

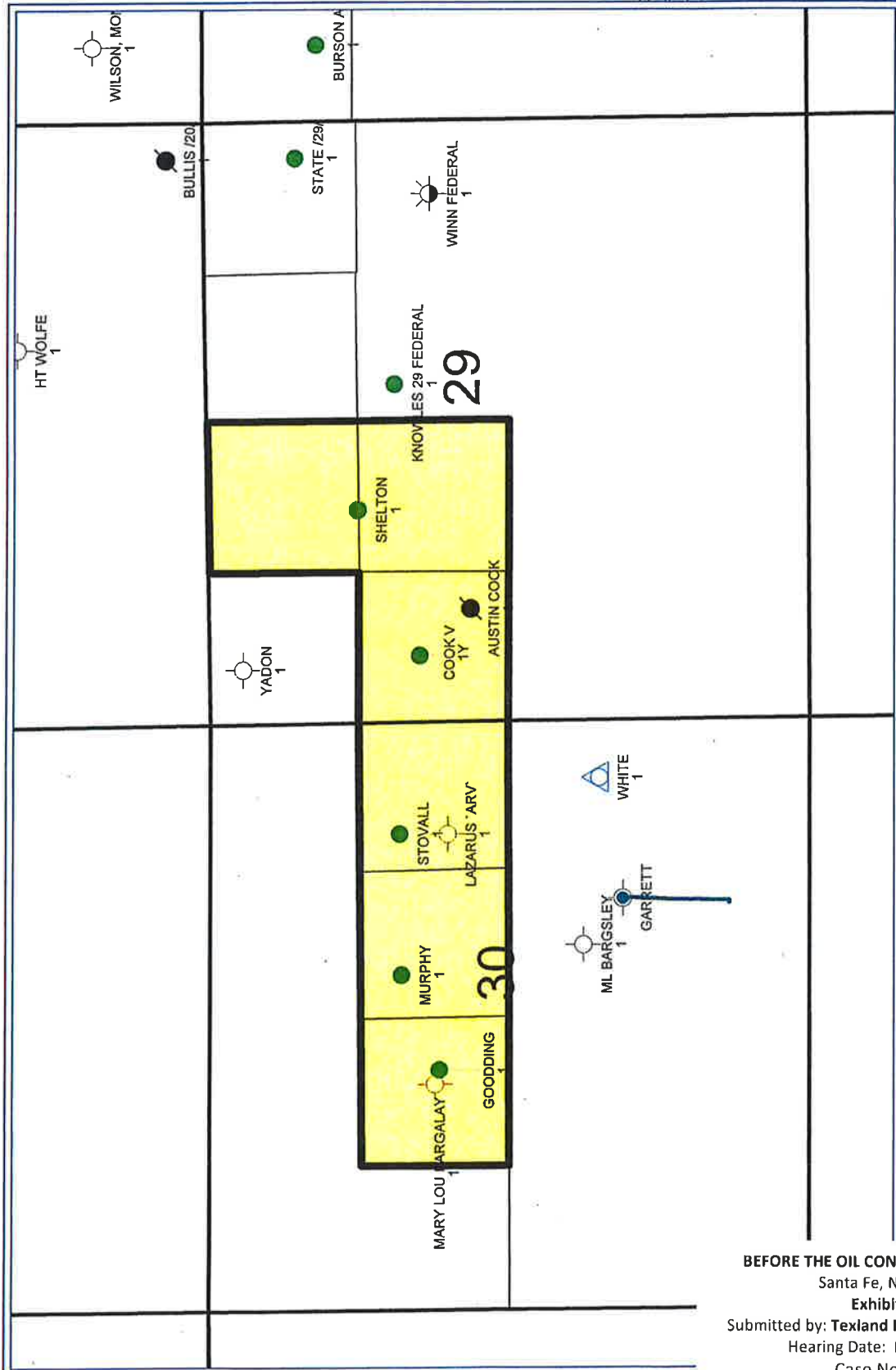
**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING MARCH 05, 2020**

**CASE No. 21130**

*KNOWLES GARRETT WATERFLOOD UNIT  
MURPHY #1 WELL*

**LEA COUNTY, NEW MEXICO**





TEXLAND PETROLEUM-HOBBS, LLC	
GARRETT AREA	
LEA COUNTY, NM	
POSTED WELL DATA	
Well Name	
Well Number	
WELL SYMBOLS	
Oil Well	●
Plugged & Abandoned Oil Well	●
Dry Hole	△
DRY HOLE WITH OIL & GAS SH	△
Salt Water Disposal Well	△
February 27, 2020	

UNIT AGREEMENT  
KNOWLES GARRETT UNIT  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2020, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto,

Recitals

In the interest of public welfare and to promote conservation and increase the ultimate recovery of Unitized Substances from the Garrett; Drinkard formation, in Lea County, New Mexico, and to protect the rights of the owners of interest therein, it is deemed necessary and desirable to enter into this agreement to unitize the oil and gas rights in and to the Unitized Formation in order to conduct Unit operations as herein provided:

Agreement

THEREFORE, in consideration of the premises and of the mutual agreements herein contained, it is agreed as follows:

ARTICLE 1  
DEFINITIONS

As used in this agreement,

1.1 Unit Area is the land described by Tracts in Exhibit A and shown on Exhibit B as to which this agreement becomes effective or to which it may be extended as herein provided.

1.2. Unitized Formation is the subsurface portion of the Unit Area described as the Garrett; Drinkard formation, constituting that continuous interval beginning one hundred feet above the top of the Drinkard formation and continuing to one hundred feet below the base of the Drinkard formation. This interval is further described as that interval correlative to the interval between **8,145** feet and **8,748** feet beneath the surface of the ground as shown on the Gamma Ray Compensated Neutron-Density Log in Yates Petroleum's Lazarus ARV No. 1 well, located 2,100 feet from the North line and 990 feet from the East line of Section 30, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

1.3 Unitized Substances are all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons other than Outside Substances within or produced from the Unitized Formation.

1.4 Working Interest is an interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which interest is obligated to pay, either in cash or out of production or otherwise, a portion of the Unit Expense; however, Oil and Gas Rights that are free of lease or other instrument creating a Working

Interest in another shall be regarded as a Working Interest to the extent of seven-eighths (7/8) of such interest in Unitized Substances, and as a Royalty Interest with respect to the remaining one-eighth (1/8) interest therein. A Royalty Interest created out of a Working Interest subsequent to the execution of this agreement by the owner of such Working Interest shall continue to be subject to such Working Interest burdens and obligations that are stated in this agreement and the Unit Operating Agreement.

1.5 Royalty Interest is a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

1.6 Royalty Owner is a party hereto who owns a Royalty Interest.

1.7 Working Interest Owner is a party hereto who owns a Working Interest

1.8 Tract is the land described as such and given a Tract number in Exhibit A.

1.9 Unit Operating Agreement is the agreement entered into by Working Interest Owners, having the same Effective Date as this agreement, entitled "Unit Operating Agreement, Knowles Garrett Unit, Lea County, New Mexico."

1.10 Unit Operator is the Working Interest Owner or other party designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations, acting as operator and not as a Working Interest Owner.

1.11 Tract Participation is the percentage shown on Exhibit A for allocating Unitized Substances to a Tract.

1.12 Unit Participation of a Working Interest Owner is the sum of the percentages obtained by multiplying the Working Interest of such Working Interest Owner in each Tract that qualifies for inclusion within the Unit Area, by the Tract Participation of such tract.

1.13 Outside Substances are all substances obtained for a consideration from any source other than the Unitized Formation and injected into the Unitized Formation.

1.14 Oil and Gas Rights are the rights to explore, develop, and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

1.15 Unit Operations are all operations conducted pursuant to this agreement and the Unit Operating Agreement.

1.16 Unit Equipment is all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations

1.17 Unit Expense is all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of Unit Operations.

1.18 Effective Date is the time and date this agreement becomes effective as provided in Section 17.1.

## ARTICLE 2 EXHIBITS

2.1 Exhibits. The following exhibits, which are attached hereto, are incorporated herein by reference:

2.1.1 Exhibit A is a schedule that describes each Tract in the Unit Area and shows its Tract Participation.

2.1.2 Exhibit B is a map that shows the boundary lines of the Unit Area and the Tracts therein.

2.1.3 Exhibit C is a form of Indemnity Agreement required under the provisions of Section 9.1.3 hereof

2.2 Reference to Exhibits. When reference is made to any exhibit, it is to the exhibit as originally attached or, if revised, to the last revision.

2.3 Exhibits Considered Correct. Exhibits A and B shall be considered to be correct until revised as herein provided.

2.4 Correcting Errors. The shapes and descriptions of the respective Tracts have been established by using the best information available. If it subsequently appears that any Tract, because of diverse royalty or working interest ownership on the Effective Date, should have been divided into more than one Tract, or that any mechanical miscalculation or clerical error has been made, Unit Operator, with the approval of Working Interest Owners, shall correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any re-evaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit made prior to thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each such revision thereafter made shall be effective at 7:00 A.M. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners and set forth in the revised exhibit.

2.5 Filing Revised Exhibits. If an exhibit is revised Unit Operator shall execute an appropriate instrument with the revised exhibit attached and file the same for record in the county or counties in which this agreement is filed.

ARTICLE 3  
CREATION AND EFFECT OF UNIT

3.1 Oil and Gas Rights Unitized. All Oil and Gas Rights of Royalty Owners in and to the lands described in Exhibit A, and all Oil and Gas Rights of Working Interest Owners in and to said lands, are hereby unitized insofar as the respective Oil and Gas Rights pertain to the Unitized Formation, so that Unit Operations may be conducted with respect to the Unitized Formation as if the Unit Area had been included in a single lease executed by all Royalty Owners, as Lessors, in favor of all Working Interest Owners, as lessees, and as if the lease contained all the provisions of this agreement.

3.2 Personal Property Excepted. All lease and well equipment materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to and may be removed by the Working Interest Owners. The rights and interests therein as among Working Interest Owners are set forth in the Unit Operating Agreement.

3.3 Amendment of Leases and Other Agreements. The provisions of the various leases, agreements, division and transfer orders, or other instruments pertaining to the respective Tracts or the production therefrom are amended to the extent necessary to make them conform to the provisions of this agreement, but otherwise shall remain in effect.

3.4 Continuation of Leases and Term Interests. Production from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, or other Unit Operations shall be considered as production from or operations upon each Tract, and such production or operations shall continue in effect each lease or term mineral or royalty interest as to all lands and formations covered thereby just as if such operations were conducted on and as if a well were producing from each Tract.

3.5 Titles Unaffected by Unitization. Nothing herein shall be construed to result in the transfer of title to the Oil and Gas Rights by any party hereto to any other party or to Unit Operator.

3.6 Injection Rights. Royalty Owners hereby grant Working Interest Owners the right to inject into the Unitized Formation any substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, together with the right to drill, use, and maintain injection wells on the Unit Area and to use for injection purposes any non-producing or abandoned wells or dry holes, and any producing wells completed in the Unitized Formation.

3.7 Development Obligation. Nothing herein shall relieve Working Interest Owners from any obligation to develop reasonably as a whole the lands and leases committed hereto.

## ARTICLE 4 PLAN OF OPERATIONS

4.1 Unit Operator. Working Interest Owners are concurrently herewith entering into the Unit Operating Agreement, designating **TEXLAND PETROLEUM, L.P.**, as Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations, which shall conform to the provisions of this agreement and the Unit Operating Agreement. If there is any conflict between such agreements, this agreement shall govern.

4.2 Method of Operation. To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, Working Interest Owners shall, with diligence and in accordance with good engineering and production practices, as soon as practicable after the Effective Date hereof, make necessary arrangements for commencement of improved recovery operations in the Unitized Formation and the use or construction of necessary plants and facilities therefor, in order that such operations may be initiated within a reasonable time after such facilities are ready for operation.

4.3 Change of Method of Operation. Nothing herein shall prevent Working Interest Owners from discontinuing or changing in whole or in part any method of operation which, in their opinion, is no longer in accord with good engineering or production practices. Other methods of operation may be conducted or changes may be made by Working Interest Owners from time to time if determined by them to be feasible, necessary, or desirable to increase the ultimate recovery of Unitized Substances.

## ARTICLE 5 TRACT PARTICIPATIONS

5.1 Tract Participations. The Tract Participation of each Tract is shown in Exhibit A and was determined and approved by the Working Interest Owners as follows:

Phase I:

Tract Participation Percentage =  $100 (50\%A + 50\%B)$

Where A = Ratio of the estimated remaining primary oil reserves from the Tract to the total estimated remaining primary oil reserves in the Unit Area as of April 1, 2019.

B = Ratio of actual oil production attributed to the Tract from through January 1, 2019 through March 31, 2019; to the total actual oil production in the Unit Area from January 1, 2019 through March 31, 2019.

It is estimated that 26,106 barrels of oil remain in primary reserves across the Unit Area as of April 1, 2019. Phase I shall apply until 26,106 barrels have been recovered after April 1, 2019. Upon reaching such level of production, Phase II shall apply as follows:

Phase II:

Tract Participation Percentage =  $100 (10\%A + 10\%B + 80\%C)$

Where A = Ratio of acreage of the Tract to total acreage in the Unit Area

B = Ratio of number of wells attributed to the Tract to the total number of wells in the Unit Area.

C = Ratio of cumulative oil production as of April 1, 2019 from the Tract to the total cumulative oil production from the Unit Area as of April 1, 2019.

5.2 Relative Tract Participations. If the Unit Area is enlarged or reduced, the revised Tract Participations of the Tracts remaining in the Unit Area and which were within the Unit Area prior to the enlargement or reduction shall remain in the same ratio one to another.

## ARTICLE 6 ALLOCATION OF UNITIZED SUBSTANCES

6.1 Allocation to Tracts. All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether the amount is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such Tract.

6.2 Distribution Within Tracts. The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to the parties entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tract, or in the proceeds thereof; had this agreement not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract. Any royalty or other payment which depends upon per well production or pipeline runs from well or wells on a Tract shall, after the Effective Date, be determined by dividing the Unitized Substances allocated to the Tract by the number of wells on the Tract capable of producing such Unitized Substances on the Effective Date; however, if any Tract has no well thereon capable of producing Unitized Substances on the Effective Date, the Tract shall, for the purpose of this determination, be deemed to have one such well thereon.

6.3 Taking Unitized Substances in Kind. The Unitized Substances allocated to each Tract shall be delivered in kind to the respective parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Such parties shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided that they are so constructed, maintained, and operated as not to interfere with Unit



Operations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the owner of such portion. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of the Unitized Substances.

