described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 9: E/2 and E/2 W/2
Section 14: S/2
Section 15: All
Section 16: All
Section 22: N/2
Section 23: All
Section 24: SW/4
Section 26: N/2

- (3) That approval of the proposed unit agreement should
promote the prevention of waste and the protection of correlative
rights within the unit area.

IT IS THEREFORE ORDERED:

- (1) That the Northeast Kemnitz Unit Agreement is hereby
approved.

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Case No. 5697
Order No. R-5232

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5481 • Fax 214.866.4981
nweeks@matadorresources.com

Nicholas Weeks
Landman

June 4, 2018

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Interest Owners

Re: Invitation to Participate
Northeast Kemnitz Unit Expansion
Lea County, New Mexico

Gentlemen:

Matador Production Company ("Matador") is currently the operator of the Northeast Kemnitz Unit (the "Unit") comprised of 3,520.00 acres. Matador has received preliminary approval for an expansion of the Unit from the New Mexico State Land Office (the "SLO"). The expansion is proposed to include the following acreage (the "Expansion Area"):

Township 16 South - Range 34 East N.M.P.M.

UNIT TRACT	DESCRIPTION	ACRES
13	Section 22: E/2SE/4	80.00
14	Section 22: SW/4, W/2SE/4	240.00
20	Section 26: SW/4	160.00
21a-c	Section 27: E/2NE/4	80.00
22a-b	Section 27: W/2NE/4	80.00
23a-b	Section 27: W/2NW/4	80.00
24a-c	Section 27: E/2NW/4	80.00
25a-b	Section 27: E/2SE/4	80.00
26a-b	Section 27: W/2SE/4	80.00
27a-b	Section 27: SW/4	160.00
28	Section 28: NE/4	160.00
29a-b	Section 28: SE/4	160.00
30	Section 34: W/2	320.00
		1760.00

As a working interest owner in the Unit or Expansion Area, Matador hereby extends an invitation to join the Unit expansion and requests your execution of the enclosed Ratification and Joinder of Unit Expansion. Enclosed for your review and files please find the following documents:

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: Matador Production Company
Hearing Date: August 8, 2018
Case No. 16343

1. Ratification and Joinder of the Northeast Kemnitz Unit Expansion
2. Plat of the Northeast Kemnitz Unit and Expansion Area
3. Updated Exhibit "B" to the Northeast Kemnitz Unit Agreement inclusive of Expansion Area
4. Copy of the SLO Preliminary Approval
5. Copy of the Northeast Kemnitz Unit Agreement
6. Expanded Northeast Kemnitz Unit Operating Agreement
7. Memorandum of Operating Agreement, Mortgage and Financing Statement for the Expanded Northeast Kemnitz Unit Operating Agreement

Within thirty (30) days from your receipt, please execute and notarize 1) three copies of the Ratification and Joinder Agreement where indicated; 2) one copy of the signature and acknowledgment pages to the Expanded Northeast Kemnitz Operating Agreement; and 3) one copy of the signature and acknowledgment pages for the Memorandum of Operating Agreement, Mortgage and Financing Statement for the Expanded Northeast Kemnitz Unit Operating Agreement thereafter returning the executed originals to my attention. Within this 30 day window Matador will begin the application process with the SLO and New Mexico Oil Conservation Division for final approval of the Unit expansion. The effective date of the expansion shall be commensurate with that time provided for in the approval response from the SLO.

If you have any questions, or need additional information, please feel free to contact me at (972) 371-5481, or alternatively at my email: nweeks@matadorresources.com.

Respectfully,

MATADOR PRODUCTION COMPANY



Nicholas Weeks

Enclosures

RATIFICATION AND JOINDER OF UNIT AGREEMENT
AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **NORTHEAST KEMNITZ UNIT AREA**, County of **Lea**, State of New Mexico, dated **May 5, 1976**, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement, dated **July 1, 2018**, which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

The undersigned, being the owners of the leasehold interest in the lands or minerals embraced in said Unit Area as indicated on the schedule attached to the Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the Northeast Kemnitz Unit Agreement and Unit Operating Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this _____ day of _____, 20_____.

SIGNATURE OF OFFICER

BUSINESS ENTITY

ADDRESS: _____

Acknowledgment in an Individual Capacity

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me this _____ day of _____, 20__ by _____

(Notary Seal)

SIGNATURE OF NOTARIAL OFFICER

MY COMMISSION EXPIRES: _____

Acknowledgment in an Representative Capacity

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me this _____ day of _____, 20__ by _____

_____ as _____ of _____ a
_____ on behalf of said _____

(Notary Seal)

SIGNATURE OF NOTARIAL OFFICER

MY COMMISSION EXPIRES: _____

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KENNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
1a	T16S-R34E Section 9: NE/4, E/2NW/4* All depths	480	K-6874 Effective April 18, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership Joseph J. Kelly NonDarcy Oil & Gas, Inc. Rose Kurt Bodin Bodin Trust "B" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blenden Verde Vista Energy Company DeMar Holdings, LP	4.738878% 0.012069% 1.875000% 0.025884% 0.051768% 0.051768% 0.389523% 1.109375% TOTAL	MRC Permian Company Slash Exploration Limited Partnership DeMar Holdings, LP
2a	T16S-R34E Section 9: SE/4, E/2SW/4* Surface to base of Morrow	480	K-6874 Effective April 18, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership Joseph J. Kelly NonDarcy Oil & Gas, Inc. Rose Kurt Bodin Bodin Trust "B" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blenden Verde Vista Energy Company DeMar Holdings, LP	4.738878% 0.012069% 1.875000% 0.025884% 0.051768% 0.051768% 0.389523% 1.109375% TOTAL	MRC Permian Company Slash Exploration Limited Partnership DeMar Holdings, LP Judson Operations Ltd K.V. & W.H. Martin Energy Ltd Magic Dog Oil & Gas Ltd
2b	T16S-R34E Section 9: SE/4, E/2SW/4* Base of Morrow to all depths below	480	K-6874 Effective April 18, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership Joseph J. Kelly NonDarcy Oil & Gas, Inc. Rose Kurt Bodin Bodin Trust "B" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blenden Verde Vista Energy Company DeMar Holdings, LP	4.738878% 0.012069% 1.875000% 0.025884% 0.051768% 0.051768% 0.389523% 1.109375% TOTAL	MRC Permian Company Slash Exploration Limited Partnership DeMar Holdings, LP
3	T16S-R34E Section 14: E/2SE/4 All depths	80	L-4716 Effective July 21, 1970 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership Joseph J. Kelly NonDarcy Oil & Gas, Inc. Collie Limited Partnership, LP Mary Ann Kelly Twitty Rose Kurt Bodin Bodin Trust "B" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blenden Verde Vista Energy Company	4.738878% 0.012069% 0.837500% 0.837500% 0.937500% 0.025884% 0.051768% 0.051768% 0.389523% 1.109375% TOTAL	MRC Permian Company Slash Exploration LP Southwest Royalties, Inc.

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERHINDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
4	T16S-R34E Section 14: SW/4, W/2SE/4 All depths	240	L-3000 Effective May 20, 1969 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	Slash Exploration Limited Partnership	MRC Permian Company
					Slash Exploration Limited Partnership	Armstrong Energy Corporation	Slash Exploration LP
						Joseph J. Kelly	Southwest Royalties, Inc.
						NonDarcy Oil & Gas, Inc.	
						Colle Limited Partnership, L.P.	
						Mary Ann Kelly Twitty	
						Rose Kurt Bodin	
						Bodin Trust "B" UWO Harry Sabbath Bodin	
						Mary Ann Rosenberg Wiems	
						Dick A. Blendin	
					TOTAL	Verde Vista Energy Company	TOTAL
5	T16S-R34E Section 15: NE/4 All depths	160	L-4960 Effective October 20, 1970 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	Slash Exploration Limited Partnership	MRC Permian Company
					Slash Exploration Limited Partnership	Armstrong Energy Corporation	Slash Exploration LP
						Joseph J. Kelly	Southwest Royalties, Inc.
						NonDarcy Oil & Gas, Inc.	
						Rose Kurt Bodin	
						Bodin Trust "B" UWO Harry Sabbath Bodin	
						Mary Ann Rosenberg Wiems	
						Dick A. Blendin	
					TOTAL	Verde Vista Energy Company	TOTAL
6	T16S-R34E Section 15: SE/4 All depths	160	L-4960 Effective October 20, 1970 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	Slash Exploration Limited Partnership	MRC Permian Company
					Slash Exploration Limited Partnership	Armstrong Energy Corporation	Slash Exploration LP
						Joseph J. Kelly	
						NonDarcy Oil & Gas, Inc.	
						Rose Kurt Bodin	
						Bodin Trust "B" UWO Harry Sabbath Bodin	
						Mary Ann Rosenberg Wiems	
						Dick A. Blendin	
					TOTAL	Verde Vista Energy Company	TOTAL
7	T16S-R34E Section 15: NW/4 All depths	160	L-6875 Effective April 18, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	Slash Exploration Limited Partnership	MRC Permian Company
					Slash Exploration Limited Partnership	Armstrong Energy Corporation	Slash Exploration LP
						Joseph J. Kelly	Southwest Royalties, Inc.
						NonDarcy Oil & Gas, Inc.	
						Rose Kurt Bodin	
						Bodin Trust "B" UWO Harry Sabbath Bodin	
						Mary Ann Rosenberg Wiems	
						Dick A. Blendin	
					TOTAL	Verde Vista Energy Company	TOTAL
8	T16S-R34E Section 15: SW/4 All depths	160	L-6875 Effective April 18, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	Slash Exploration Limited Partnership	MRC Permian Company
					Slash Exploration Limited Partnership	Armstrong Energy Corporation	Slash Exploration LP
						Joseph J. Kelly	
						NonDarcy Oil & Gas, Inc.	
						Rose Kurt Bodin	
						Bodin Trust "B" UWO Harry Sabbath Bodin	
						Mary Ann Rosenberg Wiems	
						Dick A. Blendin	
					TOTAL	Verde Vista Energy Company	TOTAL