6.4. Failure to Take in Kind. If any party fails to take in kind or separately dispose of such party's share of Unitized Substances, Unit Operator shall have the right, but not the obligation, for the time being and subject to revocation at will by the party owning the share, to purchase or sell to others such share; however, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owners of each affected Tract or a party designated by such Working Interest Owners who shall distribute such proceeds to the parties entitled thereto.

6.5 Responsibility for Royalty Settlements. Any party receiving in kind or separately disposing of all or part of the Unitized Substances allocated to any Tract shall be responsible for the payment of all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances, and shall indemnify all parties hereto, including Unit Operator, against any liability for such payment.

6.6 Royalty on Outside Substances. If any, Outside Substance consisting of natural gases is injected into the Unitized Formation, fifty percent (50%) of any like substance contained in Unitized Substances subsequently produced and sold, or used for other than Unit Operations, shall be deemed to be a part of the Outside Substance so injected until the total volume deemed to be such Outside Substance equals the total volume of such Outside Substance so injected. If any Outside Substance which prior to injection is liquefied petroleum gas or other liquid hydrocarbons is injected into the Unitized Formation, ten percent (10%) of all Unitized Substances produced and sold after one year from the time the injection of such Outside Substance was commenced shall be deemed to be a part of the Outside Substance so injected until the total value of the production deemed to be such Outside Substance equals the total cost of the Outside Substance so injected. Such ten percent (10%) of the Unitized Substances deemed to be Outside Substances will be in addition to that which is being recovered for natural gases as hereinabove provided, if both liquefied petroleum gas or other liquid hydrocarbons and natural gases are injected. No payment shall be due or payable to Royalty Owners on substances produced from the Unitized Formation that are deemed to be Outside Substances.

## ARTICLE 7 PRODUCTION AS OF THE EFFECTIVE DATE

7.1 Oil or Liquid Hydrocarbons in Lease Tanks. Unit Operator shall gauge or otherwise determine the amount of merchantable oil or other liquid hydrocarbons produced from the Unitized Formation that are in lease and power-oil tanks as of 7:00 A.M. on the Effective Date. Oil or other liquid hydrocarbons in treating vessels, separation equipment, and below pipeline

connections shall not be considered to be merchantable. Any merchantable oil or other liquid hydrocarbons that are a part of or attributable to the prior allowable of the wells from which they were produced shall remain the property of the parties entitled thereto as if this agreement had not been entered into. Any such merchantable oil or other liquid hydrocarbons not promptly removed may be sold by Unit Operator for the account of the Working Interest Owners entitled thereto who shall pay all royalty due thereon under the provisions of applicable lease or other contracts. Any oil or liquid hydrocarbons in excess of that attributable to the prior allowable of the wells from which they were produced shall be regarded as Unitized Substances produced after the Effective Date.

7.2 Overproduction. If, as of the Effective Date, any Tract is overproduced with respect to the allowable of the wells on that Tract, and if the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded as a part of the Unitized Substances produced after the Effective Date and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

## ARTICLE 8 USE OR LOSS OF UNITIZED SUBSTANCES

8.1 Use of Unitized Substances. Working Interest Owners may use or consume Unitized Substances for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

8.2 Royalty Payments. No royalty, overriding royalty, production, or other payments shall be payable on account of Unitized Substances used, lost or consumed in Unit Operations.

## ARTICLE 9 TRACTS TO BE INCLUDED IN UNIT

9.1 Qualification of Tracts. On and after the Effective Date and until the enlargement or reduction thereof, the Unit Area shall be composed of the Tracts listed in Exhibit A that corner or have a common boundary (Tracts separated only by a public highway or a railroad right-of-way shall be considered to have a common boundary), and that otherwise qualify as follows:

9.1.1 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement, and as to which Royalty Owners owning seventy-five percent (75%) or more of the Royalty Interest have become parties to this agreement.

9.1.2 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement, and as to which Royalty Owners owning less than seventy-five percent (75%) of the Royalty Interest have become parties to this agreement, and as to which (a) all Working Interest Owners in such Tract have joined in a request for the inclusion of such Tract in the Unit Area, and as to which (b) Working Interest Owners having ninety-five percent (95%) or more of the combined voting interests in all Tracts that meet the requirements of Section 9.1.1 have voted in favor of the inclusion of such Tract.

For the purpose of this Section 9.1.2, the voting interest of a Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Section 9.1.1 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts that qualify under Section 9.1.1.

9.1.3 Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties to this agreement, regardless of the percentage of Royalty Interest therein that is committed hereto; and as to which (a) Working Interest Owners owning ninety-five percent (95%) or more of the Working Interest in the Tract, including the Working Interest Owner who operates the Tract, who have become parties to this agreement, have joined in a request for inclusion of such Tract in the Unit Area, and have executed and delivered or have obligated themselves to execute and deliver an indemnity agreement identical in form to the agreement attached hereto as Exhibit C indemnifying and agreeing to hold harmless the other Working Interest Owners in the Unit Area, their successors and assigns against all claims and demands that may be made by the owners of Working Interests in such Tract who are not parties to this agreement, and which arise out of the inclusion of the Tract in the Unit Area; and as to which (b) Working Interest Owners having ninety-five percent (95%) or more of the combined voting interest in all Tracts that meet the requirements of Sections 9.1.1 and 9.1.2 have voted in favor of the inclusion of such Tract and to accept the indemnity agreement. For the purpose of this Section 9.1.3, the voting interest of each Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Sections 9.1.1 and 9.1.2 bears to the total Unit Participation of all Working Interest Owners attributable to all tracts that qualify under Sections 9.1.1 and 9.1.2. Upon the inclusion of such a Tract in the Unit Area, the Unit Participation that would have been attributed to the non-subscribing owners of Working Interest in such Tract, had they become parties to this agreement and the Unit Operating Agreement, shall be attributed, in proportion to their respective Working Interests in such Tract, to the Working Interest Owners in the Tract who have executed indemnity agreements.

9.2 Commitment of Interests to Unit. The execution of this agreement by a party shall commit all interests owned or controlled by such party as of the date of execution and additional interest acquired before the Effective Date. After the Effective Date the commitment of any interest in any Tract within the Unit Area shall be upon such terms as may be negotiated by Working Interest Owners and the owner of such interest.

9.3 Revision of Exhibits. If any of the Tracts described in Exhibit A fail to qualify for inclusion in the Unit Area, Unit Operator shall recompute the Tract Participation of each of the qualifying Tracts using the original basis of computation and shall revise Exhibits A and B accordingly. Such revised exhibits shall be effective as of 7:00 A.M. on the Effective Date.

## ARTICLE 10 TITLES

10.1 Removal of Tract from Unit Area. If a Tract ceases to have sufficient Working Interest Owners or Royalty Owners committed to this agreement to meet the conditions of Article 9 because of failure of title of any party hereto, such Tract shall be removed from the Unit Area

effective as of 7:00 A.M. on the first day of the calendar month in which the failure of title is finally determined unless within ninety (90) days after the date of final determination of the failure of title, the Tract qualifies under a Section of Article 9.

10.2 Revision of Exhibits. If a Tract is removed from the Unit Area because of failure of title, Unit Operator, subject to Section 5.2, shall recompute the Tract Participation of each of the Tracts remaining in the Unit Area and shall revise Exhibits A and B accordingly. The revised exhibits shall be effective as of 7:00 A.M. on the first day of the calendar month in which such failure of title is finally determined.

10.3 Working Interest Titles. If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure of title shall be governed by the Unit Operating Agreement.

10.4 Royalty Interest Titles. If title to a Royalty Interest fails, but the Tract to which it relates is not removed from the Unit Area, the party whose title failed shall not be entitled to share hereunder with respect to such interest.

10.5 Production Where Title is in Dispute. If the title or right of any party claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the direction of Working Interest Owners shall either:

(a) require that the party to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid furnish security for the proper accounting therefor to the rightful owner if the title or right of such party fails in whole or in part, or

(b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be paid to the party rightfully entitled thereto.

10.6 Payment of Taxes to Protect Title. The owner of surface rights to lands within the Unit Area, or severed mineral interests or Royalty Interests in such lands, or lands outside the Unit Area on which Unit Equipment is located, is responsible for the payment of any ad valorem taxes on all such rights, interests, or property, unless such owner and Working Interest Owners otherwise agree. If any ad valorem taxes are not paid by or for such owner when due, Unit Operator may, with approval of Working Interest Owners, at any time prior to tax sale; or expiration of period of redemption after tax sale, pay the tax, redeem such rights, interests, or property, and discharge the tax lien. Any such payment shall be an item of Unit Expense. Unit Operator shall, if possible, withhold from any proceeds derived from the sale of Unitized Substances otherwise due any delinquent taxpayer an amount sufficient to defray the costs of such payment or redemption, such withholding to be credited to Working Interest Owners. Such withholding shall be without prejudice to any other remedy available to Unit Operator or Working Interest Owners.

ARTICLE 11  
EASEMENTS OR USE OF SURFACE

11.1 Grant of Easements. The parties hereto, to the extent of their rights and interests, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may be reasonably necessary for Unit Operations and the removal of Unitized Substances from the Unit Area.

11.2 Use of Water. Working Interest Owners shall have and are hereby granted free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner.

11.3 Surface Damages. Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements and structures on the Unit Area that result from Unit Operations.

ARTICLE 12  
ENLARGEMENTS OF UNIT AREA

12.1 Enlargements of Unit Area. The Unit Area may be enlarged to include acreage reasonably proved to be productive upon such terms as may be determined by Working Interest Owners including, but not limited to, the following:

12.1.1 Qualification of Acreage. The acreage shall qualify under a Section of Article 9.

12.1.2 Participation. The participation to be allocated to the acreage shall be fair and reasonable, considering all available information.

12.1.3 Adjustments. There shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof; however, this limitation shall not prevent an adjustment of investment by reason of the enlargement.

12.2 Determination of Tract Participation. Unit Operator, subject to Section 5.2, shall determine the Tract Participation of each Tract within the Unit Area as enlarged, and shall revise Exhibits A and B accordingly.

12.3 Effective Date. The effective date of any enlargement of the Unit Area shall be 7:00A.M. on the first day of the calendar month following compliance with conditions for enlargement as specified by Working Interest Owners, and the filing for record of Revised Exhibits A and B in Lea County, New Mexico.

ARTICLE 13  
CHANGE OF TITLE

13.1 Successors and Assigns. This agreement shall extend to, be binding upon, and inure to the benefit of parties hereto, their respective heirs, devisees, legal representatives, successors, and assigns and shall constitute a covenant running with the lands, leases, and interests covered hereby.

13.2 Transfer of Title. Any conveyance of all or any part of any interest owned by any party hereto with respect to any Tract shall be made expressly subject to this agreement. No change of title shall be binding upon the Unit Operator, or upon any party hereto other than the party so transferring, until 7:00 A.M. the first day of the calendar month next succeeding the date of receipt by Unit Operator of a photocopy, or a certified copy, of the recorded instrument evidencing such change in ownership.

13.3 Waiver of Rights to Partition. Each party hereto agrees that, during the existence of this agreement, it will not resort to any action to partition the Unitized Formation or the Unit Equipment, and to that extent waives the benefits of all laws authorizing such partition.

ARTICLE 14  
RELATIONSHIP OF PARTIES

14.1 No Partnership. The duties, obligations, and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation, or liability with regard to any one or more of the parties hereto. Each party shall be individually responsible for its own obligations as herein provided.

14.2 No Joint Refining or Marketing. This agreement is not intended to provide, and shall not be construed to provide, directly or indirectly, for any joint refining or marketing of Unitized Substances.

14.3 Royalty Owners Free of Costs. This agreement is not intended to impose, and shall not be construed to impose, upon any Royalty Owner any obligation to pay Unit Expense unless such Royalty Owner is otherwise so obligated.

14.4 Information to Royalty Owners. Each Royalty Owner shall be entitled to all information in possession of Unit Operator to which such Royalty Owner is entitled by an existing agreement with any Working Interest Owner.

ARTICLE 15  
LAWS AND REGULATIONS

15.1 Laws and Regulations. This agreement shall be subject to all applicable federal, state, and municipal laws, rules, regulations, and orders.

ARTICLE 16  
FORCE MAJEURE

16.1 Force Majeure. All obligations imposed by this agreement on each party, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a labor dispute, fire, war, civil disturbance, act of God; by federal, state, or municipal laws; by inability to secure materials; or by any other cause or causes whether similar or dissimilar, beyond reasonable control of the party. No party shall be required against its will to adjust or settle any labor dispute. Neither this agreement nor any lease or other instrument subject hereto shall be terminated by reason of suspension of Unit Operations due to any one or more of the causes set forth in this Article.

ARTICLE 17  
EFFECTIVE DATE

17.1 Effective Date. This agreement shall become binding upon each party as of the date such party signs the instrument by which it becomes a party hereto, and, unless sooner terminated as provided in Section 17.2, shall become effective as to qualified Tracts at the time and date as determined by Working Interest Owners owning ninety-five percent (95%) or more of the combined Unit Participation in all the qualified Tracts, only after Tracts comprising seventy-five percent (75%) or more of the Unit Area as shown on the original Exhibit B have qualified under the provisions of Article 9; at least one counterpart of this agreement has been filed for record by Unit Operator in Lea County, New Mexico; and this agreement has been approved by the New Mexico Oil Conservation Division.

17.2 Ipsa Facto Termination. If the requirements of Section 17.1 are not accomplished on or before December 31, 2020, this agreement shall ipso facto terminate on that date (hereinafter called "Termination Date") and thereafter be of no further effect, unless prior thereto Working Interest Owners that own a combined Unit Participation of at least ninety-five percent (95%) have become parties to this agreement and have decided to extend the termination date for a period not to exceed twelve (12) months. If the termination date is so extended and the requirements of Section 17.1 are not accomplished on or before the extended termination date, this agreement shall ipso facto terminate on the extended termination date and thereafter be of no further effect. For the purpose of this section, Unit Participation shall be as calculated on the basis of Tract Participations shown on the original Exhibit A.

17.3 Certificate of Effectiveness. Unit Operator shall file for record in Lea County, New Mexico, a certificate stating the Effective Date.

ARTICLE 18  
TERM

18.1 Term. The term of this agreement shall be for the time that Unitized Substances are produced in paying quantities or other Unit Operations are conducted without a cessation of more than ninety (90) consecutive days, unless sooner terminated by Working Interest Owners in the manner herein provided.

18.2 Termination by Working Interest Owners. This agreement may be terminated by Working Interest Owners owning a combined Unit Participation of at least ninety percent (90%) whenever such Working Interest Owners determine that Unit Operations are no longer profitable or feasible.

18.3 Effect of Termination. Upon termination of this agreement the further development and operation of the Unitized Formation as a unit shall be abandoned, and Unit Operations shall cease. Unless a longer period is provided therein, each oil and gas lease and other agreement covering lands within the Unit Area shall remain in force for sixty (60) days after the date on which this agreement terminates, and for such further period as is provided by the lease or other agreement.

18.4 Salvaging Equipment Upon Termination. If not otherwise granted by the leases or other instruments affecting each Tract, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after the date of termination of this agreement within which to salvage and remove Unit Equipment.

18.5 Certificate of Termination. Upon termination of this agreement, Unit Operator Shall file for record in Lea County, New Mexico, a certificate declaring that this agreement has terminated and its termination date.

## ARTICLE 19 EXECUTION

19.1 Original, Counterpart, or Other Instrument. An owner of Oil and Gas Rights may become a party to this agreement by signing the original of this instrument, a counterpart hereof, or other instrument agreeing to become a party hereto. The signing of any such instrument shall have the same effect as if all parties had signed the same instrument.

19.2 Joinder in Dual Capacity. Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests owned or controlled by such party.

## ARTICLE 20 GENERAL

20.1 Amendments Affecting Working Interest Owners. Amendments hereto relating wholly to Working Interest Owners may be made if signed by all Working Interest Owners.

20.2 Action by Working Interest Owners. Except as otherwise provided in this agreement, any action or approval required by Working Interest Owners hereunder shall be in accordance with the provisions of the Unit Operating Agreement.

20.3 Lien and Security Interest of Unit Operator. Unit Operator shall have a lien upon and a security interest in the interests of Working Interest Owners in the Unit Area as provided in the Unit Operating Agreement.



IN WITNESS WHEREOF, the parties hereto have executed this agreement on the dates opposite their respective signatures.

EXHIBIT A  
ATTACHED TO AND MADE A PART OF THE UNIT AGREEMENT  
KNOWLES GARRETT UNIT  
LEA COUNTY, NEW MEXICO

**Tract Description and Participation Factors**

**Tract 1:**        40 acres, more or less, being the SE/4NW/4 of Section 30, Township 16 South,  
Range 38 East, NMPM, Lea County, New Mexico [Goodding Lease]

Phase I Participation Factor: 0.21182581

Phase II Participation Factor: 0.18710235

**Tract 2:**        40 acres, more or less, being the SW/4NE/4 of Section 30, Township 16 South,  
Range 38 East, NMPM, Lea County, New Mexico [Murphy Lease]

Phase I Participation Factor: 0.12347395

Phase II Participation Factor: 0.24163388

**Tract 3:**        40 acres, more or less, being SE/4NE/4 of Section 30, Township 16 South, Range  
38 East, NMPM, Lea County, New Mexico [Stovall Lease]

Phase I Participation Factor: 0.30392766

Phase II Participation Factor: 0.27628568

**Tract 4:**        40 acres, more or less, being the SW/4NW/4 of Section 29, Township 16 South,  
Range 38 East, NMPM, Lea County, New Mexico [V. Cook Lease]

Phase I Participation Factor: 0.12892156

Phase II Participation Factor: 0.13614511

**Tract 5:**        80 acres, more or less, being the E/2NW/4 of Section 29, Township 16 South,  
Range 38 East, NMPM, Lea County, New Mexico [Shelton Lease]

Phase I Participation Factor: 0.23185102

Phase II Participation Factor: 0.15883298

EXHIBIT B  
ATTACHED TO AND MADE A PART OF THE UNIT AGREEMENT  
KNOWLES GARRETT UNIT  
LEA COUNTY, NEW MEXICO

Plat

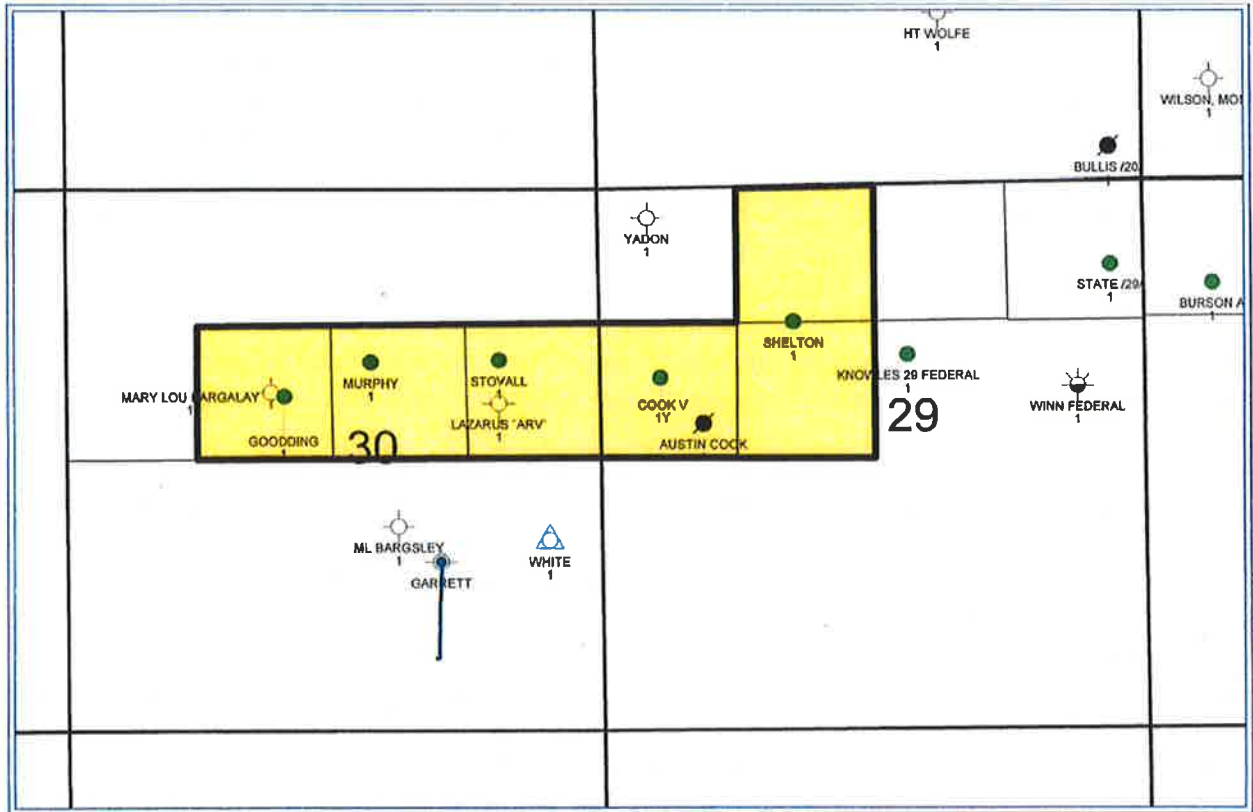


EXHIBIT C  
ATTACHED TO AND MADE A PART OF THE UNIT AGREEMENT  
KNOWLES GARRETT UNIT  
LEA COUNTY, NEW MEXICO

INDEMNITY AGREEMENT

Section 9.1.3 of that certain Unit Agreement, Knowles Garrett Unit, Lea County, New Mexico, dated \_\_\_\_\_, 2019, provides that under certain circumstances and conditions therein stated a Tract that fails to qualify for inclusion in the Unit Area may be included if the requisite Working Interest Owners in the Tract as specified in said Section request the inclusion of the Tract in the Unit Area and execute and deliver, or obligate themselves to execute and deliver, an indemnity agreement.

Tract \_\_\_\_\_ described in the Unit Agreement is such a Tract, and the undersigned are owners of Working Interest in such Tract and have become parties to the Unit Agreement and the Unit Operating Agreement and desire the inclusion of the Tract in the Unit Area.

NOW THEREFORE, in consideration of and conditioned upon said Tract meeting the other requirements of the aforesaid Section of the Unit Agreement and its inclusion in the Unit Area the undersigned hereby request the inclusion of the above Tract in the Unit Area and agree, together with other owners of Working Interest in the Tract who execute and deliver, or who obligate themselves to execute and deliver, like indemnity agreements, to indemnify and hold harmless all other Working Interest Owners in the Unit Area against all claims and demands required by said Section to be the subject of such indemnity. Any liability arising hereunder shall be borne by the undersigned and other Working Interest Owners in the tract who are committed to like indemnity agreements in the proportion that the Working Interest of each in the Tract bears to the total Working Interest therein of all the owners of Working Interest in the Tract committed to such indemnity agreement.

This indemnity shall become void with respect to all claims and demands based upon occurrences subsequent to the time when the conditions are met that would have initially qualified such Tract for inclusion in the Unit Area without this indemnity.

This agreement shall be binding upon and inure to the benefit of the heirs, devisees, legal representatives~ successors, and assigns of the respective parties initially bound or benefited by the provisions hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument on the date opposite its signature.

[Signature Blocks]

EXHIBIT C  
ATTACHED TO AND MADE A PART OF THE UNIT AGREEMENT  
KNOWLES GARRETT UNIT  
LEA COUNTY, NEW MEXICO

INDEMNITY AGREEMENT

Section 9.1.3 of that certain Unit Agreement, Knowles Garrett Unit, Lea County, New Mexico, dated \_\_\_\_\_, 2019, provides that under certain circumstances and conditions therein stated a Tract that fails to qualify for inclusion in the Unit Area may be included if the requisite Working Interest Owners in the Tract as specified in said Section request the inclusion of the Tract in the Unit Area and execute and deliver, or obligate themselves to execute and deliver, an indemnity agreement.

Tract \_\_\_\_\_ described in the Unit Agreement is such a Tract, and the undersigned are owners of Working Interest in such Tract and have become parties to the Unit Agreement and the Unit Operating Agreement and desire the inclusion of the Tract in the Unit Area.

NOW THEREFORE, in consideration of and conditioned upon said Tract meeting the other requirements of the aforesaid Section of the Unit Agreement and its inclusion in the Unit Area the undersigned hereby request the inclusion of the above Tract in the Unit Area and agree, together with other owners of Working Interest in the Tract who execute and deliver, or who obligate themselves to execute and deliver, like indemnity agreements, to indemnify and hold harmless all other Working Interest Owners in the Unit Area against all claims and demands required by said Section to be the subject of such indemnity. Any liability arising hereunder shall be borne by the undersigned and other Working Interest Owners in the tract who are committed to like indemnity agreements in the proportion that the Working Interest of each in the Tract bears to the total Working Interest therein of all the owners of Working Interest in the Tract committed to such indemnity agreement.

This indemnity shall become void with respect to all claims and demands based upon occurrences subsequent to the time when the conditions are met that would have initially qualified such Tract for inclusion in the Unit Area without this indemnity.

This agreement shall be binding upon and inure to the benefit of the heirs, devisees, legal representatives~ successors, and assigns of the respective parties initially bound or benefited by the provisions hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument on the date opposite its signature.

[Signature Blocks]

**UNIT OPERATING AGREEMENT  
KNOWLES GARRETT UNIT  
LEA COUNTY, NEW MEXICO**

This Unit Operating Agreement (this “Agreement”) is entered into as of the 1st day of \_\_\_\_\_, 2020, by and between the undersigned parties who have signed the original of this instrument, a counterpart thereof, or other agreement to be bound by the provisions hereof.

*Recitals*

The parties hereto are the present Working Interest Owners as defined under that certain agreement entitled Unit Agreement, Knowles Garrett Unit, Lea County, New Mexico, dated \_\_\_\_\_, 2020, executed contemporaneously with this Agreement (the “Unit Agreement”). The Unit Agreement provides for a separate agreement to be entered into by Working Interest Owners to provide for the development and operation of the Unit Area as therein defined. The undersigned parties desire to set forth the parameters for future Unit Operations in the Unit Area.

*Agreement*

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

**ARTICLE I  
CONFIRMATION OF UNIT AGREEMENT**

1.1 CONFIRMATION OF UNIT AGREEMENT. The Unit Agreement is hereby confirmed and by reference made a part of this Agreement. The definitions in the Unit Agreement are adopted for all purposes of this Agreement. If there is any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall govern.

1.2 AMENDMENT OF JOINT OPERATING CONTRACTS AND OTHER AGREEMENTS. The provisions of existing Joint Operating Contracts and other agreements pertaining to Unitized Substances or the Unitized Formation or operations with respect to either, are amended to the extent necessary to make them conform to the provisions of this Agreement, but otherwise shall remain in effect.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 3  
Submitted by: Texland Petroleum-Hobbs, L.L.C.  
Hearing Date: March 05, 2020  
Case No. 21130

## **ARTICLE II EXHIBITS**

2.1 EXHIBITS. The following exhibits are incorporated herein by reference:

2.1.1 EXHIBITS A, B, and C of the Unit Agreement.

2.1.2 EXHIBIT D, attached hereto, which is a schedule showing the Working Interest of each Working Interest Owner in each Tract, the percentage of total Unit Participation attributable to each such interest, and the total Unit Participation of each Working Interest Owner. EXHIBIT D, or a revision thereof, shall not be conclusive as to the information therein, except it may be used as showing the Unit Participations of Working Interest Owners for purposes of this Agreement until shown to be in error and revised as herein authorized.

2.1.3 EXHIBIT E, attached hereto is the Accounting Procedure applicable to Unit Operations. If there is any conflict between this Agreement and EXHIBIT E, this Agreement shall govern.

2.1.4 EXHIBIT F, attached hereto, contains insurance provisions applicable to Unit Operations.

2.2 REVISION OF EXHIBITS. Whenever EXHIBITS A and B are revised, EXHIBIT D shall be revised accordingly and be effective as of the same date. Unit Operator shall also revise EXHIBIT D from time to time as required to conform to changes in ownership of which Unit Operator has been notified as provided in the Unit Agreement.

2.3 REFERENCE TO EXHIBITS. When reference is made herein to an exhibit, it is to the exhibit as originally attached or, if revised, to the last revision.

## **ARTICLE III SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS**

3.1 OVERALL SUPERVISION. Working Interest Owners shall exercise overall supervision and control of all matters pertaining to Unit Operations pursuant to this Agreement and the Unit Agreement. In the exercise of such authority, each Working Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

3.2 SPECIFIC AUTHORITY AND DUTIES. The matters with respect to which Working Interest Owners shall decide and take action shall include, but not be limited to, the following:

3.2.1 METHOD OF OPERATION. The method of operation, including the type or types of pressure maintenance, secondary recovery, or other recovery program to be employed.