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KENNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE					
9	T16S-R34E Section 16: E/2 All depths	320	K-6667 Effective January 17, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	50.0000%	Slash Exploration Limited Partnership	4.738978%	MRC Permian Company Slash Exploration Limited Partnership DeMar Holdings, LP	92.187500% 5.000000% 2.812500%		
					Slash Exploration Limited Partnership	50.0000%	Armstrong Energy Corporation	0.012069%				
					Joseph J. Kelly	1.875000%	NonDarcy Oil & Gas, Inc.	1.875000%				
					NonDarcy Oil & Gas, Inc.	1.875000%	Rose Kurtz Bodin	0.025884%				
					Rose Kurtz Bodin	0.025884%	Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%				
					Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%	Mary Ann Rosenberg Weems	0.051768%				
					Mary Ann Rosenberg Weems	0.051768%	Dick A. Blendin	0.051768%				
					Dick A. Blendin	0.051768%	Verde Vista Energy Company	0.389323%				
					Verde Vista Energy Company	0.389323%	DeMar Holdings, LP	1.109375%				
					DeMar Holdings, LP	1.109375%	TOTAL	10.149148%			TOTAL	100.000000%
10	T16S-R34E Section 16: NW/4 All depths	160	K-6676 Effective April 18, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	50.0000%	Slash Exploration Limited Partnership	4.738978%	MRC Permian Company Slash Exploration LP Southwest Royalties, Inc.	70.000000% 5.000000% 25.000000%		
					Slash Exploration Limited Partnership	50.0000%	Armstrong Energy Corporation	0.012069%				
					Joseph J. Kelly	1.875000%	NonDarcy Oil & Gas, Inc.	1.875000%				
					NonDarcy Oil & Gas, Inc.	1.875000%	Rose Kurtz Bodin	0.025884%				
					Rose Kurtz Bodin	0.025884%	Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%				
					Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%	Mary Ann Rosenberg Weems	0.051768%				
					Mary Ann Rosenberg Weems	0.051768%	Dick A. Blendin	0.051768%				
					Dick A. Blendin	0.051768%	Verde Vista Energy Company	0.389323%				
					Verde Vista Energy Company	0.389323%	TOTAL	9.939773%			TOTAL	100.000000%
					11	T16S-R34E Section 16: SW/4 All depths	160	L-3001 Effective May 20, 1969 HBP			State of New Mexico - ALL 12.50%	Verde Vista Energy Company
Slash Exploration Limited Partnership	50.0000%	Armstrong Energy Corporation	0.012069%									
Joseph J. Kelly	1.875000%	NonDarcy Oil & Gas, Inc.	1.875000%									
NonDarcy Oil & Gas, Inc.	1.875000%	Rose Kurtz Bodin	0.025884%									
Rose Kurtz Bodin	0.025884%	Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%									
Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%	Mary Ann Rosenberg Weems	0.051768%									
Mary Ann Rosenberg Weems	0.051768%	Dick A. Blendin	0.051768%									
Dick A. Blendin	0.051768%	Verde Vista Energy Company	0.389323%									
Verde Vista Energy Company	0.389323%	DeMar Holdings, LP	1.109375%									
DeMar Holdings, LP	1.109375%	TOTAL	10.149148%	TOTAL					100.000000%			
12	T16S-R34E Section 22: N/2 All depths	320	K-4426 Effective April 21, 1970, HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company	50.0000%	Slash Exploration Limited Partnership	4.738978%	MRC Permian Company Slash Exploration LP	95.000000% 5.000000%		
					Slash Exploration Limited Partnership	50.0000%	Armstrong Energy Corporation	0.012069%				
					Joseph J. Kelly	1.875000%	NonDarcy Oil & Gas, Inc.	1.875000%				
					NonDarcy Oil & Gas, Inc.	1.875000%	Rose Kurtz Bodin	0.025884%				
					Rose Kurtz Bodin	0.025884%	Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%				
					Bodin Trust "B" - UWO Harry Sabbath Bodin	0.025884%	Mary Ann Rosenberg Weems	0.051768%				
					Mary Ann Rosenberg Weems	0.051768%	Dick A. Blendin	0.051768%				
					Dick A. Blendin	0.051768%	Verde Vista Energy Company	0.389323%				
					Verde Vista Energy Company	0.389323%	DeMar Holdings, LP	1.109375%				
					DeMar Holdings, LP	1.109375%	TOTAL	10.149148%			TOTAL	100.000000%
13	T16S-R34E Section 22: E/2SE/4 All depths	80	VB-2285 Effective July 1, 2013, Expires November 1, 2018	State of New Mexico - ALL 18.75%	Verde Vista Energy Company	100.0000%	None	None	MRC Permian Company	100.000000%		
					Slash Exploration Limited Partnership	100.0000%	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
14	T16S-R34E Section 22: SW/4, W/2SE/4 All depths	240	VB-2272 Effective May 1, 2013, Expires November 1, 2018	State of New Mexico - ALL 18.75%	Verde Vista Energy Company	100.0000%	None	None	MRC Permian Company	100.000000%		
					Slash Exploration Limited Partnership	100.0000%	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%
					None	None	TOTAL	0.600000%			TOTAL	100.000000%

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Interests and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
15	T16S-R34E Section 23: N/2 All depths	320	L-5108-0003 Effective December 15, 1970 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership	50.0000% 50.0000%	MRC Permian Company Slash Exploration LP Southwest Royalties, Inc. 70.000000% 5.000000% 25.000000%
					Joseph J. Kelly NonDarcy Oil & Gas, Inc. Coille Limited Partnership, L.P. Mary Ann Kelly Twitty Rose Kurz Bodin Bodin Trust "g" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blendon Verde Vista Energy Company 0.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% TOTAL	4.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% 9.039773% TOTAL	100.000000% 100.000000%
16	T16S-R34E Section 23: S/2 All depths	320	K-6448-0003 Effective October 18, 1966 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership	50.0000% 50.0000%	MRC Permian Company Slash Exploration Limited Partnership DelMar Holdings, LP 92.187500% 5.000000% 2.812500%
					Joseph J. Kelly NonDarcy Oil & Gas, Inc. Coille Limited Partnership, L.P. Mary Ann Kelly Twitty Rose Kurz Bodin Bodin Trust "g" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blendon Verde Vista Energy Company DelMar Holdings, LP 0.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% 1.109375% TOTAL	4.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% 1.109375% 10.149148% TOTAL	100.000000% 100.000000%
17	T16S-R34E Section 24: SW/4 All depths	160	K-6714-0003 Effective February 21, 1967 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership	50.0000% 50.0000%	MRC Permian Company Slash Exploration LP Southwest Royalties, Inc. 70.000000% 5.000000% 25.000000%
					Joseph J. Kelly NonDarcy Oil & Gas, Inc. Coille Limited Partnership, L.P. Mary Ann Kelly Twitty Rose Kurz Bodin Bodin Trust "g" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blendon Verde Vista Energy Company 0.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% TOTAL	4.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% 9.039773% TOTAL	100.000000% 100.000000%
18	T16S-R34E Section 26: NE/4 All depths	160	L-1038-0003 Effective July 16, 1968 HBP	State of New Mexico - ALL 12.50%	Verde Vista Energy Company Slash Exploration Limited Partnership	50.0000% 50.0000%	MRC Permian Company Slash Exploration Limited Partnership DelMar Holdings, LP COS Operating LLC Concho Oil & Gas LLC 65.000000% 5.000000% 5.000000% 23.750000% 1.250000%
					Joseph J. Kelly NonDarcy Oil & Gas, Inc. Coille Limited Partnership, L.P. Mary Ann Kelly Twitty Rose Kurz Bodin Bodin Trust "g" UWO Harry Sabbath Bodin Mary Ann Rosenberg Weems Dick A. Blendon Verde Vista Energy Company DelMar Holdings, LP 0.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% 0.906319% TOTAL	4.798750% 0.012069% 0.937500% 0.937500% 0.025884% 0.025884% 0.051768% 0.051768% 0.383523% 0.906319% 9.563069% TOTAL	100.000000% 100.000000%

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE		BASIC ROYALTY AND PERCENTAGE		LESSEE OF RECORD AND PERCENTAGE		OVERRIDING ROYALTY AND PERCENTAGE		OPERATING RIGHTS AND PERCENTAGE	
19	T165-R34E Section 26: NW/4 All depths	160	L-1038-0003 Effective July 16, 1968 HBP		State of New Mexico - ALL 12.50%		Verde Vista Energy Company Slash Exploration Limited Partnership	50.0000% 50.0000%	Slash Exploration Limited Partnership Armstrong Energy Corporation Joseph J. Kelly Nerdarcy Oil & Gas, Inc. Collie Limited Partnership, L.P. Mary Ann Kelly Twitty Rose Kurt Bodin Bodin Trust "B" UNO Harry Sabbath Bodin Mary Ann Rosenberg Weems O C A. Blenden Verde Vista Energy Company DelMar Holdings, LP	4.547788% 0.011398% 0.897500% 0.897500% 0.897500% 0.937500% 0.035884% 0.035884% 0.031786% 0.031786% 0.383523% 0.659409%	MRC Permian Company Slash Exploration Limited Partnership DelMar Holdings, LP COC Operating LLC Cencho Oil & Gas LLC	67.500000% 5.000000% 2.500000% 23.750000% 1.250000%
							TOTAL	100.0000%	TOTAL	9.301420%	TOTAL	100.000000%
20	T165-R34E Section 28: SW/4 All depths	160	VB-2265 Effective May 1, 2013. Expires November 1, 2018		State of New Mexico - ALL 18.75%		MRC Permian Company	100.0000%	None		MRC Permian Company	100.000000%
							TOTAL	100.0000%	TOTAL	0.000000%	TOTAL	100.000000%
21a	T165-R34E Section 27: E/2NE/4 Surface to Base of Wolfcamp	80	E-7564-0003 Effective November 17, 1953 HBP		State of New Mexico - ALL 12.50%		297 Delaware I, LLC	100.0000%	None		Magnum Hunter Production, Inc.	100.000000%
							TOTAL	100.0000%	TOTAL	0.000000%	TOTAL	100.000000%
21b	T165-R34E Section 27: E/2NE/4 Base of Wolfcamp to 13,250'	80	E-7564-0003 Effective November 17, 1953 HBP		State of New Mexico - ALL 12.50%		297 Delaware I, LLC	100.0000%	Slash Exploration Limited Partnership Armstrong Energy Corporation Joseph J. Kelly and wife, Barbara Kelly Verde Vista Energy Company DelMar Holdings, LP	3.090081% 0.008690% 0.273300% 1.187500% 1.568250%	MRC Permian Company Slash Exploration LP DelMar Holdings, LP Jo Ann Sivey Ruppert Trust Thomas Ray Sivey Trust	72.500000% 5.000000% 3.750000% 9.375000% 9.375000%
							TOTAL	100.0000%	TOTAL	6.528515%	TOTAL	100.000000%
21c	T165-R34E Section 27: E/2NE/4 13,250' to all depths below	80	E-7564-0003 Effective November 17, 1953 HBP		State of New Mexico - ALL 12.50%		297 Delaware I, LLC	100.0000%	Slash Exploration Limited Partnership Armstrong Energy Corporation Joseph J. Kelly and wife, Barbara Kelly Verde Vista Energy Company	3.090081% 0.008690% 0.273300% 1.187500%	MRC Permian Company Slash Exploration LP	95.000000% 5.000000%
							TOTAL	100.0000%	TOTAL	4.559601%	TOTAL	100.000000%
22a	T165-R34E Section 27: W/2NE/4 Surface to base of Wolfcamp & 13,250' to all depths below	80	E-7564-0003 Effective November 17, 1953 HBP		State of New Mexico - ALL 12.50%		297 Delaware I, LLC	100.0000%	Slash Exploration Limited Partnership Armstrong Energy Corporation Joseph J. Kelly and wife, Barbara Kelly Verde Vista Energy Company	3.090081% 0.008690% 0.273300% 1.187500%	MRC Permian Company Slash Exploration LP	95.000000% 5.000000%
							TOTAL	100.0000%	TOTAL	4.559601%	TOTAL	100.000000%
22b	T165-R34E Section 27: W/2NE/4 Base of Wolfcamp to 13,250'	80	E-7564-0003 Effective November 17, 1953 HBP		State of New Mexico - ALL 12.50%		297 Delaware I, LLC	100.0000%	Slash Exploration Limited Partnership Armstrong Energy Corporation Joseph J. Kelly and wife, Barbara Kelly Verde Vista Energy Company DelMar Holdings, LP	3.090081% 0.008690% 0.273300% 1.187500%	MRC Permian Company Slash Exploration LP DelMar Holdings, LP Jo Ann Sivey Ruppert Trust Thomas Ray Sivey Trust	72.500000% 5.000000% 3.750000% 9.375000%
							TOTAL	100.0000%	TOTAL	6.528515%	TOTAL	100.000000%
23a	T165-R34E Section 27: W/2NW/4 Surface to base of Wolfcamp & 13,250' to all depths below	80	E-7564-0003 Effective November 17, 1953 HBP		State of New Mexico - ALL 12.50%		297 Delaware I, LLC	100.0000%	Slash Exploration Limited Partnership Armstrong Energy Corporation Joseph J. Kelly and wife, Barbara Kelly Verde Vista Energy Company	3.090081% 0.008690% 0.273300% 1.187500%	MRC Permian Company Slash Exploration LP	95.000000% 5.000000%
							TOTAL	100.0000%	TOTAL	4.559601%	TOTAL	100.000000%