3.2.2 DRILLING OF WELLS. The drilling of any well whether for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.3 WELL RECOMPLETIONS AND CHANGE OF STATUS. The recompletion, abandonment, or change of status of any well, or the use of any well for injection, salt water disposal, or other purposes, or the acquisition of wells for Unit Operations.

3.2.4 EXPENDITURES. The making of any single expenditure in excess of Fifty Thousand Dollars (\$50,000.00) for any single item, project, or installation; provided that approval by Working Interest Owners of the drilling, reworking, deepening, or plugging back of any well shall include approval of all necessary expenditures required therefor, and for completing, testing, and equipping the same, including necessary flow lines, separators, and lease tankage and, provided further, that no separate approval shall be required of any expenditure authorized as part of some other expenditure. It is understood and agreed that prior approval by Working Interest Owners for a particular Unit Operation or project will obligate the Working Interest Owners to pay their proportionate share of the actual costs incurred by the Unit Operator in conducting said operation or project, and that their liability will not be limited to the amount stated in any estimate or proposed AFE circulated by the Unit Operator prior to completion of such project or operation. However, in the event Unit Operator becomes aware that actual costs of a project or operation will exceed the approved AFE of such project or operation by more than ten percent (10%), Unit Operator will submit an additional AFE in relation to such additional cost.

3.2.5 DISPOSITION OF UNIT EQUIPMENT. The selling or otherwise disposing of any major item of surplus Unit Equipment, if the current price of new equipment similar thereto is Fifty Thousand Dollars (\$50,000.00) or more.

3.2.6 APPEARANCE BEFORE A COURT OR REGULATORY AGENCY. The designating of a representative to appear before any court or regulatory agency in matters pertaining to Unit Operations; however, such designation shall not prevent any Working Interest Owner from appearing in person or from designating another representative in its own behalf and at its own expense.

3.2.7 AUDITS. The auditing of the accounts of Unit Operator pertaining to Unit Operations hereunder; however, the audits shall (a) not be conducted more than once each year except upon resignation or removal of Unit Operator, and (b) be made at the expense of those Working Interest Owners requesting such audit, and (c) be made upon not less than thirty (30) days' written notice to Unit Operator.

3.2.8 INVENTORIES. The taking of periodic inventories under the terms of EXHIBIT E.

3.2.9 TECHNICAL SERVICES. The authorizing of charges to the joint account of all Working Interest Owners for services by consultants or Unit Operator's technical personnel not covered by the overhead charges provided by EXHIBIT E.

3.2.10 TECHNICAL CONSULTANTS. The employment of independent consultants as necessary.

3.2.11 ASSIGNMENTS TO COMMITTEES. The appointment of committees to study any problems in connection with Unit Operations.



3.2.12 THE REMOVAL OF UNIT OPERATOR. The removal of Unit Operator and the selection of a successor.

3.2.13 THE ADJUSTMENT AND READJUSTMENT OF INVESTMENTS. The adjustment and readjustment of investments.

3.2.14 THE TERMINATION OF THE UNIT AGREEMENT. The termination of the Unit Agreement.

3.2.15 OUTSIDE AGREEMENTS. The approval or disapproval of any arrangements or agreements for coordinating Unit Operations hereunder with operations of a similar nature upon lands outside the Unit Area.

#### **ARTICLE IV MANNER OF EXERCISING SUPERVISION**

4.1 DESIGNATION OF REPRESENTATIVES. Each Working Interest Owner shall in writing inform Unit Operator of the names and addresses of the representative and alternate who are authorized to represent and bind such Working Interest Owner with respect to Unit Operations. The representative or alternate may be changed from time to time by written notice to Unit Operator.

4.2 MEETINGS. All meetings of Working Interest Owners shall be called by Unit Operator upon its own motion or at the request of one or more Working Interest Owners having a total Unit Participation of not less than fifteen percent (15%). No meeting shall be called on less than fourteen (14) days advance written notice with agenda for the meeting attached or ten (10) days email or telephone notice. Working Interest Owners who attend the meeting may amend items included in the agenda and may act upon an amended item or other items presented at the meeting. The representative of Unit Operator shall be chairman of each meeting. Meetings may be held telephonically. The Unit Operator shall provide prompt notice in writing to the Working Interest Owners of the results of telephonically conducted meetings.

4.3 VOTING PROCEDURE. Working Interest Owners shall decide all matters coming before them as follows:

4.3.1 VOTING INTEREST. Each Working Interest Owner shall have a voting interest equal to its Unit Participation at the time of the vote.

4.3.2 VOTE REQUIRED GENERALLY. Unless otherwise provided herein or in the Unit Agreement, all matters shall be decided by an affirmative vote of three (3) or more Working Interest Owners having a combined voting interest of sixty-five percent (65%) or more; however, should there be any Working Interest Owner having more than thirty-five percent (35%) voting interest, its negative vote or failure to vote shall not defeat a motion; such motion shall pass if approved by Working Interest Owners having a majority voting interest unless Working Interest Owners having a combined voting interest of at least five percent (5%) likewise vote against the motion or fail to vote.

4.3.3 VOTE AT MEETING BY NONATTENDING WORKING INTEREST OWNER. Any Working Interest Owner who is not represented at a meeting may vote on any agenda item by letter or email addressed to the representative of Unit Operator if its vote is received prior to the vote at the meeting.

4.3.4 POLL VOTES. Working Interest Owners may vote on and decide, by letter or email, any matter submitted in writing to Working Interest Owners. If a meeting is not requested, as provided in Section 4.2, within fourteen (14) days after a written proposal is received by Working Interest Owners, the vote taken by letter or email shall become final. Unit Operator will give prompt notice of the results of such voting to all Working Interest Owners.

## **ARTICLE V INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS**

5.1 RESERVATION OF RIGHTS. Working Interest Owners severally reserve to themselves all their rights, except as otherwise provided in this Agreement and the Unit Agreement.

5.2 SPECIFIC RIGHTS. Each Working Interest Owner shall have, among others, the following specific rights:

5.2.1 ACCESS TO UNIT AREA. Access to the Unit Area at all reasonable times to inspect Unit Operations, all wells, and the records and data pertaining thereto.

5.2.2 REPORTS. The right to receive from Unit Operator, upon written request, copies of all reports to any governmental agency, reports of crude oil runs and stocks, inventory reports, and all other information pertaining to Unit Operations. The cost of gathering and furnishing information not ordinarily furnished by Unit Operator to all Working Interest Owners shall be charged to the Working Interest Owner that requests the information.

5.3 TAKING UNITIZED SUBSTANCES IN KIND. The Unitized Substances allocated to each Tract shall be delivered in kind to the respective parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Such parties shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided they are so constructed, maintained, and operated as not to interfere with Unit Operations and are constructed and maintained in accordance with all valid statutes and regulations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of Unitized Substances shall be borne by the owner of such portion. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of Unitized Substances.

5.4 FAILURE TO TAKE IN KIND. If any party fails to take in kind or separately dispose of such party's share of Unitized Substances, Unit Operator shall have the obligation, for the time being and subject to revocation at will by the party owning the share, to purchase or sell to others such share; however, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry

under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owners of each affected Tract or a party designated by such Working Interest Owners shall distribute such proceeds to the parties entitled thereto. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any other party's share of gas production without first giving such other party sixty (60) days notice of such intended sale. Should any party at any time separately market its share of the gas produced resulting in an imbalance (receipt of more or less of that parties proportionate share of the gas produced), then all parties shall enter into a Gas Balancing Agreement in keeping with industry standards.

5.5 RESPONSIBILITY FOR ROYALTY SETTLEMENTS. Any party receiving in kind or separately disposing of all or part of the Unitized Substances allocated to any Tract shall be responsible for the payment of all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances, and shall indemnify all parties hereto, including Unit Operator, against any liability for such payment. In all cases where arrangements have been made by Working Interest Owners to have Unit Operator make any of the above referred to payments for their accounts, each such Working Interest Owner agrees to pay Unit Operator each month a sum of money sufficient to cover all such payments made in its behalf and to furnish Unit Operator with complete information upon which Unit Operator may base such payments, including, if requested to do so, complete abstracts of title to the lands covered by its Working Interest.

## ARTICLE VI UNIT OPERATOR

6.1 INITIAL UNIT OPERATOR. **Texland Petroleum, L.P.** is hereby designated as the Unit Operator.

6.2 RESIGNATION OR REMOVAL. Unit Operator may resign at any time. Unit Operator may be removed at any time by the concurring vote of a majority of the Working Interest Owners having a combined voting interest of more than seventy-five percent (75%) after excluding the vote and the voting interest of Unit Operator, if any. Such resignation or removal shall not become effective for a period of three (3) months after the resignation or removal, unless a successor Unit Operator has taken over Unit Operations prior to the expiration of such period. It is understood and agreed that Texland Petroleum, L.P. shall continue as the Unit Operator even if Texland assigns all of its ownership in the Unit Area to Schumacher Partners II, L.P., James H. Wilkes (or associated entity Wilkes Family Partnership, LLC), and others. However, Texland Petroleum, L.P. shall be deemed to have resigned if Schumacher Partners II, L.P. or James H. Wilkes (or associated entity Wilkes Family Partnership, LLC) collectively assign and convey all of their interests in the Unit Area to one or more parties who are not owned, controlled, managed, or employed by Texland Petroleum or one or more of said individuals

6.3 SELECTION OF SUCCESSOR. Upon the resignation or removal of a Unit Operator, a successor Unit Operator shall be selected by Working Interest Owners. If the Unit Operator that is removed fails to vote or votes only to succeed itself, the successor Unit Operator shall be selected by the concurring vote of two (2) or more Working Interest Owners having a combined voting interest of fifty-one percent (51%) or more after excluding the vote and the voting interest of the Unit Operator.

## **ARTICLE VII AUTHORITY AND DUTIES OF UNIT OPERATOR**

7.1 **EXCLUSIVE RIGHT TO OPERATE UNIT.** Subject to the provisions of this Agreement and to instructions from Working Interest Owners, Unit Operator shall have the exclusive right and be obligated to conduct Unit Operations.

7.2 **WORKMANLIKE CONDUCT.** Unit Operator shall conduct Unit Operations in a good and workmanlike manner as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them informed of all matters which Unit Operator, in the exercise of its best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages, unless such damages result from its gross negligence or willful misconduct.

7.3 **LIENS AND ENCUMBRANCES.** Unit Operator shall endeavor to keep the lands and leases in the Unit Area and Unit Equipment free from all liens and encumbrances occasioned by Unit Operations, except the lien and security interest of Unit Operator and Working Interest Owners granted hereunder.

7.4 **EMPLOYEES.** The number of employees used by Unit Operator in conducting Unit Operations, their selection, hours of labor, and compensation shall be determined by Unit Operator. Such employees shall be the employees of Unit Operator.

7.5 **RECORDS.** Unit Operator shall keep correct books, accounts, and records of Unit Operations.

7.6 **REPORTS TO WORKING INTEREST OWNERS.** Unit Operator shall furnish Working Interest Owners periodic reports of Unit Operations.

7.7 **REPORTS TO GOVERNMENTAL AUTHORITIES.** Unit Operator shall make all reports to governmental authorities that it has the duty to make as Unit Operator.

7.8 **ENGINEERING AND GEOLOGICAL INFORMATION.** Unit Operator shall furnish to a Working Interest Owner, upon written request, any and all data associated with any wells drilled in the Unit, including, but not limited to, a copy of all logs and other engineering and geological data pertaining to wells drilled for Unit Operations subsequent to the effective date hereof.

7.9 **EXPENDITURES.** Unit Operator is authorized to make single expenditures not in excess of Fifty Thousand Dollars (\$50,000.00) without prior approval of Working Interest Owners. Notwithstanding any other provision of this Agreement to the contrary in case of an emergency, Unit Operator may immediately take such steps and incur such expenses as in its opinion are required to deal with the emergency and to safeguard life and property. Unit Operator shall report to Working Interest Owners, as promptly as possible, the nature of the emergency and the action taken.

7.10 **WELLS DRILLED BY UNIT OPERATOR.** All wells drilled by Unit Operator shall be at the usual rates prevailing in the area. Unit Operator may employ its own tools and equipment, but the charge therefor shall not exceed the usual rates prevailing in the area, and the work shall be performed by Unit Operator under the same terms and conditions as are usual in the area in contracts of independent contractors doing work of a similar nature.

7.11 **BORDER AGREEMENTS.** Unit Operator may, after approval by Working Interest Owners, enter into border agreements with respect to lands adjacent to the Unit Area for the purpose of coordinating operations.

7.12 **MATHEMATICAL ERRORS.** It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical errors which might exist in the exhibits to this Agreement.

7.13 **INDEMNITIES.** As to any contract executed by Unit Operator with an independent contractor concerning operation or service to be performed in connection with Unit Operations, Unit Operator shall require that any indemnification provision in favor of Unit Operator contained therein shall extend to and inure to the benefit of Working Interest Owners in the same manner as Unit Operator.

## **ARTICLE VIII TAXES**

8.1 **AD VALOREM TAXES.** Beginning with the first calendar year after the Effective Date, Unit Operator shall make and file all necessary ad valorem tax renditions and returns with the proper taxing authorities covering all real and personal property of each Working Interest Owner used or held by Unit Operator for Unit Operations. Unit Operator shall settle assessments arising therefrom. All such ad valorem taxes shall be paid by Unit Operator and be charged to the joint account; however, if the interest of a Working Interest Owner is subject to a separately assessed overriding royalty interest, production payment, or other interest in excess of a one-eighth (1/8) royalty, such Working Interest Owner shall notify Unit Operator of such interest prior to the rendition date and shall be given credit for the reduction in taxes paid resulting therefrom. At any time or times when the assessment for ad valorem tax purposes of each Working Interest Owner's interest is valued upon the current price such Working Interest Owner receives for its share of Unitized Substances, Unit Operator shall pay all such ad valorem taxes based upon such assessment, and bill separately each Working Interest Owner for its share of such taxes in that proportion which the value for tax purposes which is attributable to each party's Working Interest bears to the total value for tax purposes of all Working Interests.

8.2 **OTHER TAXES.** Each Working Interest Owner shall pay or cause to be paid all production, severance, gathering, and other taxes imposed upon or with respect to the production or handling of its share of Unitized Substances.

## **ARTICLE IX INSURANCE**

9.1 **INSURANCE.** Unit Operator, with respect to Unit Operations, shall:

- (a) comply with the Workman's Compensation Laws of the State of New Mexico,
- (b) carry employer's liability and other insurance required by the laws of the State of Mexico, and
- (c) comply with all bond and insurance requirements set out under all applicable statutes and regulations.

## **ARTICLE X ADJUSTMENT OF INVESTMENTS**

[This Paragraph Deleted]

## **ARTICLE XI UNIT EXPENSE**

11.1 **BASIS OF CHARGE TO WORKING INTEREST OWNERS.** Unit Operator initially shall pay all Unit Expense. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense.

11.2 **ADVANCE BILLINGS.** Unit Operator shall have the right, without prejudice to other rights or remedies, to require Working Interest Owners to advance their respective shares of estimated Unit Expense by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized estimate thereof for the succeeding month, with a request for payment in advance. Within thirty (30) days after receipt of the estimate, each Working Interest Owner shall pay to Unit Operator its share of such estimate. Adjustments between estimated and actual Unit Expense shall be made by Unit Operator at the close of each calendar month, and the accounts of Working Interest Owners shall be adjusted accordingly.

11.3 **COMMINGLING OF FUNDS.** Funds received by Unit Operator under this Agreement need not be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.4 **LIEN AND SECURITY INTEREST.** Each Working Interest Owner grants to Unit Operator a lien upon its Oil and Gas Rights in each Tract, and a security interest in its share of Unitized Substances when extracted and its interest in all Unit Equipment, to secure payment of its share of Unit Expenses, together with interest thereon at the rate set out in EXHIBIT E, but not to exceed the maximum rate allowed by law. Unit Operator grants a like lien and security interest to Working Interest Owners to secure payment of Unit Operator's proportionate share of Unit Expense. Unit Operator shall have the right to bring suit to enforce collection of such indebtedness with or without seeking foreclosure of the lien. To the extent that Unit Operator has a security interest under the Texas Business and Commerce Code as enacted by the State of Texas, Unit Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of a judgment by Unit Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Working

Interest Owner in the payment of its share of Unit Expense, Unit Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed by such Working Interest Owner, plus interest, has been paid. Each purchaser shall be entitled to rely upon Unit Operator's written statement concerning the amount of any default. Working Interest Owners, by execution of this Agreement, hereby release purchaser from any cause of action that they may have based upon purchaser's payment to Unit Operator of Working Interest owner's share of the proceeds in reliance upon Unit Operator's written statement concerning the amount of Working Interest Owner's default and covenant not to sue purchaser on any such cause of action.

11.5 UNPAID UNIT EXPENSE. If any Working Interest Owner fails to pay its share of Unit Expense within sixty (60) days after rendition of a statement therefor by Unit Operator, each Working Interest Owner agrees, upon request by Unit Operator, to pay its proportionate part of Unit Expense of the defaulting Working Interest Owner. Working Interest Owners that pay the share of Unit Expense of a defaulting Working Interest Owner shall be reimbursed by Unit Operator for the amount so paid, plus any interest collected thereon, upon receipt by Unit Operator of any past due amount collected from the defaulting Working Interest Owner. Such Working Interest Owner shall also share in the production of such defaulting Working Interest Owner in proportion to the portion of such defaulting Working Interest Owner's share of Unit Expense paid by such Working Interest Owners. Any Working Interest Owner so paying a defaulting Working Interest Owner's share of Unit Expense shall, to obtain reimbursement thereof, be subrogated to the lien and other rights herein granted Unit Operator.

11.6 CARVED-OUT INTEREST. If any Working Interest Owner shall, after executing this Agreement, create an overriding royalty, production payment, net profits interest, carried interest, or any other interest out of its Working Interest, such carved-out interest shall be subject to the terms and provisions of this Agreement, specifically including, but without limitation, Section 11.5 hereof. If the Working Interest Owner creating such carved-out interest (a) fails to pay any Unit Expense chargeable to such Working Interest Owner under this Agreement, and the production of Unitized Substances accruing to the credit of such Working Interest Owner is insufficient for the purpose, or (b) withdraws from this Agreement under the terms and provisions of ARTICLE XVII hereof, the carved-out interest shall be chargeable with a pro rata portion of all Unit Expense incurred hereunder, the same as though such carved-out interest were a Working Interest, and Unit Operator shall have the right to enforce against such carved-out interest, the lien and all other rights granted in Section 11.5 for the purpose of collecting the Unit Expense chargeable to the carved-out interest.

11.7 UNCOMMITTED ROYALTY. Should an owner of a Royalty Interest in any Tract fail to become party to the Unit Agreement, and, as a result thereof, the actual Royalty Interest payments with respect to production from such Tract are more or less than the Royalty Interest payments computed on the basis of the Unitized Substances that are allocated to such Tract under the Unit Agreement, the difference shall be borne by or inure to the benefit of Working Interest Owners, in proportion to their respective Unit Participations at the time the Unitized Substances were produced; however, the difference to be borne by or inure to the benefit of Working Interest Owners shall not exceed an amount computed on the basis of one-eighth (1/8) of the difference

between the Unitized Substances allocated to the Tract and the Unitized Substances produced from the Tract. Such adjustments shall be made by charges and credits to the Joint Account.

## **ARTICLE XII NONUNITIZED FORMATIONS**

12.1 **RIGHT TO OPERATE.** Any Working Interest Owner that now has or hereafter acquires the right to drill for and produce oil, gas or other minerals, from a formation underlying the Unit Area other than the Unitized Formation, shall have the right to do so subject to the terms of the Production Payment Agreement, notwithstanding this Agreement or the Unit Agreement. In exercising the right, however, such Working Interest Owner shall exercise care to prevent unreasonable interference with Unit Operations. No Working Interest Owner shall produce Unitized Substances through any well drilled or operated by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be protected in a manner satisfactory to Working Interest Owners so that the production of Unitized Substances will not be adversely affected.

## **ARTICLE XIII TITLES**

13.1 **WARRANTY AND INDEMNITY.** Each Working Interest Owner represents and warrants that it is the owner of the respective working Interests set forth opposite its name in EXHIBIT D, and agrees to indemnify and hold harmless the other Working Interest Owners from any loss due to failure, in whole or in part, of its title to any such interest, except failure of titles arising because of Unit Operations; however, such indemnity and any liability for breach of warranty shall be limited to an amount equal to the net value that has been received from the sale or receipt of Unitized Substances attributed to the interest as to which title failed. Each failure of title will be deemed to be effective, insofar as this Agreement is concerned, as of 7:00 a.m. on the first day of the calendar month in which such failure is finally determined, and there shall be no retroactive adjustment of Unit Expense, or retroactive allocation of Unitized Substances or the proceeds therefrom, as a result of a title failure.

13.2 **FAILURE BECAUSE OF UNIT OPERATIONS.** The failure of title to any Working Interest in any Tract because of Unit Operations, including nonproduction from such Tract, shall not change the Unit Participation of the Working Interest Owner whose title failed in relation to the Unit Participations of the other Working Interest Owners at the time of the title failure.



## **ARTICLE XIV LIABILITY, CLAIMS, AND SUITS**

14.1 **INDIVIDUAL LIABILITY.** The duties, obligations, and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein shall ever be construed as creating a partnership of any kind, joint venture, association, or trust among Working Interest Owners.

14.2 **SETTLEMENTS.** Unit Operator may settle any single damage claim or suit involving Unit Operations if the expenditure does not exceed Fifty Thousand Dollars (\$50,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, Working Interest Owners shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Unit Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be an item of Unit Expense. If a claim is made against any Working Interest Owner or if any Working Interest Owner is sued on account of any matter arising from Unit Operations over which such Working Interest Owner individually has no control because of the rights given Working Interest Owners and Unit Operator by this Agreement and the Unit Agreement, the Working Interest Owner shall immediately notify Unit Operator, and the claim or suit shall be treated as any other claim or suit involving Unit Operations.

## **ARTICLE XV INTERNAL REVENUE PROVISION**

15.1 **INTERNAL REVENUE PROVISION.** Notwithstanding any provisions herein that the rights and liabilities of the parties hereunder are several and not joint or collective, or that this Agreement and the operations hereunder shall not constitute a partnership, if for Federal income tax purposes this Agreement and the operations hereunder are regarded as a partnership, then each of the parties hereto hereby elects to be excluded from the application of all of the provisions of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of said Code and the regulations promulgated thereunder. Unit Operator is hereby authorized and directed to execute on behalf of each of the parties hereto such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulation 1.761-1(a). Should there be any requirement that each party hereto further evidence this election, each party hereto agrees to execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. Each party hereto further agrees not to give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the State of New Mexico, or any future income tax laws of the United States contain, or shall hereafter contain, provisions similar to those contained in Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of said Subchapter K is permitted, each of the parties hereto hereby makes such election or agrees to make such election as may be permitted by such laws. In making this election, each of the parties hereto hereby states that the income derived by such party from the operations under this Agreement can be adequately determined with the computation of partnership taxable income.

## **ARTICLE XVI NOTICES**

16.1 NOTICES. All notices required hereunder shall be in writing and shall be deemed to have been properly served when received by mail to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with ARTICLE IV.

## **ARTICLE XVII WITHDRAWAL OF WORKING INTEREST OWNER**

17.1 WITHDRAWAL. A Working Interest Owner may withdraw from this Agreement by transferring, with special warranty of title only, either express or implied, to the other Working Interest Owners who do not wish to withdraw, all its Oil and Gas Rights in the Unitized Formation, together with its interest in all Unit Equipment and in all personal property used in Unit Operations. The instrument of transfer may be delivered to Unit Operator for the transferees. Such transfer shall not relieve said Working Interest Owner from any obligation or liability incurred prior to the date of the delivery of the instrument of transfer. The interest transferred shall be owned by the transferees in proportion to their respective Unit Participations. The transferees, in proportion to the respective interests so acquired, shall pay transferor the net salvage value of the Unit Equipment. After the date of delivery of the instrument of transfer, the withdrawing Working Interest Owner shall be relieved from all further obligations and liability hereunder and under the Unit Agreement, and the rights of such Working Interest Owner hereunder and under the Unit Agreement shall cease insofar as they existed by virtue of the interest transferred.

## **ARTICLE XVIII ABANDONMENT OF WELLS**

18.1 RIGHTS OF FORMER OWNERS. If the Working Interest Owners decide to permanently abandon any well within the Unit Area as to the Unitized Interval prior to termination of the Unit Agreement, Unit Operator shall give written notice thereof to all of the Working Interest Owners owning in the tract upon which the well is located and they shall have the option for a period of ninety (90) days after the receipt of such notice to notify Unit Operator in writing of their election to take over and own the well. Within thirty (30) days after the Working Interest Owners have notified Unit Operator of their election to take over the well, they shall pay Unit Operator, for credit to the joint account, the amount determined by Working Interest Owners to be the net salvage value of any such casing and equipment. By taking over the well, such Working Interest Owners agree to seal off the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws, regulations and ordinances. The Working Interest Owners who take over the well under this provision shall immediately file the necessary forms showing the change in operation with the appropriate City, State and Federal agencies.

18.2 PLUGGING. If no Working Interest Owners elect to take over a well located within the Unit Area that is proposed for abandonment, Unit Operator shall plug and abandon the well in compliance with applicable laws, regulations, and ordinances at Unit expense. Any salvage value, including the salvage value of casing, shall be credited to Working Interest Owners on the basis of their respective Unit Participation.

## **ARTICLE XIX**

## **EFFECTIVE DATE AND TERM**

19.1 **EFFECTIVE DATE.** This Agreement shall be and become binding on each party as of the date of execution or ratification of same by such party but shall not become effective for the purpose of conducting Unit Operations hereunder until the effective date of the Unit Agreement, which date shall also be the effective date of this Agreement.

19.2 **TERM.** This Agreement shall continue in effect so long as the Unit Agreement remains in effect, and thereafter until (a) all Unit wells have been plugged and abandoned or turned over to Working Interest Owners in accordance with ARTICLE XX; (b) all Unit Equipment and real property acquired for the joint account have been disposed of by Unit Operator in accordance with instructions of Working Interest Owners; and (c) there has been a final accounting, which shall be rendered within sixty (60) days after the sale of the Unit Equipment.

## **ARTICLE XX ABANDONMENT OF OPERATIONS**

20.1 **TERMINATION.** Upon termination of the Unit Agreement, the following will occur:

20.1.1 **OIL AND GAS RIGHTS.** Oil and Gas Rights in and to each separate Tract shall no longer be affected by this Agreement, and thereafter the parties shall be governed by the terms and provisions of the leases, joint operating contracts, and other contracts and instruments affecting the separate Tracts.

20.1.2 **RIGHT TO OPERATE.** Working Interest Owners of any Tract that desire to take over and continue to operate wells located thereon may do so by paying Unit Operator the net salvage value of the Unit Equipment and all personal property separately owned by other Working Interest Owners in and on the wells taken over and by agreeing to plug properly each well at such time as it is abandoned.

20.1.3 **SALVAGING WELLS.** Unit Operator shall salvage as much of the casing and equipment in or on wells not taken over by Working Interest Owners of separate Tracts as can economically and reasonably be salvaged, and shall cause the wells to be plugged and abandoned in compliance with applicable laws, regulations and ordinances.

20.1.4 **COST OF SALVAGING.** Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operations and not taken over by Working Interest Owners of separate Tracts, in proportion to their respective Unit Participation.

20.1.5 **COST OF ABANDONMENT.** The cost of abandonment of Unit Operations shall be Unit Expense.

20.1.6 **DISTRIBUTION OF ASSETS.** Working Interest Owners shall share in the distribution of Unit Equipment, or the proceeds thereof, in proportion to their Unit Participations.

## **ARTICLE XXI EXECUTION**

21.1 ORIGINAL, COUNTERPART, OR OTHER INSTRUMENT. A party may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, a ratification or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all parties had signed the same instrument.

## **ARTICLE XXII SUCCESSORS AND ASSIGNS**

22.1 SUCCESSORS AND ASSIGNS. The provisions hereof shall be covenants running with the lands, leases, units and interests covered hereby, and shall extend to, be binding upon, and inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors, and assigns of the parties hereto.

## **ARTICLE XXIII CHANGES OF OWNERSHIP PRIOR TO EXECUTION**

23.1 CHANGES OF OWNERSHIP PRIOR TO EXECUTION. In view of the diverse character of the ownership of the Working Interest it is possible, though not contemplated, that the Working Interest, Tract Participation and Unit Participation as shown on EXHIBIT E may have been incorrectly established or may change as the result of conveyance or deaths occurring between the time of the preparations of this Agreement and the time of its execution by all parties. In either of such events, Unit Operator is authorized to revise EXHIBIT E to conform to the facts. The revisions shall not include any change in the Working Interest, Tract Participation or Unit Participation of any party who has previously executed this Agreement, except (1) authorized in the Unit Agreement, (2) to conform with changes with the consent of all parties affected by such changes or (3) on authority of a certified copy of a properly executed and recorded conveyance.