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KENNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
23b	T165-B34E Section 27: W/2NW/4 Base of Wolfcamp to 13,250'	80	E-7564-0003 Effective November 17, 1953 HBP	State of New Mexico - ALL 12.50%	ZP2 Delaware I, LLC	100.00000%	<div> <div>3.090081%</div> <div>MRC Permian Company</div> <div>0.008690%</div> <div>Slash Exploration LP</div> <div>0.273330%</div> <div>DelMar Holdings, LP</div> <div>1.187500%</div> <div>Jo Ann Sivley Ruppert Trust</div> <div>1.958750%</div> <div>Thomas Ray Sivley Trust</div> <div>6.526351%</div> <div>TOTAL</div> <div>100.000000%</div> </div>
24a	T165-B34E Section 27: E/2NW/4 Surface to 10,574'	80	E-7564-0003 Effective November 17, 1953 HBP	State of New Mexico - ALL 12.50%	ZP2 Delaware I, LLC	100.00000%	<div> <div>0.200000%</div> <div>Chesapeake Exploration, LLC</div> <div>0.200000%</div> <div>Trusts established UTMCO of Wilbur E. Bakke</div> <div>1.000000%</div> <div>Mary Ellen Ward</div> <div>1.000000%</div> <div>Carl and Ruth Engvall Living Trust dated January 6, 1982</div> <div>0.003663%</div> <div>Alpine Royalties, LLC</div> <div>0.246935%</div> <div>Agular Royalties, LP</div> <div>0.007326%</div> <div>The Patricia Ann Ahlley, 1968 Trust</div> <div>0.011172%</div> <div>Allan Family LLC</div> <div>0.023945%</div> <div>L & C Luvard, Annuity Trust dated November 28, 2000</div> <div>0.007326%</div> <div>Bader & Son's Oil and Gas, LLC</div> <div>0.007326%</div> <div>William H. Barclay</div> <div>0.093154%</div> <div>Lisa A. Blue Baron</div> <div>0.007326%</div> <div>The Barrett Family Trust dated July 28, 2000</div> <div>0.007326%</div> <div>Bedworth, Ltd.</div> <div>0.018313%</div> <div>James R. Berens</div> <div>0.007326%</div> <div>Robert J. Bernabe</div> <div>0.027241%</div> <div>Gringotts S404, LLC</div> <div>0.166819%</div> <div>N Noble FLP, LLP</div> <div>0.038186%</div> <div>Elisa Noble Family Limited Partnership, LLP</div> <div>0.117412%</div> <div>Accretive Royalties Limited Partnership, LLP</div> <div>0.117412%</div> <div>J. Douglas Bradley, LLP</div> <div>0.014652%</div> <div>David L. Frakes FLP, LLP</div> <div>0.014652%</div> <div>Accretion Oil & Gas Royalties, LLC</div> <div>0.007326%</div> <div>ECO Family LP, LLP</div> <div>0.007326%</div> <div>Wiley Family Holdings, LLC</div> <div>0.023810%</div> <div>Bonito Royalties, LP</div> <div>0.007326%</div> <div>Balpark Futures, LLC</div> <div>0.004102%</div> <div>Happy Otter Holdings, LP</div> <div>0.014652%</div> <div>Sasquatch Holdings, LLC</div> <div>0.007326%</div> <div>The Philip L. Elkus Trust of September 9, 1974</div> <div>0.020148%</div> <div>Azure Resource Management, LLC</div> <div>0.009344%</div> <div>Deaton Royalty Trust, LLC</div> <div>0.010989%</div> <div>Real Estate Interventions, LLC</div> <div>0.014652%</div> <div>The Flora Street Trust</div> <div>0.009159%</div> <div>Timothy G. Boot</div> <div>0.092253%</div> <div>Horace Borbolla</div> <div>0.027433%</div> <div>Shea Lynn Soscamp Revocable Trust dated May 16, 2005</div> <div>0.027433%</div> <div>Bob Bozman</div> <div>0.007326%</div> <div>J. Douglas Bradley, LLP</div> <div>0.007326%</div> <div>The Brinkley Family Trust dated August 12, 1996</div> <div>0.073261%</div> <div>Seehive Capital, Ltd.</div> <div>0.073261%</div> <div>Shower Family Partnership, LP</div> <div>0.007326%</div> <div>Byron Brown, M.D.</div> <div>0.049957%</div> <div>Brown & Brown Properties</div> <div>0.007326%</div> <div>Srowning Family Trust</div> <div>0.021978%</div> <div>Budd Family Limited Partnership Unit B</div> <div>0.008203%</div> <div>H & M Buile Investments, Ltd.</div> <div>0.008203%</div> <div>Thomas W. Caldwell</div> </div>

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASE ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
					Parish Piece Management Corp.	0.012821%	
					Beckwith Partners, LLC	0.036631%	
					Robert K. and Carolyn J. Chadwick Revocable Trust dated 1/21/2005	0.086797%	
					Noble Royalty Access Fund I, LP	0.049969%	
					Chely C. and Robert C. Chiu	0.010989%	
					John Sheldon Clark	0.014652%	
					Christy C. Collins	0.014652%	
					HDC Partners	0.028569%	
					Loyd Royalties Family Limited Partnership, LLP	0.03508%	
					Noble Royalty Access Fund II, LP	0.07599%	
					Louis William and Marilyn Cracken, LLC	0.014652%	
					David Czarick	0.021878%	
					Rescue Royalties, LP	0.1666%	
					Phixton Royalties, LP	0.24694%	
					Foster Royalties, LP	0.1606%	
					Vladimir Nicholas Dackiw Immigration Trust dated June 1, 2010	0.041016%	
					Pamela C. Davis, and Albert Corcone	0.00820%	
					Tenaris Partners, Ltd.	0.007326%	
					The Anna DeGroote Trust dated January 20, 2000	0.007326%	
					Deaton Marital Trust	0.00549%	
					Deaton Family Trust	0.007326%	
					Mark Diem	0.021978%	
					Richard M. and Donna R. Duffield	0.007326%	
					Ronald J. Eadie	0.012089%	
					Theodore M. Engbord Family Trust	0.014652%	
					R. Scott Foley, P.C. Pension Trust	0.010989%	
					Thomas W. Egalie	0.010258%	
					Faw Motor Company, Inc.	0.007327%	
					Faw's Garage, Inc.	0.007327%	
					FEHRCO, Inc.	0.008203%	
					Fairview Family Properties, LLC	0.029903%	
					The Joe J. Falkoff Revocable Trust Living Trust dated February 12, 1997	0.007327%	
					Finn Living Trust dated February 15, 2000	0.00496%	
					Bainey Fogel	0.007326%	
					Nichelle Josephthal Fenster	0.021979%	
					Dolores M. Fournier and Robert J. Fournier	0.014652%	
					Ballparks, Future, LLC	0.009826%	
					Noble Royalties Access Fund IX, LP	0.014179%	
					Piedmont Family Trust	0.043957%	
					Franklin Frohwein	0.007326%	
					The Galatz 1977 Family Trust	0.029903%	
					A-thur C. Gay and wife, Janet H. Gay	0.009158%	
					Gay Family Revocable Trust	0.007327%	
					Steven E. Gifford Revocable Living Trust dated December 8, 1994	0.007327%	
					Richard L. Gilben	0.007326%	
					Gideon of Fruita, LLC	0.007326%	
					The Gillette Living Trust dated December 18, 1990	0.021979%	
					The Boscamp Family Limited Partnership, LLP	0.014652%	
					Mary Guepfort	0.016119%	
					The James J. Goggins Revocable Trust dated December 27, 1989	0.007326%	
					Barrett Goldstein, MD, PA, Benefit Trust	0.007326%	
					Joe B. and Nancy G. Green	0.007326%	
					La Cruz, LP	0.007326%	
					Charles Ray & Karen A. Guilbeau, Jr.	0.014652%	
					Rodney J. and Bethany Hadfield	0.007326%	
					Bradley J. Hanson	0.007326%	

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Interests and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASE ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
	The Harper Family Trust dated July 5, 2000						0.007326%
	The Harper Family Trust						0.007326%
	Ashtari Royalties, LLC						0.008203%
	Robert B. Hart, Sr. and Charlotte R. Hart						0.009159%
	Rip Griffin Truck Service Center, LP						0.032188%
	Calsaha, Ltd.						0.007326%
	Robert C. and Joyce A. Henricus						0.007326%
	Feed Partners, Ltd.						0.026508%
	Budolph Hermann and Albine L. Hermann Revocable Trust						0.089361%
	BHW Charitable Trust						0.008279%
	Clayton Hudson						0.004102%
	John F. Hudson						0.010989%
	Sharon F. Acton						0.007326%
	Bonnie Hughes						0.007326%
	Yac Chiu Hung and Salween Hung						0.014218%
	Kim B. Hurt						0.068866%
	Thomas E. Hussey Living Trust dated January 30, 2004						0.021979%
	The Hugh M. Huxtable and Karen M. Huxtable Family Trust dated 11/8/1999						0.021979%
	Lynne Huxtable Revocable Trust dated May 3, 2004						0.021979%
	JoAnn Hynnek						0.003663%
	Arthur D. Indianer Revocable Living Trust dated August 12, 1996						0.014652%
	Simon Indianer Trust dated September 16, 1983						0.003663%
	Joseph Vanyi						0.012821%
	Drake Royalty Properties, LLC						0.008203%
	ELSR, LP						0.008203%
	Bernt Killingsstad Family Trust						0.041016%
	The Kim and Kim Trust dated January 14, 2003						0.014652%
	Kinier Oil & Gas, Inc.						0.027077%
	Christine N. King, Trustee dated August 14, 1987						0.034652%
	Phile Koster Family Living Trust						0.010989%
	Nitin Kumar and Veena Kumar						0.009651%
	Chauk and Suzanne Kwan Living Trust dated October 5, 2000						0.146523%
	DNAGE NP, LLC						0.02624%
	Boc Grande Trust						0.012515%
	Blythe Royalty Holdings, LLC						0.002255%
	The Himalayan, LLC						0.001306%
	Michael G. Matetich, Sr.						0.001306%
	Karen N. Matetich						0.009917%
	The Matetich Children's Trust						0.008932%
	Daniel J. Waldron						0.001246%
	M & S Hardin, Ltd.						0.049750%
	TFT Holdings, LLC						0.001095%
	Noble Royalty Access Fund XI (11)						0.005737%
	Q&G Investment, LLC						0.003404%
	PXS/AFS Oil, LLC						0.000348%
	Wathew Hicken and Dana Hicken						0.002459%
	Anthony Esquivel and Veyra Esquivel						0.006151%
	TriFath Oil, Inc.						0.002524%
	InsCorp Design Limited						0.001428%
	Boothe Tevan Family Investments, Ltd.						0.000429%
	James M. Madden and Donna J. Madden						0.122571%
	Royalties Holdings, LLC						0.001786%
	Coral Way, LLC						0.007326%
	Kenilow Associates Limited Partnership						0.008203%
	Eric & Katherine Larsen Revocable Trust dtd 11/28/1995, as restated 1/20/2003						
	Richard C. Latham						

EXHIBIT "B" . SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
					Loy W. Leadbetter Trust		0.007326%
					Ashton R. Lee		0.036631%
					Sargeant Properties, LLC		0.021978%
					William A. Lewis, Jr.		0.007326%
					William A. Lewis, Jr.		0.007326%
					Premier Trust, Inc. Custodian FBO Joel Davidson, MD, IRA		0.007326%
					Ronald Light Revocable Trust		0.018115%
					The Lindros Family Revocable Trust dated December 12, 1982		0.007326%
					Nichol Littlewood Family Trust		0.025643%
					SJ Limited Partnership		0.007326%
					Michael Utowick Revocable Trust		0.007326%
					Lamar Lloyd		0.027070%
					Aaron Wayne Ming Low Living Trust		0.007326%
					Noble Royalty Access Fund II, LP		0.676203%
					Noble Royalty Access Fund III, LP		0.276196%
					TLLG Investments, Ltd.		0.020508%
					The Lynch Family Trust dated September 3, 1991		0.007326%
					Michael K. and Linda Melher, as Trustees of Michael Maher DMD, PSp		0.007326%
					Marc and Denise Maisel		0.010989%
					First Clearing Corp Cust for Ronnie Malone IRA Rollover #1015-1E90		0.010123%
					Dennis P. Markey Trust dated December 6, 2001		0.010262%
					Brent Marshall Partners, Ltd.		0.007326%
					Katherine C. Marx and Christopher C. Marx		0.008203%
					Maynard Energy Partners		0.009158%
					Hadrian Company		0.014652%
					Randall Thomas Mays 1999 Non-Exempt Trust		0.007326%
					Kathryn Mays Johnson 1999 Non-Exempt Trust		0.012305%
					Linda Mays McCaul 1999 Non-Exempt Trust		0.012305%
					Mark Pitman Mays 1999 Non-Exempt Trust		0.012305%
					Michael McCollum		0.018315%
					Paul E. Nicholby Revocable Trust		0.014652%
					Jal Guesch Trust		0.007326%
					The Miller Family Trust dated July 13, 1994		0.029385%
					Leonard G. Miller		0.031285%
					Marham Miller Properties 1, LLC		0.009158%
					Rick B. Wimer and Patricia A. Wimer Revocable Living Trust dated 5/22/1991		0.036631%
					Misry Trust		0.021988%
					Hackenbusch, LLC		0.036183%
					Moody Store, Inc.		0.021978%
					Michelle Mulaney		0.020508%
					The MMV and ALM Family Trust		0.082031%
					Barbra Naudain		0.007326%
					Nordling Family Trust		0.014652%
					LDA Limited Partnership		0.018315%
					The Bernarr G. Pardo and Claudia L. Fife Family Trust		0.007326%
					Byron Parsons		0.007326%
					Byron and LouAnne Parsons		0.007326%
					Richard R. Paul, Jr. Revocable Living Trust		0.029303%
					J. Fred and Margaret Perry		0.073261%
					Dale M. Pescatrice		0.008203%
					William Carl Pfluger		0.015578%
					Paul Plantenga & Sandra Plantenga Revocable Living Trust		0.05327%
					J. Blake Pogue		0.008203%
					The Polos 1984 Family Trust (Decedent's Trust)		0.007692%
					Robert G. Porter		0.007326%

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTH-EAST KENWITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	DIVIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
					The Prue Family Limited Partnership		0.007326%
					Robert and Margaret Quinn		0.007326%
					Javier & Mercedes Ramos, LLC		0.014652%
					Venturian Holdings, LLC		0.205078%
					Robert Rayburn		0.007326%
					Aloha Partners, LP		0.020508%
					R. Richard Rhodes, Jr.		0.010989%
					Ridgley Partners, Ltd.		0.020508%
					Harold Thomas Robbins, Jr. and Lea Odoris Robbins		0.068906%
					Joseph Imbasclani, as Trustee of the Rosalie R. Robbins Trust dated 6/28/2010		0.068906%
					Marks Family Trust dated June 30, 1997		0.007326%
					Gerald Roberts Trust		0.007326%
					John T. Robinson and Judy Robins		0.007326%
					Rodenburg, Inc.		0.031136%
					IRA Plus Southwest, LLC, Custodian FBO Thomas S. Roy, IRA #TC001679		0.014652%
					T & W Roy, LP		0.014652%
					Harold Edward Ruhlman		0.041016%
					Julia Bird Ruhlman		0.020508%
					Revell Rutenberg		0.025641%
					Ryan Separate Partnership, LP		0.041016%
					STR Investments, LLC		0.082031%
					The David J. Sayles Trust dated January 20, 1983		0.007326%
					Santi A. Belenchia Trust		0.007326%
					James Scarff		0.007326%
					Klaus A. Schmidt		0.009158%
					Thomas M. Schott		0.007326%
					William E. Schultz, Jr., and Pamela M. Schultz		0.007326%
					Gedine Mund Schmidt		0.008203%
					Mardot, LP		0.009158%
					Alfred Theodore Scott		0.246095%
					Scott T. Svenson and Allyson Svenson		0.021979%
					Airpark Mini Storage, LLC		0.010989%
					Garfield Plaza Apartments		0.025641%
					John Paul Shaby		0.073261%
					Todd Silverstein		0.007326%
					Paula K. Simmons Revocable Trust		0.010989%
					Michael Sluska and Janet Sluska Living Trust dated May 10, 1999		0.007326%
					Vail Consulting, Inc.		0.014652%
					The Gary and Suzanne Smith Trust dated August 25, 1993		0.016959%
					Joseph L. Spychaj, Sr. Trust dated June 30, 1992		0.007326%
					Stang Living Trust dated August 2, 1992		0.007326%
					Shene and Elizabeth Sherier		0.007326%
					The Floyd S. Stevens and Kathryn A. Stevens Family Trust dated 10/8/1994		0.007326%
					Winthrop Siles and wife, Sue Siles		0.007326%
					Janyas J. Sullivan 1999 Trust		0.018413%
					Andras Gal Szabo		0.057422%
					Joseph W. Tallman Family Trust		0.021978%
					The 2005 Trinity Trust		0.040660%
					Matthew J. Thierrell		0.040255%
					The Richard V. Treagle and Carolyn C. Treagle Family Trust dated 7/6/1991		0.007326%
					Clearwater Partners, Ltd.		0.020508%
					Trestler Family Foundation		0.020508%
					Briden Turek and wife, Darlene Turek		0.020407%
					Bennett and Paulette Tyson		0.007326%
					Kazuo Utsumi and Kusuko Utsumi Family Trust		0.011590%
					Tatter Family Trust dated 12/11		0.036631%

EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
24b	T16S-R34E Section 27: E/2NW/4 10,974' to base of the Wolfcamp	80	E-7564-0003 HBP Effective November 17, 1953	State of New Mexico - ALL 12.50%	ZPZ Delaware I, LLC	<div> <div>Viole Properties</div> <div> <div>Southwest Federated North Texas, LP</div> <div>0.007326%</div> </div> <div> <div>Kevin Wang and Victoria Wang</div> <div>0.018915%</div> </div> <div> <div>Ernest James Warner, Trustee</div> <div>0.009158%</div> </div> <div> <div>Billy D. Watkins, Trustee</div> <div>0.007570%</div> </div> <div> <div>The Wharm Family Limited Partnership</div> <div>0.010989%</div> </div> <div> <div>Benjamin White</div> <div>0.010254%</div> </div> <div> <div>Trinity FP Management, LLC</div> <div>0.007326%</div> </div> <div> <div>Rogers Wilson Investments</div> <div>0.008059%</div> </div> <div> <div>Margaret and Frank Wintrob</div> <div>0.008203%</div> </div> <div> <div>P. R. Wisdom</div> <div>0.007326%</div> </div> <div> <div>Pacific Security Income Partners II, LP</div> <div>0.007326%</div> </div> <div> <div>William Woodall</div> <div>0.077657%</div> </div> <div> <div>JIL Oil Corp.</div> <div>0.007326%</div> </div> <div> <div>Theodore V. Yuhus, VMD P.C.</div> <div>0.082031%</div> </div> <div> <div>Noble Royalties</div> <div>0.007326%</div> </div> <div> <div>Chesapeake Exploration, LLC</div> <div>0.047201%</div> </div> <div> <div>TOTAL</div> <div>9.865234%</div> </div> </div> <div> <div>TOTAL</div> <div>20.468360%</div> </div>	<div> <div>Devon Energy Production Company, LP</div> <div>100.000000%</div> </div> <div> <div>TOTAL</div> <div>100.000000%</div> </div>
						<div> <div>Slash Exploration Limited Partnership</div> <div>3.090081%</div> </div> <div> <div>Armstrong Energy Corporation</div> <div>0.008680%</div> </div> <div> <div>Joseph J. Kelly and wife, Barbara Kelly</div> <div>0.279330%</div> </div> <div> <div>Verde Vista Energy Company</div> <div>1.187500%</div> </div> <div> <div>CellMar Holdings, LP</div> <div>1.568750%</div> </div> <div> <div>TOTAL</div> <div>6.228351%</div> </div>	<div> <div>MRC Permian Company</div> <div>72.500000%</div> </div> <div> <div>Slash Exploration LP</div> <div>5.000000%</div> </div> <div> <div>DelMar Holdings, LP</div> <div>3.750000%</div> </div> <div> <div>Jo Ann Shiley Ruppert Trust</div> <div>9.375000%</div> </div> <div> <div>Thomas Ray Shiley Trust</div> <div>9.375000%</div> </div> <div> <div>TOTAL</div> <div>100.000000%</div> </div>
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EXHIBIT "B" - SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHEAST KEMNITZ UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	OPERATING RIGHTS AND PERCENTAGE
26a	T165-B34E Section 27: W/2SE/4 Surface to base of Wolfcamp & 100' below base of the Morrow to all depths below	80	E-2509-0007 Effective March 10, 1949 HBP	State of New Mexico - ALL 12.50%	Magnum Hunter Production, Inc. TOTAL	None TOTAL	Magnum Hunter Production, Inc. TOTAL 100.000000%
26b	T165-B34E Section 27: W/2SE/4 Base of Wolfcamp to 100' below base of the Morrow	80	E-2509-0007 Effective March 10, 1949 HBP	State of New Mexico - ALL 12.50%	Magnum Hunter Production, Inc. TOTAL	Armstrong Energy Corporation Slash Exploration Limited Partnership Verde Vista Energy Company Joseph L. Kelly and wife, Barbara A. Kelly Atlantic Richfield Company TOTAL	MRC Permian Company Slash Exploration LP Southwest Royalties, Inc. Jo Ann Shiley Ruppert Trust Thomas Ray Shiley Trust Magnum Hunter Production, Inc. TOTAL 100.000000%
27a	T165-B34E Section 27: SW/4 Surface to base of Wolfcamp & 100' below base of the Morrow to all depths below	160	LG-0271-0002 Effective June 1, 1972 HBP	State of New Mexico - ALL 12.50%	Slash Exploration LP TOTAL	Slash Exploration Limited Partnership Jacqueline Howard Michael Howard Armstrong Energy Corporation Joseph J. Kelly and wife, Barbara A. Kelly Susan Howard Scarphato TOTAL	MRC Permian Company Slash Exploration LP Southwest Royalties, Inc. Jo Ann Shiley Ruppert Trust Thomas Ray Shiley Trust TOTAL 100.000000%
27b	T165-B34E Section 27: SW/4 Base of Wolfcamp to 100' below base of the Morrow	160	LG-0271-0002 Effective June 1, 1972 HBP	State of New Mexico - ALL 12.50%	Slash Exploration LP TOTAL	Armstrong Energy Corporation Slash Exploration Limited Partnership Jacqueline Howard Michael Howard Verde Vista Energy Company Joseph J. Kelly and wife, Barbara A. Kelly Susan Howard Scarphato TOTAL	MRC Permian Company Slash Exploration LP Southwest Royalties, Inc. Jo Ann Shiley Ruppert Trust Thomas Ray Shiley Trust Magnum Hunter Production, Inc. TOTAL 100.000000%
28	T165-B34E Section 28: NE/4 All depths	160	VB-2266 Effective May 1, 2013. Expires November 1, 2018	State of New Mexico - ALL 18.75%	MRC Permian Company TOTAL	None TOTAL	MRC Permian Company TOTAL 100.000000%
29a	T165-B34E Section 28: SE/4 Surface to 12,526' and 13,500' to all depths below	160	E-1769-0004 Effective March 10, 1948 HBP	State of New Mexico - ALL 12.50%	Magnum Hunter Production, Inc. TOTAL	Breithurn Operating LP TOTAL	Magnum Hunter Production, Inc. TOTAL 100.000000%
29b	T165-B34E Section 28: SE/4 12,526' to 13,500'	160	E-1769-0004 Effective March 10, 1948 HBP	State of New Mexico - ALL 12.50%	Magnum Hunter Production, Inc. TOTAL	None TOTAL	Breithurn Operating LP TOTAL 100.000000%
30	T165-B34E Section 24: W/2 All depths	320	VB-2267 Effective May 1, 2013. Expires November 1, 2018	State of New Mexico - ALL 18.75%	MRC Permian Company TOTAL	None TOTAL	MRC Permian Company TOTAL 100.000000%
				RECAPITULATION Acres of State of New Mexico Lands = 5280.00 Acres of Free Lands = 0.00 Acres Total 5280.00			