## **ARTICLE XXIV AMENDMENT**

24.1 AMENDMENT. This Agreement may be amended by the affirmative vote of the Working Interest Owners as set forth in Section 4.3.2 hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date evidenced by their certificates of acknowledgment hereof.

**WORKING INTEREST OWNERS**

[SIGNATURE BLOCKS]

**Exhibit D**  
**Working Interest Ownership of Unit Area**

# Original Expense Interest by Well

Owner #	Owner	Goodding	Murphy	Stovall	V Cook	Shelton
112294	CL& F RESOURCES LP	0.36328125	0.37500000	0.37500000	0.37500000	0.37500000
200945	COG OPERATING LLC	0.02773438	0.00000000	0.00000000	0.00000000	0.00000000
205037	COLLINS PERMIAN, LP	0.11140625	0.11500000	0.11500000	0.11500000	0.11500000
117590	KEITH W. DAVIS	0.00968750	0.01000000	0.01000000	0.01000000	0.01000000
129071	THOMAS FOX	0.00072656	0.00075000	0.00075000	0.00075000	0.00075000
145550	MARK A JACOBY	0.00968750	0.01000000	0.01000000	0.01000000	0.01000000
151840	BRYAN E. LEE	0.03390625	0.03500000	0.03500000	0.03500000	0.03500000
155900	JUDY MCGINN	0.00145312	0.00150000	0.00150000	0.00150000	0.00150000
156550	GREG MENDENHALL	0.00072656	0.00075000	0.00075000	0.00075000	0.00075000
423	NAMY ENERGY L.P.	0.14434375	0.14900000	0.14900000	0.14900000	0.14900000
196848	OXY Y-1 COMPANY	0.00312500	0.00000000	0.00000000	0.00000000	0.00000000
170540	GARY PHILLIPS	0.00339063	0.00350000	0.00350000	0.00350000	0.00350000
120	SCHUMACHER PARTNERS II LP	0.14434375	0.14900000	0.14900000	0.14900000	0.14900000
180380	GORDON E SOMMERS	0.00145313	0.00150000	0.00150000	0.00150000	0.00150000
500	JAMES H WILKES	0.14434375	0.14900000	0.14900000	0.14900000	0.14900000
201834	YATES INDUSTRIES LLC	<u>0.00039062</u>	<u>0.00000000</u>	<u>0.00000000</u>	<u>0.00000000</u>	<u>0.00000000</u>
<b>Total</b>		1.00000000	1.00000000	1.00000000	1.00000000	1.00000000

Phase I Participation Factors:							Total	
	Goodding	Murphy	Stovall	V Cook	Shelton			
	0.21182581	0.12347395	0.30392766	0.12892156	0.23185102		1.00000000	
Expenses - Phase I								
Stovall	Owner	Goodding	Murphy	Stovall	V Cook	Shelton	Unit Working Interest: Phase I	
112294	CL& F RESOURCES LP	0.07695235	0.04630273	0.11397287	0.04834559	0.08694413	0.37251767	
200945	COG OPERATING LLC	0.00587486	0.00000000	0.00000000	0.00000000	0.00000000	0.00587486	
205037	COLLINS PERMIAN, LP	0.02359872	0.01419950	0.03495168	0.01482598	0.02666287	0.11423875	
117590	KEITH W. DAVIS	0.00205206	0.00123474	0.00303928	0.00128922	0.00231851	0.00993381	
129071	THOMAS FOX	0.00015390	0.00009261	0.00022795	0.00009669	0.00017389	0.00074504	
145550	MARK A JACOBY	0.00205206	0.00123474	0.00303928	0.00128922	0.00231851	0.00993381	
151840	BRYAN E. LEE	0.00718222	0.00432159	0.01063747	0.00451225	0.00811479	0.03476832	
155900	JUDY MCGINN	0.00030781	0.00018521	0.00045589	0.00019338	0.00034778	0.00149007	
156550	GREG MENDENHALL	0.00015390	0.00009261	0.00022795	0.00009669	0.00017389	0.00074504	
423	NAMY ENERGY L.P.	0.03057573	0.01839762	0.04528522	0.01920931	0.03454580	0.14801368	
196848	OXY Y-1 COMPANY	0.00066196	0.00000000	0.00000000	0.00000000	0.00000000	0.00066196	
170540	GARY PHILLIPS	0.00071822	0.00043216	0.00106375	0.00045123	0.00081148	0.00347684	
120	SCHUMACHER PARTNERS II LP	0.03057573	0.01839762	0.04528522	0.01920931	0.03454580	0.14801368	
180380	GORDON E SOMMERS	0.00030781	0.00018521	0.00045589	0.00019338	0.00034778	0.00149007	
500	JAMES H WILKES	0.03057574	0.01839761	0.04528521	0.01920931	0.03454579	0.14801366	
201834	YATES INDUSTRIES LLC	0.00008274	0.00000000	0.00000000	0.00000000	0.00000000	0.00008274	
Total		0.21182581	0.12347395	0.30392766	0.12892156	0.23185102	1.00000000	



## Phase II Participation Factors:

Goodding	Murphy	Stovall	V Cook	Shelton	Total
0.18710235	0.24163388	0.27628568	0.13614511	0.15883298	1.00000000

## Expenses - Phase II

Owner #	Owner	Goodding	Murphy	Stovall	V Cook	Shelton	Unit Expense Interest
112294	CL& F RESOURCES LP	0.06797078	0.09061271	0.10360713	0.05105442	0.05956237	0.37280741
200945	COG OPERATING LLC	0.00518917	0.00000000	0.00000000	0.00000000	0.00000000	0.00518917
205037	COLLINS PERMIAN, LP	0.02084437	0.02778790	0.03177285	0.01565669	0.01826579	0.11432760
117590	KEITH W. DAVIS	0.00181255	0.00241634	0.00276286	0.00136145	0.00158833	0.00994153
129071	THOMAS FOX	0.00013594	0.00018123	0.00020721	0.00010211	0.00011912	0.00074561
145550	MARK A JACOBY	0.00181255	0.00241634	0.00276286	0.00136145	0.00158833	0.00994153
151840	BRYAN E. LEE	0.00634394	0.00845719	0.00967000	0.00476508	0.00555915	0.03479536
155900	JUDY MCGINN	0.00027188	0.00036245	0.00041443	0.00020422	0.00023825	0.00149123
156550	GREG MENDENHALL	0.00013594	0.00018123	0.00020721	0.00010211	0.00011912	0.00074561
	423 NAMY ENERGY L.P.	0.02700706	0.03600344	0.04116657	0.02028562	0.02366611	0.14812880
196848	OXY Y-1 COMPANY	0.00058469	0.00000000	0.00000000	0.00000000	0.00000000	0.00058469
170540	GARY PHILLIPS	0.00063439	0.00084572	0.00096700	0.00047651	0.00055592	0.00347954
120	SCHUMACHER PARTNERS II LP	0.02700706	0.03600344	0.04116657	0.02028562	0.02366612	0.14812881
180380	GORDON E SOMMERS	0.00027188	0.00036245	0.00041443	0.00020422	0.00023825	0.00149123
500	JAMES H WILKES	0.02700706	0.03600344	0.04116656	0.02028561	0.02366612	0.14812879
201834	YATES INDUSTRIES LLC	0.00007309	0.00000000	0.00000000	0.00000000	0.00000000	0.00007309
Total		0.18710235	0.24163388	0.27628568	0.13614511	0.15883298	1.00000000

## Unit Revenue Cumulative Calculations

Owner No.	Owner	Interest Type	Phase I RI	Phase II RI
112294	CL& F RESOURCES LP	WI	0.29286791	0.29260050
200945	COG OPERATING LLC	WI	0.00477333	0.00421620
205037	COLLINS PERMIAN, LP	WI	0.08981282	0.08973082
117590	KEITH W. DAVIS	WI	0.00780981	0.00780268
129071	THOMAS FOX	WI	0.00058573	0.00058520
145550	MARK A JACOBY	WI	0.00780981	0.00780268
151840	BRYAN E. LEE	WI	0.02733435	0.02730939
155900	JUDY MCGINN	WI	0.00117147	0.00117040
156550	GREG MENDENHALL	WI	0.00058573	0.00058520
	423 NAMU ENERGY L.P.	WI	0.11636614	0.11625991
196848	OXY Y-1 COMPANY	WI	0.00053784	0.00047506
170540	GARY PHILLIPS	WI	0.00273344	0.00273094
	120 SCHUMACHER PARTNERS II LP	WI	0.11636617	0.11625994
180380	GORDON E SOMMERS	WI	0.00117146	0.00117041
	500 JAMES H WILKES	WI	0.11636618	0.11625997
201834	YATES INDUSTRIES LLC	WI	0.00006723	0.00005938
203902	BILLIE ANN BARTLETT YOUNG	WI	<u>0.00096464</u>	<u>0.00188776</u>
			0.78732406	0.78690644
200945	COG OPERATING LLC	OR	0.00022030	0.00019459
196848	OXY Y-1 COMPANY	OR	0.00002482	0.00002193
201834	YATES INDUSTRIES LLC	OR	0.00000310	0.00000274
154544	JEFF S. MANUPPELLI	OR	0.00048303	0.00033090
173298	RAMB VENTURES, LLC	OR	<u>0.00048303</u>	<u>0.00033090</u>
			0.00121428	0.00088106
13065	ARTHUR L. AKERS	RI	0.00049647	0.00043852
18079	CLYDE LEWIS BARGSLEY	RI	0.00840593	0.01161663
17614	NORMA J BARTON SEP. PROP.	RI	0.00008274	0.00007309
17621	ROY G. BARTON JR.	RI	0.00008274	0.00007309
17626	ROY G. BARTON, SR. & OPAL	RI	0.00049647	0.00043852
17540	WAYNE A. BISSETT	RI	0.00070333	0.00062124
17612	ALBERT W. BJORKEDAL	RI	0.00016549	0.00014617
111266	LAWRENCE C BRUA	RI	0.00016549	0.00014617
112286	CBR OIL PROPERTIES LLC	RI	0.00523906	0.00669900
115611	W G COOPER	RI	0.00016549	0.00014617
119398	PATRICIA A. MURPHY DRIVER	RI	0.01050741	0.01452077
119455	JOSE F & ALMA G DUFFENDACK	RI	0.00062058	0.00054815
124005	WILBUR C ENFIELD	RI	0.00008275	0.00007309
128197	RAYMOND K. FORD	RI	0.00210149	0.00290415
131994	JOSEPH E & TWILA M GOODDING	RI	0.00679539	0.00600226
134329	ROBERT & MAXINE HANNIFIN TR.	RI	0.00082744	0.00073087
136432	EDWARD F HINDEMAN, SEP PROPRI	RI	0.00033098	0.00029235
145981	LAURA J. JENNINGS	RI	0.00523906	0.00669900
146927	WILLIAM L JOHNSON	RI	0.00016549	0.00014617
149782	FLOYD & LUCY KISBY	RI	0.00049647	0.00043852
150055	DOUGLAS C KOCH	RI	0.00070333	0.00062124
150293	HOWARD V & BERNICE L KRATZ	RI	0.00024823	0.00021926
151197	JESSIE FAYE LACOSTE	RI	0.00008275	0.00007309
154314	MARTIN MADISON & MYRTLE V.	RI	0.00049647	0.00043852
154951	JOSEPH W & AGNES J MCBRIDE	RI	0.00024823	0.00021926

157559 LOTTIE MITTEER, GLADYS HART & RI	0.00033098	0.00029235
159056 GEORGE S. MURPHY III RI	0.01050741	0.01452077
160439 NEW MEXICO OIL CORPORATION RI	0.01433668	0.02094907
200771 THOMAS & JOYCE PETTIT FAM TR RI	0.00226513	0.00200075
200852 REALEZA DEL SPEAR LP RI	0.00082744	0.00073087
174659 BERTHA M RIGHTMIRE & ELIZABETH RI	0.00016549	0.00014617
175556 CECIL F ROOKS & RUBY B ROOKS RI	0.00049647	0.00043852
177807 WILLIAM A & AMANDA L SCOTT RI	0.00033098	0.00029235
202770 KENNETH C SHELBY, JR RI	0.00049647	0.00043852
184289 JOYCE L. THOMPSON, SEP. PROP. RI	0.00008275	0.00007309
184291 RICHARD L. THOMPSON RI	0.00008275	0.00007309
184983 OLAV TOFTEN RI	0.00016549	0.00014617
185218 PHYLLIS TRIVELY, SEP. PROPERTY RI	0.00008275	0.00007309
193774 G L WHITMAN RI	0.00024823	0.00021926
195543 FLOYD WILSON ESTATE RI	0.00024823	0.00021926
194801 ROBERT A. WISE, SEP. PROP. RI	0.00024823	0.00021926
203902 BILLIE ANN BARTLETT YOUNG RI	0.00113685	0.00101639
197554 OLIVER YOUNGBLOOD RI	0.00016549	0.00014617
197701 HARRY YUKON RI	0.00016549	0.00014617
	0.00000000	0.00000000
203554 GFSJR MINERALS, LLC RI	0.05983576	0.05439374
200546 PONDEROSA ROYALTY LLC RI	0.00664842	0.00604375
	0.00000000	0.00000000
200732 SARA S. DAVIS	0.00362592	0.00382908
200738 FIRST BAPTIST CHURCH/FRANKLIN	0.00241728	0.00255272
200734 JANE P. HAMMITT	0.00362592	0.00382908
200737 JAN S. JOHNSON	0.00362592	0.00382908
201085 DONALD PENN SANDIFER REV. TR	0.00362592	0.00382908
200733 WILLIAM D. SANDIFER	0.00362592	0.00382908
200736 SUSAN B. WHITE	0.00362592	0.00382908
	0.00000000	0.00000000
17540 WAYNE A. BISSETT RI	0.00205285	0.00140633
110152 BOLDRICK FAMILY PROP. LP RI	0.00011633	0.00007969
114273 CHURCH ST. UNITED METHODIST RI	0.00096604	0.00066180
204208 CUATRO ROJOS, LLC RI	0.00120756	0.00082725
130293 ROBERT CLEVE GARRARD RI	0.00120756	0.00082726
201349 JON D SHOOK RI	0.00060378	0.00041363
204572 KITTIE PEARL BROWN ESTATE RI	0.00181134	0.00124088
200350 GENE E. KNIGHT ESTATE TRUST RI	0.00080152	0.00054909
201281 PATSY KNIGHT LIFE ESTATE RI	0.00035252	0.00024150
202934 SUZANNE B KOCH RI	0.00102642	0.00070317
150055 DOUGLAS C KOCH RI	0.00102643	0.00070317
201279 CINDY KNIGHT LEE RI	0.00028573	0.00019574
200147 LOCKHART-WATSON FAMILY LLC RI	0.00201964	0.00138358
154544 JEFF S. MANUPPELLI RI	0.00144907	0.00099271
157221 GAYLE ADELE MILLER RI	0.00032202	0.00022060
202504 CINDY OGLESBY RI	0.00310515	0.00212723
202503 EDDY OGLESBY RI	0.00310515	0.00212723
202502 MIKE OGLESBY RI	0.00310515	0.00212723
202507 SHERRY BEADLE OWEN RI	0.00310515	0.00212723
173298 RAMB VENTURES, LLC RI	0.00144907	0.00099271
204680 SERENITY RESOURCES, LLC RI	0.00000612	0.00000419
200012 GILBERT SHELTON RI	0.00072453	0.00049635
200013 SHELTON POLK & BARBARA RI	0.00072453	0.00049635
204911 JEANETTE SHELTON RI	0.00072453	0.00049635