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
NORTHEAST KEMNITZ UNIT AREA
LEA COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 5th day of May, 1976 by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto;"

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Dec. 1 of Chapter 162, Laws of 1951, (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953 Annot.), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS the parties hereto hold significant interests in the NORTHEAST KEMNITZ Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. Unit Area: The following described land is hereby designated and recognized as constituting the unit area:

Township 16 South, Range 34 East, N.M.P.M.

Section 9: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$
Section 14: S $\frac{1}{2}$
Section 15: All
Section 16: All
Section 22: N $\frac{1}{2}$
Section 23: All
Section 24: SW $\frac{1}{4}$
Section 26: N $\frac{1}{2}$

containing 3,520 acres, more or less,
Lea County, New Mexico.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit B Attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

All land committed to this agreement shall constitute land referred to herein as "Unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES. All oil, gas and natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR. Elk Oil Company, whose address is P. O. Box 310, Roswell, New Mexico 88201 is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances; and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners or working interest determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder.

Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and

duty of exercising and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY. The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Morrow formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 13,300 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit; quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonable proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the

drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N.M. Statutes 1953 Annotated of intention to cancel on account of any

alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized

land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the

unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the unit operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of the, are being produced in paying quantities from any portion of said lands.

14. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE. In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the

interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder the grantee, transferee or other successor in interest. No assignment or transfer or any working royalty or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to

apply for relief from any or said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceeding.

20. NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld.

unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SEBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS. 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 be separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as the respective dates set forth opposite their signatures.

ELK OIL COMPANY

ATTEST:


Assistant Secretary

BY:


President

Date: May 5, 1976

STATE OF NEW MEXICO
COUNTY OF CHAVES

Acknowledged before me this 5th day of May, 1976
Joseph J. Kelly, President, ELK OIL COMPANY, a New Mexico
Corporation.

Elyse B. Bunn
Notary Public

My Commission Expires:
July 15, 1978

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND
OF OWNERSHIP OF ALL LANDS IN THE
NORTH-EAST KEMNITZ UNIT AREA
LEA COUNTY, NEW MEXICO

All lands in T-16S, R-34E, N.M.P.M.

Tract Number	Description	No. of Acres	Lease Number and Date	Basic Royalty	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
1.	Sec. 9: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$	480.	K-6874 4/18/67	New Mex. 12 $\frac{1}{2}$ %	Elk Oil Co.	Elk - 3.75% Resources Dev. Fund - 3.75%	Elk Oil Company A11
2.	Sec 14: SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$	240.	L-3000 5/20/69	New Mex. 12 $\frac{1}{2}$ %	John M. Kelly	J.M. Kelly-7.5%	Elk Oil Company A11
3.	Sec 14: E $\frac{1}{2}$ SE $\frac{1}{4}$	80.	L-4716 7/21/70	New Mex. 12 $\frac{1}{2}$ %	John M. Kelly	J.M. Kelly-7.5%	Elk Oil Company A11
4.	Sec 15: E $\frac{1}{2}$	320.	L-4960 10/20/70	New Mex. 12 $\frac{1}{2}$ %	Elk Oil Co.	Elk Oil - 7.5%	Elk Oil Company A11
5.	Sec 15: W $\frac{1}{2}$	320.	K-6875 4/18/67	New Mex. 12 $\frac{1}{2}$ %	Elk Oil Co.	Elk - 3.75% Resources Dev. Fund - 3.75%	Elk Oil Company A11
6.	Sec 16: E $\frac{1}{2}$	320.	K-6667 1/17/67	New Mex. 12 $\frac{1}{2}$ %	Elk Oil Co.	Elk Oil - 3.75% Resources Dev. Fund - 3.75%	Elk Oil Company A11
7.	Sec 16: NW $\frac{1}{4}$	160.	K-6876 4/18/67	New Mex. 12 $\frac{1}{2}$ %	Elk Oil Co.	Elk Oil - 3.75% Resources Dev. Fund - 3.75%	Elk Oil Company A11
8.	Sec 16: SW $\frac{1}{4}$	160.	L-3001 5/20/69	New Mex. 12 $\frac{1}{2}$ %	Elk Oil Co.	Elk Oil - 3.75% Resources Dev. Fund - 3.75%	Elk Oil Company A11

EXHIBIT "B" (Continued)

Tract Number	Description	No. of Acres	Lease Number and Date	Basic Royalty	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
9.	Sec 22: N $\frac{1}{2}$	320.	L-4426 4/21/70	New Mex. 12 $\frac{1}{2}$ %	Elk Oil Co.	Elk Oil - 7.5%	Elk Oil Company All
10.	Sec 23: N $\frac{1}{2}$	320.	L-5108 12/15/70	New Mex. 12 $\frac{1}{2}$ %	John M. Kelly	J.M. Kelly - 7.5%	Elk Oil Company All
11.	Sec 23: S $\frac{1}{2}$	320.	K-6448 10/18/66	New Mex. 12 $\frac{1}{2}$ %	John M. Kelly	J.M. Kelly - 7.5%	Elk Oil Company All
12.	Sec 24: SW $\frac{1}{4}$	160	K-6714 2/21/67	New Mex. 12 $\frac{1}{2}$ %	John M. Kelly	J.M. Kelly - 7.5%	Elk Oil Company All
13.	Sec 26: N $\frac{1}{2}$	320.	L-1038 7/16/68	New Mex. 12 $\frac{1}{2}$ %	John M. Kelly	J.M. Kelly - 7.5%	Elk Oil Company All

13 New Mexico Tracts Comprising 3,520 acres or 100% of Unit Area

NORTHEAST KEMNITZ UNIT
Lea County, New Mexico
ELK OIL COMPANY
Operator

Acreage 80% W.I. State Leases 3,520 acres
Estimated Reserves 50 Billion CF Gas
(Morrow Sand Only)
(10 year life) 10 million bbls gas liquids

Net Reserve Appraisal

	<u>Natural Gas</u>	<u>Condensate</u>
Reserves	40 Billion Cu. ft.	8 Million barrels
Annual Prod.	4.38 Billion Cu.ft.	976,000 barrels
Sales Price	\$1.10*	\$12.17*
Oper. & Dev.		
Costs	\$.20	\$2.17
Operating		
Profit	\$.90/MCF	\$10.00/bbl.
Present		
Worth(8%)	\$16,675,200.00	\$37,056,000.00
Total Net Worth: \$53,731,200.00		

* Last Sale of Gas in area
* FEA Oil Price May, 1976.

ADDENDUM TO THAT CERTAIN UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE NORTHEAST KEMNITZ UNIT AREA
LEA COUNTY, NEW MEXICO
DATED MAY 5, 1976

UNIT EXPANSION

THIS ADDENDUM TO THE UNIT AGREEMENT is entered into as of the _____ day of _____, 20_____, by and between the parties subscribing, ratifying or consenting hereto (the "Agreement Addendum").

The parties subscribing, ratifying or consenting hereto agree to the following terms of the unit expansion:

1. EXPANDED UNIT AREA. The following described land (the "Expanded Unit Area") is hereby designated and recognized as constituting the lands added by expansion:

Township _____, Range _____, N.M.P.M.

Sections _____

Containing _____ acres, more or less,

_____ County, New Mexico.

Exhibit "A-Expansion" attached hereto is a map showing both the Northeast Kemnitz Unit acreage at the effective date of this Agreement Addendum and the lands designated for expansion, with boundaries and identity of tracts and leases identified in said areas to the extent known to the unit operator. Exhibit "B-Expansion" attached hereto is a schedule clearly indicating which tracts are contained in the Northeast Kemnitz Unit area at the effective date of this Agreement Addendum and which are contained in the Expanded Unit Area. Exhibit "B-Expansion" shows, to the extent known to the unit operator, the acreage, percentage and kind of ownership of oil and gas interests in all lands in both the Northeast Kemnitz Unit area at the effective date of this Agreement Addendum and in the Expanded Unit Area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interests as are shown on said map or schedule owned by such party. Exhibits "A-Expansion" and "B-Expansion" shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner," or the Oil Conservation Division, hereinafter referred to as the "Division".

The term "Expansion Acreage" means that acreage specifically designated in Section 1 of the Agreement Addendum as the Expanded Unit Area. On the effective date of this Agreement Addendum,

the "expansion acreage" shall be added to the acreage designated as the Northeast Kemnitz Unit. Any leases contained in the Expansion Area that are set to expire on or before the effective date of this Agreement Addendum are hereby extended and ratified by way of this Agreement Addendum for the mutual covenants and obligations as set forth herein until sixty days after the effective date of this Agreement Addendum and thereafter under the terms and conditions set forth below and in the Kemnitz Unit Agreement.

2. DRILLING TO DISCOVERY IN EXPANSION ACREAGE. This Agreement Addendum requires the drilling of three obligation wells, each of which shall be drilled to test the Wolfcamp or another formation or formations within the Expansion Acreage. The unit operator shall, no later than ~~July 1~~ May 15, 2018, commence operations upon an adequate test well for oil and/or gas upon some part of the lands embraced within the Expansion Acreage and shall drill said well with due diligence to a depth sufficient to test the Wolfcamp or Upper Pennsylvanian formation or until it shall, in the opinion of the unit operator, be determined that the further drilling of said well shall be impracticable (the "Initial Obligation Well"). Operations upon the second of the three obligation wells shall commence no later than ~~March~~ January 15, 2019. Operations upon the third of the three obligation wells shall commence no later than ~~November~~ September 15, 2019.

After drilling the Initial Obligation Well, the unit operator has the option at any time to voluntarily terminate its remaining drilling obligations under this Agreement Addendum. However, voluntary termination of the Agreement Addendum will result in contraction of any portion of the Expansion Acreage that does not contain a well producing in paying quantities from the Northeast Kemnitz Unit area. Notwithstanding anything to the contrary contained herein, the unit operator's failure to meet the drilling obligations herein shall not affect the terms and conditions of the Kemnitz Unit Agreement in effect prior to the effective date of this Agreement Addendum.

The drilling of the three obligation wells validates the terms of this unit Agreement Addendum.

Any well commenced by unit operator prior to or on ~~July-May 15~~ May 15, 2018, even if it is before this Agreement Addendum becomes effective, upon the Expansion Acreage and drilled to the depth provided herein for the drilling of the Initial Obligation Well shall be considered as complying with the drilling requirements hereof with respect to the Initial Obligation Well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted. Upon failure to comply with the drilling provisions of this article, the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit Agreement Addendum terminated, and all rights, privileges and obligations granted and assumed by this unit Agreement Addendum shall cease and terminate as of such date; provided that any portion of the Expansion Acreage containing a well producing in paying quantities will not be removed from the Northeast Kemnitz Unit.

3. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES ON EXPANSION ACREAGE. Should unitized substances in paying quantities be discovered upon the Expansion Acreage, the unit operator shall, on or before six months from the time of the initial discovery well's

completion, file a report with the Commissioner and Division of the status of the development of the Expansion Acreage and the development contemplated for the following twelve-month period. Thereafter, a yearly Plan of Development is required for the entire Northeast Kemnitz Unit inclusive of the Expansion Acreage.

It is understood that one of the main considerations for the approval of this Agreement Addendum by the Commissioner is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the Expansion Acreage as a reasonably prudent operator would develop such area under the same or similar circumstances.

4. EFFECTIVE DATE AND TERM. This Agreement Addendum shall become effective upon approval by the Commissioner and the Division and shall terminate if the unit operator fails to comply with the terms of Section 2.

5. STATURE OF PROVISIONS IN ORIGINAL UNIT AGREEMENT. This Agreement Addendum addresses the terms of the expanded unit area for the Northeast Kemnitz Unit. All terms of the Northeast Kemnitz Unit Agreement in effect at the effective date of this Agreement Addendum remain in full force if not expressly modified by this Agreement Addendum.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

ATTEST:

(Notary)





Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 17, 2018

MRC Permian Company
ATTN: Mr. Jonathan Filbert
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Re: **REVISED** Preliminary Approval of Unit Expansion
Northeast Kemnitz Unit
Lea County, New Mexico

Dear Mr. Filbert:

We have received the unexecuted copy of the REVISED unit agreement addendum that you have submitted for the proposed Northeast Kemnitz Unit expansion area, Lea County, New Mexico. This REVISED agreement addendum meets the general requirements for preliminary approval as to form and content, and preliminary approval is hereby granted as of this date.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases until final approval and an effective date have been given. Requested lease extensions are addressed in a separate transaction.

As specified in the REVISED unit agreement addendum, MRC Permian Company has agreed, as of the effective date of the addendum, to drill 3 obligation wells on the expansion acreage:

- Well #1 to be spud no later than ~~July 1, 2018~~ May 15, 2018;
- Well #2 to be spud no later than ~~March 1, 2019~~ January 15, 2019; and
- Well #3 to be spud no later than ~~November 1, 2019~~ September 15, 2019.

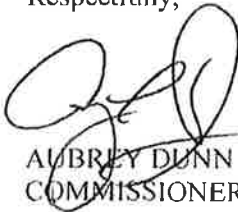
When submitting your agreement for final approval, please include the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, a statement of facts showing that:
 - a. The agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. Under the proposed unit operation, the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas in place under its lands in the proposed unit area.

- c. 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 unit area.
- d. The unit agreement is in other respects for the best interest of the Trust.
- 3. All ratifications and joinders from the Lessees of Record and Working Interest Owners. We require one set, all with original signatures acknowledged by a notary.
- 4. Approval order from the New Mexico Oil Conservation Division. State Land Office approval is conditioned upon approval by the New Mexico Oil Conservation Division.
- 5. One copy of the Unit Operating Agreement (if applicable).
- 6. A \$500 total filing fee. The filing fee is \$100 for each section or partial section included in the unit, whether state or privately owned.

If you have any questions or if we may be of further assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791.

Respectfully,



AMBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: NMOCD, Attn: Mr. Daniel Sanchez
RMD, Attn: Mr. Roddy Martinez
OGMD and Units Reader Files

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

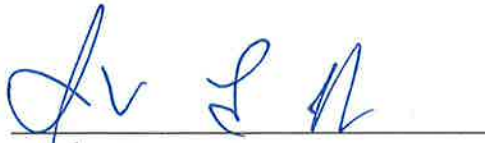
**APPLICATION OF MATADOR PRODUCTION COMPANY,
FOR APPROVAL OF THE EXPANSION OF THE
NORTHEAST KEMITZ UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 16343

AFFIDAVIT


STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)


Jordan L. Kessler, attorney in fact and authorized representative of Matador Production Company, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.

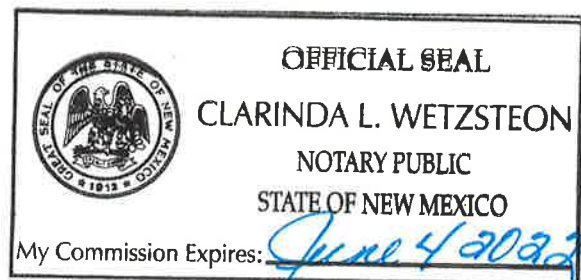


Jordan L. Kessler

SUBSCRIBED AND SWORN to before me this 8th day of August 2018 by Jordan L. Kessler.



Notary Public
My Commission Expires: 





July 19, 2018

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED**TO: AFFECTED PARTIES****Re: Application Of Matador Production Company For Approval Of The
Expansion of the Northeast Kemnitz Unit, Lea County, New Mexico.
Northeast Kemnitz Expansion Area**

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on August 9, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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 Kyle Perkins at (972) 371-5202 or KPerkins@matadorresources.com.

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR MATADOR PRODUCTION
COMPANY**



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Matador Production Company - Kimnitz Expansion
CM# 79102.0002 20180718
Uncommitted WI OWners

Shipment Date: 07/16/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	14
Total	14

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

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Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.												
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8307 8134 59		COG Operating LLC 600 W Illinois Avenue Midland TX 79701		1.21	3.45	Handling Charge - if Registered and over \$50,000 in value							1.50			
2. 9214 8901 9403 8307 8134 66		Concho Oil & Gas LLC 600 W Illinois Avenue Midland TX 79701		1.21	3.45								1.50			
3. 9214 8901 9403 8307 8134 73		Southwest Royalties Inc PO BOX 53570 Midland TX 79710		1.21	3.45								1.50			
4. 9214 8901 9403 8307 8134 80		Jo Ann Siveley Ruppert Trust x/o US Trust Bank of America PO BOX 840738 Dallas TX 75284		1.21	3.45								1.50			
5. 9214 8901 9403 8307 8134 97		The Thomas Ray Siveley Trust PO BOX 830308 Dallas TX 75283		1.21	3.45								1.50			
6. 9214 8901 9403 8307 8135 03		Magnum Hunter Productions Inc 600 N Mainfield St Suite 800 Midland TX 79701		1.21	3.45								1.50			
7. 9214 8901 9403 8307 8135 10		Devon Energy Production Company LP 333 West Sheridan Avenue Oklahoma City OK 73102		1.21	3.45								1.50			
8. 9214 8901 9403 8307 8135 27		Chesapeake Exploration LLC PO BOX 18498 Oklahoma City OK 73154		1.21	3.45								1.50			
Total Number of Pieces Listed by Sender 14		Postmaster, Per (Name of receiving employee)														



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Name and Address of Sender		Check type of mail or service		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.														
		<input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail		<input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
9.	9214 8901 9403 8307 8135 34	Breitburn Operating LP 1111 Bagby Street Suite 1600 Houston TX 77002				1.21	3.45							1.50				
10.	9214 8901 9403 8307 8135 41	Judson Operations LTD 600 N Mainfield St Suite 825 Midland TX 79701				1.21	3.45							1.50				
11.	9214 8901 9403 8307 8135 58	K V & W H Martin Energy LTD PO BOX 2230 Midland TX 79702				1.21	3.45							1.50				
12.	9214 8901 9403 8307 8135 65	Magic Dog Oil & Gas LLC PO BOX 10708 Midland TX 79702				1.21	3.45							1.50				Special Handling
13.	9214 8901 9403 8307 8135 72	Verde Vista Energy Company PO BOX 310 Roswell NM 88202				1.21	3.45							1.50				Signature Confirmation Restricted Delivery
14.	9214 8901 9403 8307 8135 89	ZPZ Delaware LLC 2000 Post Oak Blvd Suite 100 Houston TX 77056				1.21	3.45							1.50				Signature Confirmation



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Matador Production Company - Kimnitz Expansion
CM# 79102.0002 20180718
Offset List

Shipment Date: 07/16/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	3
Total	3

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
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Shipment Confirmation Acceptance Notice

A. Mailer Action

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Matador Production Company - Kimnitz Expansion
CM# 79102.0002 20180718
Royalty Owner

Shipment Date: 07/16/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

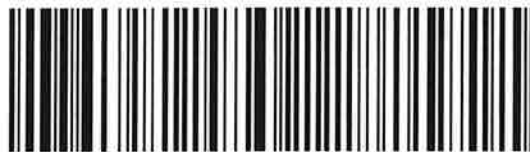
B. USPS Action

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Shipment Confirmation Acceptance Notice

A. Mailer Action

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Matador Production Company - Kimnitz Expansion
CM# 79102.0002 20180718
Royalty Owner

Shipment Date: 07/16/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

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USPS SCAN AT ACCEPTANCE



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Barcode	Recipient	Status	DL	Custom
9214 8901 9403 83078133 81	State of New Mexico Commissioner of public Lands 301 Dinosaur Trail Santa Fe NM 87508	In-Transit	No	

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Mail Piece Tracking Number: **9214 8901 9403 8307 8133 81**

Recipient

State of New Mexico Commissioner of public Lands
301 Dinosaur Trail
Santa Fe NM 87508

Date & Time	Event	Event Location
07/21/2018 11:42	BUSINESS CLOSED	SANTA FE,NM, 87508
07/20/2018 13:46	PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101
07/20/2018 03:21	DEPART USPS FACILITY	ALBUQUERQUE,NM, 87101
07/19/2018 20:05	PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101
07/19/2018 18:50	ORIGIN ACCEPTANCE	SANTA FE,NM, 87501
07/19/2018 11:45	SHIPMENT RECEIVED ACCEPTANCE PENDING	SANTA FE,NM, 87501
07/16/2018 10:06	PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM, 87501