178448 DAN SHELTON	RI	0.00032202	0.00022060
178451 GILLIS SHELTON	RI	0.00048302	0.00033090
178452 HAROLD SHELTON, JR. &	RI	0.00048302	0.00033090
178449 JACK CAVETT SHELTON, SR.	RI	0.00032202	0.00022060
200028 SUSAN M. SHOOK REV INTER-VIVOS	RI	0.00060378	0.00041363
200027 WILLIAM B. & PIA A. SHOOK TR.	RI	0.00060378	0.00041363
204679 WARREN VENTURES, LTD	RI	0.00004082	0.00002796
202508 CRILL PEARSON WATSON	RI	0.00310515	0.00212723
202505 DENNIS YADON	RI	0.00310515	0.00212723
202506 TED YADON	RI	<u>0.00310515</u>	<u>0.00212723</u>
		0.21146167	0.21221249

# Goodding Lease Revenue Calculation

Owner No.	Owner	Interest Type	Tract RI	Phase I RI	Phase II RI
13065	ARTHUR L. AKERS	RI	0.00234375 SE	0.00049647	0.00043852
18079	CLYDE LEWIS BARGSLEY	RI	0.0125 M	0.00264782	0.00233878
17614	NORMA J BARTON SEP. PROP.	RI	0.00039062 M	0.00008274	0.00007309
17621	ROY G. BARTON JR.	RI	0.00039062 M	0.00008274	0.00007309
17626	ROY G. BARTON, SR. & OPAL	RI	0.00234375 M	0.00049647	0.00043852
17540	WAYNE A. BISSETT	RI	0.00332031 M	0.00070333	0.00062124
17612	ALBERT W. BJORKEDAL	RI	0.00078125 M	0.00016549	0.00014617
111286	LAWRENCE C BRUA	RI	0.00078125 SE	0.00016549	0.00014617
112286	CBR OIL PROPERTIES LLC	RI	0.015625 M	0.00330978	0.00292347
115611	W G COOPER	RI	0.00078125 SE	0.00016549	0.00014617
119398	PATRICIA A. MURPHY DRIVER	RI	0.015625 M	0.00330978	0.00292347
119455	JOSE F & ALMA G DUFFENDACK	RI	0.00292969 SE	0.00062058	0.00054815
124005	WILBUR C ENFIELD	RI	0.00039063 SE	0.00008275	0.00007309
128197	RAYMOND K. FORD	RI	0.003125 M	0.00066196	0.00058469
131994	JOSEPH E & TWILA M GOODDING	RI	0.03208008 SD	0.00679539	0.00600226
134329	ROBERT & MAXINE HANNIFIN TR.	RI	0.00390625 M	0.00082744	0.00073087
136432	EDWARD F HINDEMAN, SEP PROP	RI	0.0015625 SE	0.00033098	0.00029235
145981	LAURA J. JENNINGS	RI	0.015625 M	0.00330978	0.00292347
146927	WILLIAM L JOHNSON	RI	0.00078125 SE	0.00016549	0.00014617
149782	FLOYD & LUCY KISBY	RI	0.00234375 SE	0.00049647	0.00043852
150055	DOUGLAS C KOCH	RI	0.00332031 M	0.00070333	0.00062124
150293	HOWARD V & BERNICE L KRATZ	RI	0.00117188 SE	0.00024823	0.00021926
151197	JESSIE FAYE LACOSTE	RI	0.00039063 SE	0.00008275	0.00007309
154314	MARTIN MADISON & MYRTLE V.	RI	0.00234375 SE	0.00049647	0.00043852
154951	JOSEPH W & AGNES J MCBRIDE	RI	0.00117187 SE	0.00024823	0.00021926
157559	LOTTIE MITTEER, GLADYS HART &	RI	0.0015625 SE	0.00033098	0.00029235
159056	GEORGE S. MURPHY III	RI	0.015625 M	0.00330978	0.00292347
160439	NEW MEXICO OIL CORPORATION	RI	0.03125 M	0.00661956	0.00584695
200771	THOMAS & JOYCE PETTIT FAM TR	RI	0.01069336 M	0.00226513	0.00200075
200852	REALLEZA DEL SPEAR LP	RI	0.00390625 M	0.00082744	0.00073087
174659	BERTHA M RIGHTMIRE & ELIZABETH	RI	0.00078125 SE	0.00016549	0.00014617
175556	CECIL F ROOKS & RUBY B ROOKS	RI	0.00234375 SE	0.00049647	0.00043852
177807	WILLIAM A & AMANDA L SCOTT	RI	0.0015625 SE	0.00033098	0.00029235
202770	KENNETH C SHELBY, JR	RI	0.00234375 M	0.00049647	0.00043852
184289	JOYCE L. THOMPSON, SEP. PROP.	RI	0.00039063 M	0.00008275	0.00007309
184291	RICHARD L. THOMPSON	RI	0.00039063 M	0.00008275	0.00007309
184983	OLAV TOFTEN	RI	0.00078125 SE	0.00016549	0.00014617
185218	PHYLLIS TRIVELY, SEP. PROPERTY	RI	0.00039063 M	0.00008275	0.00007309
193774	G L WHITMAN	RI	0.00117187 SE	0.00024823	0.00021926

195543 FLOYD WILSON ESTATE	RI	0.00117187 SE	0.00024823	0.00021926
194801 ROBERT A. WISE, SEP. PROP.	RI	0.00117187 M	0.00024823	0.00021926
203902 BILLIE ANN BARTLETT YOUNG	RI	0.003125 M	0.00066196	0.00058469
197554 OLIVER YOUNGBLOOD	RI	0.00078125 SE	0.00016549	0.00014617
197701 HARRY YUKON	RI	0.00078125 SE	0.00016549	0.00014617
200945 COG OPERATING LLC	OR	0.00104002 M	0.00022030	0.00019459
196848 OXY Y-1 COMPANY	OR	0.00011719 M	0.00002482	0.00002193
201834 YATES INDUSTRIES LLC	OR	0.00001465 ST	0.00000310	0.00000274
112294 CL& F RESOURCES LP	WI	0.28769531 M	0.06094129	0.05382847
200945 COG OPERATING LLC	WI	0.0225342 M	0.00477333	0.00421620
205037 COLLINS PERMIAN, LP	WI	0.08822656 SD	0.01868866	0.01650740
117590 KEITH W. DAVIS	WI	0.00767188 M	0.00162510	0.00143543
129071 THOMAS FOX	WI	0.00057539 M	0.00012188	0.00010766
145550 MARK A JACOBY	WI	0.00767188 M	0.00162510	0.00143543
151840 BRYAN E. LEE	WI	0.02685157 M	0.00568786	0.00502399
155900 JUDY MCGINN	WI	0.00115078 M	0.00024376	0.00021531
156550 GREG MENDENHALL	WI	0.00057539 M	0.00012188	0.00010766
423 NAMY ENERGY L.P.	WI	0.11431092 M	0.02421399	0.02138784
196848 OXY Y-1 COMPANY	WI	0.00253906 M	0.00053784	0.00047506
170540 GARY PHILLIPS	WI	0.00268516 M	0.00056879	0.00050240
120 SCHUMACHER PARTNERS II LP	WI	0.11431093 M	0.02421400	0.02138785
180380 GORDON E SOMMERS	WI	0.00115079 M	0.00024376	0.00021532
500 JAMES H WILKES	WI	0.11431094 M	0.02421400	0.02138786
201834 YATES INDUSTRIES LLC	WI	0.00031738 ST	0.00006723	0.00005938
			0.21182581	0.18710235

# Murphy Lease Revenue Calculation

Owner No.	Owner	Interest Type	Tract RI	Phase I RI	Phase II RI
18079	CLYDE LEWIS BARGSLEY	RI	0.03125000 M	0.00385856	0.00755106
112286	CBR OIL PROPERTIES LLC	RI	0.01562500 M	0.00192928	0.00377553
119398	PATRICIA A. MURPHY DRIVER	RI	0.03906250 M	0.0048232	0.00943882
128197	RAYMOND K. FORD	RI	0.00781250 M	0.00096464	0.00188776
145981	LAURA J. JENNINGS	RI	0.01562500 M	0.00192928	0.00377553
159056	GEORGE S. MURPHY III	RI	0.03906250 M	0.0048232	0.00943882
160439	NEW MEXICO OIL CORPORATION	RI	0.06250000 M	0.00771712	0.01510212
112294	CL& F RESOURCES LP	WI	0.29296875 M	0.03617401	0.07079118
205037	COLLINS PERMIAN, LP	WI	0.08984375 SD	0.01109336	0.02170929
117590	KEITH W. DAVIS	WI	0.00781250 M	0.00096464	0.00188776
129071	THOMAS FOX	WI	0.00058594 M	0.00007235	0.00014158
145550	MARK A JACOBY	WI	0.00781250 M	0.00096464	0.00188776
151840	BRYAN E. LEE	WI	0.02734375 M	0.00337624	0.00660718
155900	JUDY MCGINN	WI	0.00117188 M	0.0001447	0.00028317
156550	GREG MENDENHALL	WI	0.00058594 M	0.00007235	0.00014158
423	NAMY ENERGY L.P.	WI	0.11640621 M	0.01437313	0.02812768
170540	GARY PHILLIPS	WI	0.00273437 M	0.00033762	0.00066072
120	SCHUMACHER PARTNERS II LP	WI	0.11640631 M	0.01437315	0.02812771
180380	GORDON E SOMMERS	WI	0.00117188 M	0.0001447	0.00028317
500	JAMES H WILKES	WI	0.11640622 M	0.01437314	0.02812770
203902	BILLIE ANN BARTLETT YOUNG	WI	0.00781250 M	0.00096464	0.00188776
			1.00000000	0.12347395	0.24163388

## Stovall Lease Revenue Calculation

Owner No. Owner	Interest Ty Tract RI	Phase I RI	Phase II RI
18079 CLYDE LEWIS BARGSLEY	RI 0.00625000 M	0.00189955	0.00172679
119398 PATRICIA A. MURPHY DRIVER	RI 0.00781250 M	0.00237443	0.00215848
128197 RAYMOND K. FORD	RI 0.00156250 M	0.00047489	0.00043170
203554 GFSJR MINERALS, LLC	RI 0.19687500 M	0.05983576	0.05439374
159056 GEORGE S. MURPHY III	RI 0.00781250 M	0.00237443	0.00215848
200546 PONDEROSA ROYALTY LLC	RI 0.02187500 M	0.00664842	0.00604375
203902 BILLIE ANN BARTLETT YOUNG	RI 0.00156250 M	0.00047489	0.00043170
112294 CL& F RESOURCES LP	WI 0.28359375 M	0.08619198	0.07835289
205037 COLLINS PERMIAN, LP	WI 0.08696875 SD	0.02643221	0.02402822
117590 KEITH W. DAVIS	WI 0.00756250 M	0.00229845	0.00208941
129071 THOMAS FOX	WI 0.00056719 M	0.00017238	0.00015671
145550 MARK A JACOBY	WI 0.00756250 M	0.00229845	0.00208941
151840 BRYAN E. LEE	WI 0.02646875 M	0.00804459	0.00731294
155900 JUDY MCGINN	WI 0.00113438 M	0.00034477	0.00031341
156550 GREG MENDENHALL	WI 0.00056719 M	0.00017238	0.00015671
423 NAMY ENERGY L.P.	WI 0.11268122 M	0.03424694	0.03113221
170540 GARY PHILLIPS	WI 0.00264687 M	0.00080446	0.00073129
120 SCHUMACHER PARTNERS II LP	WI 0.11268122 M	0.03424694	0.03113220
180380 GORDON E SOMMERS	WI 0.00113438 M	0.00034477	0.00031341
500 JAMES H WILKES	WI 0.11268130 M	0.03424697	0.03113222
	1.00000000	0.30392766	0.27628567



# VCook Lease Revenue Calculation

Owner No. Owner	Interest Ty	Tract RI	Phase I RI	Phase II RI
200732 SARA S. DAVIS	RI	0.02812500 M	0.00362592	0.00382908
200738 FIRST BAPTIST CHURCH/FRANKLIN	RI	0.01875000 M	0.00241728	0.00255272
200734 JANE P. HAMMITT	RI	0.02812500 M	0.00362592	0.00382908
200737 JAN S. JOHNSON	RI	0.02812500 M	0.00362592	0.00382908
201085 DONALD PENN SANDIFER REV. TR	RI	0.02812500 M	0.00362592	0.00382908
200733 WILLIAM D. SANDIFER	RI	0.02812500 M	0.00362592	0.00382908
200736 SUSAN B. WHITE	RI	0.02812500 M	0.00362592	0.00382908
112294 CL& F RESOURCES LP	WI	0.30468750 M	0.03928079	0.04148171
205037 COLLINS PERMIAN, LP	WI	0.09343750 SD	0.01204611	0.01272106
117590 KEITH W. DAVIS	WI	0.00812500 M	0.00104749	0.00110618
129071 THOMAS FOX	WI	0.00060938 M	0.00007856	0.00008296
145550 MARK A JACOBY	WI	0.00812500 M	0.00104749	0.00110618
151840 BRYAN E. LEE	WI	0.02843750 M	0.00366621	0.00387163
155900 JUDY MCGINN	WI	0.00121875 M	0.00015712	0.00016593
156550 GREG MENDENHALL	WI	0.00060938 M	0.00007856	0.00008296
423 NAMY ENERGY L.P.	WI	0.12106249 M	0.01560757	0.01648207
170540 GARY PHILLIPS	WI	0.00284375 M	0.00036662	0.00038716
120 SCHUMACHER PARTNERS II LP	WI	0.12106250 M	0.01560757	0.01648207
180380 GORDON E SOMMERS	WI	0.00121875 M	0.00015712	0.00016593
500 JAMES H WILKES	WI	0.12106250 M	0.01560756	0.01648207
		1.00000000	0.12892157	0.13614511