Shipment Confirmation Acceptance Notice

A. Mailer Action

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Matador Production Company - Kimnitz Expansion
CM# 79102.0002 20180718
Uncommitted WI OWners

Shipment Date: 07/16/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	14
Total	14

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0009 3345 18



UNITED STATES
POSTAL SERVICE®

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Name and Address of Sender		Check type of mail or service		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.												
		<input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail		<input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery												
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1.	9214 8901 9403 8307 8134 59	COG Operating LLC 600 W Illinois Avenue Midland TX 79701		1.21	3.45								1.50			
2.	9214 8901 9403 8307 8134 66	Concho Oil & Gas LLC 600 W Illinois Avenue Midland TX 79701		1.21	3.45								1.50			
3.	9214 8901 9403 8307 8134 73	Southwest Royalties Inc PO BOX 53570 Midland TX 79710		1.21	3.45								1.50			
4.	9214 8901 9403 8307 8134 80	Jo Ann Sivley Ruppert Trust x/o US Trust Bank of America PO BOX 840738 Dallas TX 75284		1.21	3.45					Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling
5.	9214 8901 9403 8307 8134 97	The Thomas Ray Sivley Trust PO BOX 830308 Dallas TX 75283		1.21	3.45								1.50			
6.	9214 8901 9403 8307 8135 03	Magnum Hunter Productions Inc 600 N Mainfield St Suite 800 Midland TX 79701		1.21	3.45								1.50			
7.	9214 8901 9403 8307 8135 10	Devon Energy Production Company LP 333 West Sheridan Avenue Oklahoma City OK 73102		1.21	3.45								1.50			
8.	9214 8901 9403 8307 8135 27	Chesapeake Exploration LLC PO BOX 18495 Oklahoma City OK 73154		1.21	3.45								1.50			
Total Number of Pieces Listed by Sender 14		Postmaster, Per (Name of receiving employee)														



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Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.													
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
9.	9214 8901 9403 8307 8135 34	Breitburn Operating LP 1111 Bagby Street Suite 1600 Houston TX 77002		1.21	3.45	Handling Charge - if Registered and over \$50,000 in value							1.50				
10.	9214 8901 9403 8307 8135 41	Judson Operations LTD 600 N Mainfield St Suite 825 Midland TX 79701		1.21	3.45								1.50				
11.	9214 8901 9403 8307 8135 58	K V & W H Martin Energy LTD PO BOX 2230 Midland TX 79702		1.21	3.45								1.50				
12.	9214 8901 9403 8307 8135 65	Magic Dog Oil & Gas LLC PO BOX 10708 Midland TX 79702		1.21	3.45						Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling
13.	9214 8901 9403 8307 8135 72	Verde Vista Energy Company PO BOX 310 Roswell NM 86202		1.21	3.45												
14.	9214 8901 9403 8307 8135 89	ZPZ Delaware LLC 2000 Post Oak Blvd Suite 100 Houston TX 77056		1.21	3.45								1.50				
Total Number of Pieces Listed by Sender 14		Postmaster, Per (Name of receiving employee)															



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Barcode	Recipient	Status	DL	Custom
9214 8901 9403 83078135 89	ZPZ Delaware I LLC 2000 Post Oak Blvd Suite 100 Houston TX 77056	Delivered Signature Received	No	
9214 8901 9403 83078135 72	Verde Vista Energy Company PO BOX 310 Roswell NM 88202	Delivered Signature Received	No	
9214 8901 9403 83078135 65	Magic Dog Oil & Gas LLC PO BOX 10708 Midland TX 79702	Delivered Signature Received	No	
9214 8901 9403 83078135 58	K V & W H Martin Energy LTD PO BOX 2230 Midland TX 79702	Delivered Signature Received	No	
9214 8901 9403 83078135 41	Judson Operations LTD 600 N Marlenfeld St Suite 825 Midland TX 79701	Delivered Signature Received	No	
9214 8901 9403 83078135 34	Breitbart Operating LP 1111 Bagby Street Suite 1600 Houston TX 77002	Delivered Signature Received	No	
9214 8901 9403 83078135 27	Chesapeake Exploration LLC PO BOX 18496 Oklahoma City OK 73154	Delivered Signature Received	No	
9214 8901 9403 83078135 10	Devon Energy Production Company LP 333 West Sheridan Avenue Oklahoma City OK 73102	Delivered Signature Received	No	
9214 8901 9403 83078135 03	Magnum Hunter Productions Inc 600 N Marlenfeld St Suite 800 Midland TX 79701	In-Transit	No	
9214 8901 9403 83078134 97	The Thomas Ray Sivley Trust PO BOX 830308 Dallas TX 75283	Delivered Signature Received	No	
9214 8901 9403 83078134 80	Jo Ann Sivley Ruppert Trust x/o US Trust Bank of America PO BOX 840738 Dallas TX 75284	Delivered Signature Received	No	
9214 8901 9403 83078134 73	Southwest Royalties Inc PO BOX 53570 Midland TX 79710	Delivered Signature Received	No	
9214 8901 9403 83078134 66	Concho Oil & Gas LLC 600 W Illinois Avenue Midland TX 79701	Delivered Signature Received	No	
9214 8901 9403 83078134 59	COG Operating LLC 600 W Illinois Avenue Midland TX 79701	Delivered Signature Received	No	



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Mail Piece Tracking Number: **9214 8901 9403 8307 8135 03**

Recipient

Magnum Hunter Productions Inc
600 N Marienfeld St Suite 800
Midland TX 79701

Date & Time	Event	Event Location
08/04/2018 03:13	REMINDER TO SCHEDULE REDELIVERY	MIDLAND,TX, 79701
07/30/2018 09:44	AVAILABLE FOR PICKUP	SANTA FE,NM, 87501
07/30/2018 08:39	ARRIVAL AT UNIT	SANTA FE,NM, 87501
07/28/2018 12:36	PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101
07/27/2018 13:20	PROCESSED THROUGH USPS FACILITY	EL PASO,TX, 79910
07/23/2018 12:04	UNABLE TO DELIVER PROBLEM WITH ADDRESS	MIDLAND,TX, 79701
07/23/2018 03:21	PROCESSED THROUGH USPS FACILITY	MIDLAND,TX, 79711
07/21/2018 21:15	DEPART USPS FACILITY	MIDLAND,TX, 79711
07/21/2018 20:09	PROCESSED THROUGH USPS FACILITY	MIDLAND,TX, 79711
07/20/2018 03:21	DEPART USPS FACILITY	ALBUQUERQUE,NM, 87101
07/19/2018 20:33	PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101

07/19/2018 19:18	ORIGIN ACCEPTANCE	SANTA FE,NM, 87501
07/19/2018 11:45	SHIPMENT RECEIVED ACCEPTANCE PENDING	SANTA FE,NM, 87501
07/16/2018 10:08	PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM, 87501

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Matador Production Company - Kimnitz Expansion
CM# 79102.0002 20180718
Offset List

Shipment Date: 07/16/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	3
Total	3

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

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1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0009 3341 74



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Barcode	Recipient	Status	DL	Custom
9214 8901 9403 83078116 91	Chevron Midcontinent LP	Delivered	No	
	PO BOX 1635 Houston TX 77251	Signature Received		
9214 8901 9403 83078116 84	ZPZ Delaware 1 LLC	Delivered	No	
	2000 Post Oak Blvd Suite 100 Houston TX 77056	Signature Received		
9214 8901 9403 83078116 77	XTO Holding LLC Land Dept LOC 115 22777 Springwoods Village Parkway Spring TX 77389	In-Transit	No	

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Mail Piece Tracking Number: **9214 8901 9403 8307 8116 77**

Recipient

XTO Holding LLC Land Dept LOC 115
22777 Springwoods Village Parkway
Spring TX 77389

Date & Time	Event	Event Location
07/24/2018 00:45	DELIVERY STATUS NOT UPDATED	SPRING,TX, 77389
07/23/2018 10:45	OUT FOR DELIVERY	SPRING,TX, 77389
07/23/2018 10:35	SORTING/PROCESSING COMPLETE	SPRING,TX, 77389
07/23/2018 10:26	ARRIVAL AT UNIT	SPRING,TX, 77379
07/19/2018 11:45	SHIPMENT RECEIVED ACCEPTANCE PENDING	SANTA FE,NM, 87501
07/16/2018 10:03	PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM, 87501

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Affidavit of Publication


STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher 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).

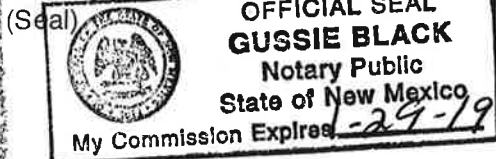
Beginning with the issue dated
July 17, 2018
and ending with the issue dated
July 17, 2018.


Publisher

Sworn and subscribed to before me this
17th day of July 2018.


Business Manager

My commission expires
January 29, 2019



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 July 17, 2018		
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO		
<p>The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on August 9, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 30, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.</p>		
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.)		
<p>To: All offset owners, overriding royalty interest, and pooled parties, including: COG Operating LLC; Concho Oil & Gas, LLC; Southwest Royalties, Inc.; The Jo Ann Sivley Ruppert Trust c/o US Trust Bank of America; The Thomas Ray Sivley Trust; Magnum Hunter Production, Inc.; Devon Energy Production Company, LP; Verde Vista Energy Company; ZPZ Delaware I, LLC; Chesapeake Exploration, LLC; Breitburn Operating, LP; Judson Operations, LTD; K.V. & W.H. Martin Energy, LTD; Magic Dog Oil & Gas, LLC; State of New Mexico, Commissioner of Public Lands; XTO Holdings, LLC; ZPZ Delaware 1, LLC; Chevron Midcontinent, LP.</p>		
<p>Case No. 16343: Application Of Matador Production Company For Approval Of The Expansion of the Northeast Kernitz Unit, Lea County, New Mexico. Applicant seeks approval to expand the geographic area of the Northeast Kernitz Unit by 1,760 acres of land. Said Unit currently consists of approximately 3,520 acres of State lands in Lea County, New Mexico. The total unit acreage will include 5,280 acres. Matador seeks to expand the Unit to include the following State lands situated in Lea County, New Mexico:</p>		
Township 16 South - Range 34 East N.M.P.M.		
Section 22: S/2 Section 26: SW/4 Section 27: All Section 28: E/2 Section 34: W/2		
<p>The unitized interval includes all depths. The Northeast Kernitz Expansion Area is approximately 11 miles southeast of Lovington, New Mexico. #33024</p>		

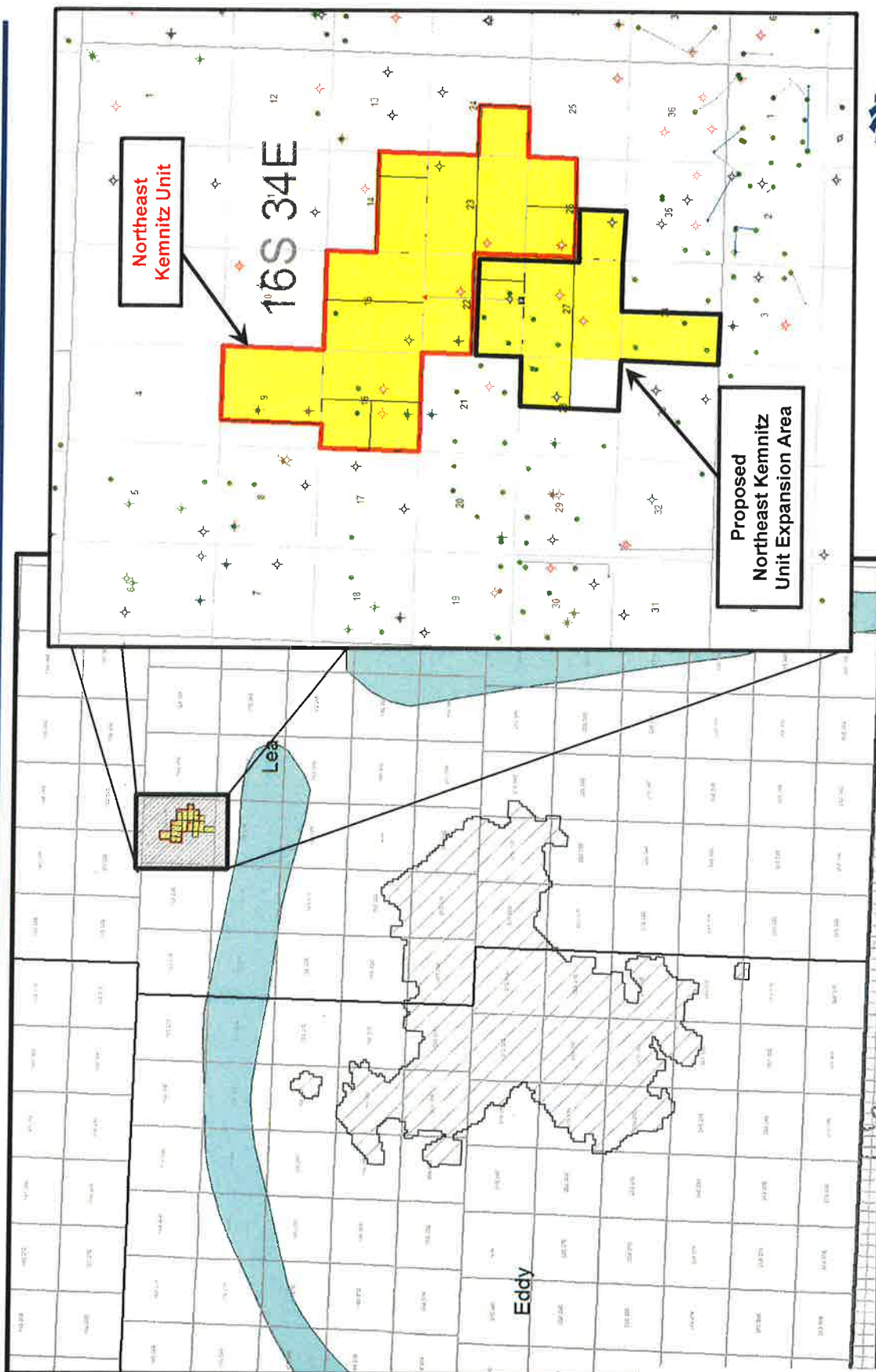
67100754

00215039

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

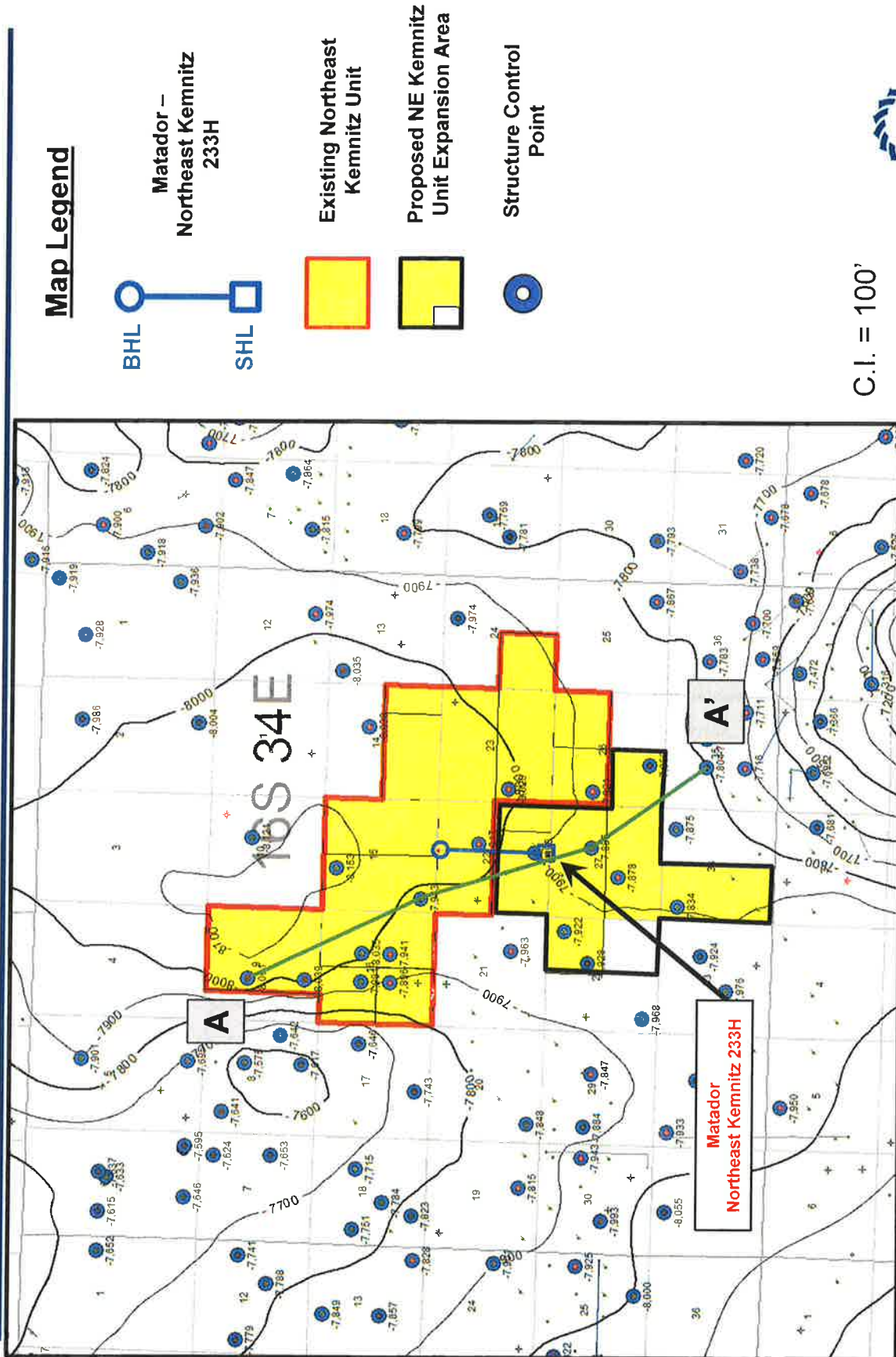
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 7
Submitted by: **Matador Production Company**
Hearing Date: August 8, 2018
Case No. 16343

Northeast Kemnitz Unit Expansion Locator Map

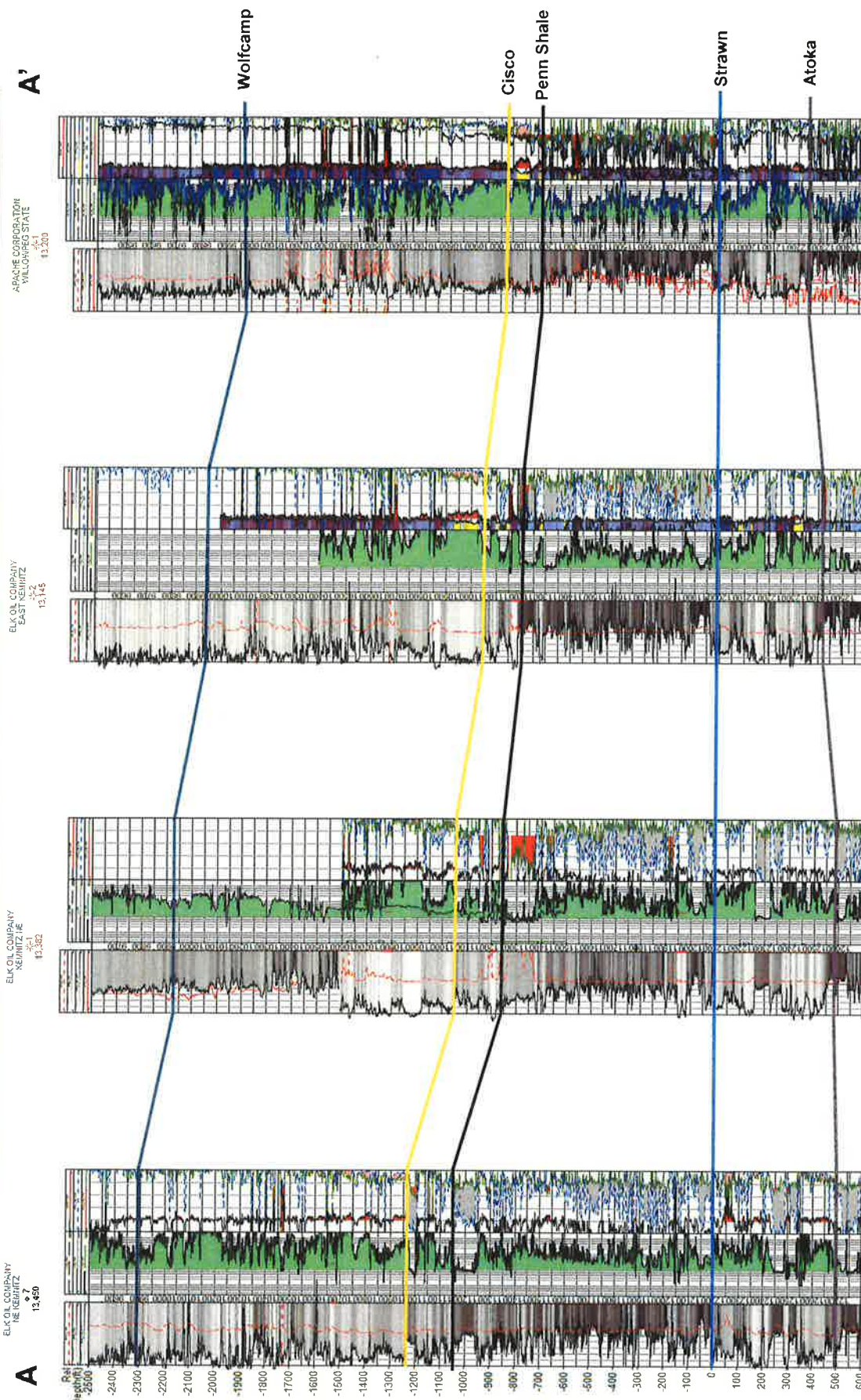


Northeast Kemnitz Unit Expansion

Northeast Kemnitz Unit Expansion Structure Map (Top Strawn)



Northeast Kemnitz Unit Expansion Stratigraphic Cross Section A - A'



Northeast Kemnitz Unit Expansion