# Shelton Lease Revenue Calculation

Owner No. Owner	Interest Type	Tract RI	Phase I RI	Phase II RI
17540 WAYNE A. BISSETT	RI	0.00885417 M	0.00205285	0.00140633
110152 BOLDRICK FAMILY PROP, LP	RI	0.00050174 SD	0.00011633	0.00007969
114273 CHURCH ST. UNITED METHODIST	RI	0.00416666 M	0.00096604	0.00066180
204208 CUATRO ROJOS, LLC	RI	0.00520833 M	0.00120756	0.00082725
130293 ROBERT CLEVE GARRARD	RI	0.00520834 M	0.00120756	0.00082726
201349 JON D SHOOK	RI	0.00260416 M	0.00060378	0.00041363
204572 KITTIE PEARL BROWN ESTATE	RI	0.0078125 M	0.00181134	0.00124088
200350 GENE E. KNIGHT ESTATE TRUST	RI	0.00345703 M	0.00080152	0.00054909
201281 PATSY KNIGHT LIFE ESTATE	RI	0.00152046 M	0.00035252	0.00024150
202934 SUZANNE B KOCH	RI	0.00442708 M	0.00102642	0.00070317
150055 DOUGLAS C KOCH	RI	0.00442709 M	0.00102643	0.00070317
201279 CINDY KNIGHT LEE	RI	0.00123238 M	0.00028573	0.00019574
200147 LOCKHART-WATSON FAMILY LLC	RI	0.00871094 M	0.00201964	0.00138358
154544 JEFF S. MANUPPELLI	RI	0.00625 M	0.00144907	0.00099271
157221 GAYLE ADELE MILLER	RI	0.00138889 M	0.00032202	0.00022060
202504 CINDY OGLESBY	RI	0.01339286 M	0.00310515	0.00212723
202503 EDDY OGLESBY	RI	0.01339286 M	0.00310515	0.00212723
202502 MIKE OGLESBY	RI	0.01339286 M	0.00310515	0.00212723
202507 SHERRY BEADLE OWEN	RI	0.01339286 M	0.00310515	0.00212723
173298 RAMB VENTURES, LLC	RI	0.00625 M	0.00144907	0.00099271
204680 SERENITY RESOURCES, LLC	RI	0.0000264 SD	0.00000612	0.00000419
200012 GILBERT SHELTON	RI	0.003125 M	0.00072453	0.00049635
200013 SHELTON POLK & BARBARA	RI	0.003125 M	0.00072453	0.00049635
204911 JEANETTE SHELTON	RI	0.003125 M	0.00072453	0.00049635
178448 DAN SHELTON	RI	0.00138889 M	0.00032202	0.00022060
178451 GILLIS SHELTON	RI	0.00208333 SA	0.00048302	0.00033090
178452 HAROLD SHELTON, JR. &	RI	0.00208333 M	0.00048302	0.00033090
178449 JACK CAVETT SHELTON, SR.	RI	0.00138889 SC	0.00032202	0.00022060
200028 SUSAN M. SHOOK REV INTER-VIVOS	RI	0.00260417 M	0.00060378	0.00041363
200027 WILLIAM B. & PIA A. SHOOK TR.	RI	0.00260417 M	0.00060378	0.00041363
204679 WARREN VENTURES, LTD	RI	0.00017605 SD	0.00004082	0.00002796
202508 CRILL PEARSON WATSON	RI	0.01339285 M	0.00310515	0.00212723
202505 DENNIS YADON	RI	0.01339286 M	0.00310515	0.00212723
202506 TED YADON	RI	0.01339285 M	0.00310515	0.00212723
154544 JEFF S. MANUPPELLI	OR	0.00208333 M	0.00048303	0.00033090
173298 RAMB VENTURES, LLC	OR	0.00208333 M	0.00048303	0.00033090
112294 CL& F RESOURCES LP	WI	0.303125 M	0.07027984	0.04814625
205037 COLLINS PERMIAN, LP	WI	0.09295833 SD	0.02155248	0.01476485
117590 KEITH W. DAVIS	WI	0.00808333 M	0.00187413	0.00128390
129071 THOMAS FOX	WI	0.00060625 M	0.00014056	0.00009629
145550 MARK A JACOBY	WI	0.00808333 M	0.00187413	0.00128390
151840 BRYAN E. LEE	WI	0.02829167 M	0.00655945	0.00449365
155900 JUDY MCGINN	WI	0.0012125 M	0.00028112	0.00019258
156550 GREG MENDENHALL	WI	0.00060625 M	0.00014056	0.00009629
423 NAMY ENERGY L.P.	WI	0.12044167 M	0.02792451	0.01913011
170540 GARY PHILLIPS	WI	0.00282917 M	0.00065595	0.00044937
120 SCHUMACHER PARTNERS II LP	WI	0.12044167 M	0.02792451	0.01913011
180380 GORDON E SOMMERS	WI	0.0012125 M	0.00028111	0.00019258
500 JAMES H WILKES	WI	0.12044167 M	<u>0.02792451</u>	<u>0.01913012</u>
		1.00000000	0.23185102	0.15883298

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**Exhibit E**  
**Accounting Procedure for Unit Area**

See attached COPAS

# SPECIMEN, FORM 601 COPAS 1984

## EXHIBIT "E"

Attached to and made a part of that certain Unit Operating Agreement dated, 2020, between Texland Petroleum, L.P., as Operator, and CL&F Resources LP, et al, as Non-Operator

### ACCOUNTING PROCEDURE JOINT OPERATIONS

#### I. GENERAL PROVISIONS

##### 1. DEFINITIONS

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific ~~operating~~ conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

##### 2. STATEMENT AND BILLINGS

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

##### 3. ADVANCES AND PAYMENTS BY NON-OPERATORS

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within thirty (30) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at **Frost Bank's prime rate plus 2% but in no event shall such rate exceed the contract rate permitted by the usury laws of the state of Les** on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in

which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. ADJUSTMENTS

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. AUDITS

- A. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of those Non-Operators approving such audit.
- B. The Operator shall reply in writing to an audit report within 180 days after receipt of such report.

6. APPROVAL BY NON-OPERATORS

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

## II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. ECOLOGICAL AND ENVIRONMENTAL

Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements to satisfy environmental considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or archaeological nature and pollution control procedures as required by applicable laws and regulations.

2. RENTALS AND ROYALTIES

Lease rentals and royalties paid by Operator for the Joint Operations.

3. LABOR

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of First Level Supervisors in the field.
- (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the overhead rates.
- (4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and ~~directly~~ employed in the operation of the Joint Property if such charges are excluded from the overhead rates.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II. ~~Such costs under this Paragraph 3B may be charged on a "when and as paid basis" or by "percentage assessment on the amount of salaries and wages chargeable to the Joint Account~~

~~under Paragraph 3A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.~~

- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II.

#### **4. EMPLOYEE BENEFITS**

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II shall be Operator's actual cost not to exceed the percent most recently recommended by the Council of Petroleum Accountants Societies.

5. **MATERIAL**

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

6. **TRANSPORTATION**

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store where like material is normally available or railway receiving point nearest the Joint Property unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store where like material is normally available, or railway receiving point nearest the Joint Property unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of subparagraphs A and B above, the option to equalize or charge actual trucking cost is available when the actual charge is \$400 or less excluding accessorial charges. The \$400 will be adjusted to the amount most recently recommended by the Council of Petroleum Accountants Societies.

7. **SERVICES**

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account ~~unless previously agreed to by the Parties.~~

8. **EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR**

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed **prime + 1** percent (**P+1%**) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.  
(Prime = Frost Bank Prime Interest Rate)
- B. In lieu of charges in paragraph 8A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

9. **DAMAGES AND LOSSES TO JOINT PROPERTY**

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.



**10. LEGAL EXPENSE**

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

**11. TAXES**

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties hereto in accordance with the tax value generated by each party's working interest.

## **12. INSURANCE**

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

## **13. ABANDONMENT AND RECLAMATION**

Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory authority.

## **14. COMMUNICATIONS**

Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

## **15. OTHER EXPENDITURES**

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

# **III. OVERHEAD**

## **1. OVERHEAD - DRILLING AND PRODUCING OPERATIONS**

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(XX) Fixed Rate Basis, Paragraph 1A, or

~~(-) Percentage Basis, Paragraph 1B~~

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

~~(-) shall be covered by the overhead rates, or~~

(XX) shall not be covered by the overhead rates.

- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

~~(-) shall be covered by the overhead rates, or~~

(XX) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

- (1) Operator shall charge the Joint Account at the following rates per well per month:  
Drilling Well Rate **\$7,760 for vertical wellbores and \$10,000 for drilling horizontal wellbores**  
(Prorated for less than a full month)

Producing Well Rate and injection well rate **\$ 776.00**

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) **The well rates shall be adjusted as of the first day of April each year following April 1, 2019 by the percentage increase or decrease published by COPAS. The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian**

~~index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.~~

## B. Overhead - Percentage Basis

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

\_\_\_\_\_ Percent (\_\_\_ %) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 10 of Section II and all salvage credits.

(b) Operating

\_\_\_\_\_ Percent (\_\_\_ %) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 2 and 10 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, re-drilling, deepening, or any remedial operations on any or all wells involving the use of drilling rig and crew capable of drilling to the producing interval on the Joint Property; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as operating.

## 2. OVERHEAD - MAJOR CONSTRUCTION

To compensate Operator for overhead costs incurred in the Construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of \$ \_\_\_\_\_ :

A. ~~Two (2)~~ % of ~~first \$100,000 or total cost if less, plus~~

B. \_\_\_\_\_ % of costs in excess of \$100,000 but less than \$1,000,000, plus

C. \_\_\_\_\_ % of costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells and artificial lift equipment shall be excluded.

## 3. CATASTROPHE OVERHEAD

To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the expenditures, Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account for overhead based on the following rates:

A. ~~Two (2)~~ % of total costs ~~through \$100,000, plus~~

B. \_\_\_\_\_ % of total costs in excess of \$100,000 but less than \$1,000,000, plus

C. \_\_\_\_\_ % of total costs in excess of \$1,000,000.

Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead provisions of this Section III shall apply.

4. AMENDMENT OF RATES

The overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all Material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. PURCHASES

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reasons, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. TRANSFERS AND DISPOSITIONS

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following basis exclusive of cash discounts:

A. New Material (Condition A)

**Tubular goods shall be priced at current price at the date of movement as quoted by a reliable supply store near the Joint Property where such material is normally available in the quantities required. Prices shall be F.O.B. the nearest shipping point.**

~~(1) — Tubular Goods Other than Line Pipe~~

~~(a) — Tubular goods, sized 2 3/8 inches OD and larger, except line pipe, shall be priced at Eastern mill published carload base prices effective as of date of movement plus transportation cost using the 80,000 pound carload weight basis to the railway receiving point nearest the Joint Property for which published rail rates for tubular goods exist. If the 80,000 pound rail rate is not offered, the 70,000 pound or 90,000 pound rail rate may be used. Freight charges for tubing will be calculated from Lorain, Ohio and casing from Youngstown, Ohio.~~

~~(b) — For grades which are special to one mill only, prices shall be computed at the mill base of that mill plus transportation cost from that mill to the railway receiving point nearest the Joint Property as provided above in Paragraph 2.A.(1)(a). For transportation cost from points other than Eastern mills, the 30,000 pound Oil Field Haulers Association interstate truck rate shall be used.~~

~~(c) — Special end finish tubular goods shall be priced at the lowest published out of stock price, f.o.b. Houston, Texas, plus transportation cost, using Oil Field Haulers Association interstate 30,000 pound truck rate, to the railway receiving point nearest the Joint Property.~~

~~(d) — Macaroni tubing (size less than 2 3/8 inches OD) shall be priced at the lowest published out of stock prices f.o.b. the supplier plus transportation costs, using the Oil Field Haulers~~

~~Association interstate truck rate per weight of tubing transferred, to the railway receiving point nearest the Joint Property.~~

~~(2) — Line Pipe~~

- ~~(a) — Line pipe movements (except size 24 inch OD and larger with walls 3/4 inch and over) 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.~~
- ~~(b) — Line pipe movements (except size 24 inch OD and larger with walls 3/4 inch and over) less than 30,000 pounds shall be priced at Eastern mill published carload base prices effective as of date of shipment, plus 20 percent, plus transportation costs based on freight rates as set forth under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.~~
- ~~(c) — Line pipe 24 inch OD and over and 3/4 inch wall and larger shall be priced f.o.b. the point of manufacture at current new published prices plus transportation cost to the railway receiving point nearest the Joint Property.~~
- ~~(d) — Line pipe, including fabricated line pipe, drive pipe and conduit not listed on published price lists shall be priced at quoted prices plus freight to the railway receiving point nearest the Joint Property or at prices agreed to by the Parties.~~

- (3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property.
- (4) Unused new Material, except tubular goods, moved from the Joint Property shall be priced at the current new price, in effect on date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property. Unused new tubulars will be priced as provided above in Paragraph 2.A.(1) and (2).

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

- (1) Material moved to the Joint Property  
At seventy-five percent (75%) of current new price, as determined by Paragraph A.
- (2) Material used on and moved from the Joint Property
  - (a) At seventy-five percent (75%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as new Material or
  - (b) At sixty-five percent (65%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as used Material.
- (3) Material not used on and moved from the Joint Property  
At seventy-five percent (75%) of current new price as determined by Paragraph A.  
The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph A. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

Material, excluding junk, no longer suitable for its original purpose, but usable for some other purpose shall be priced on a basis commensurate with its use. Operator may dispose of Condition D Material under procedures normally used by Operator without prior approval of Non-Operators.

(a) Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing or drill pipe utilized as line pipe shall be priced at used line pipe prices.

(b) Casing, tubing or drill pipe used as higher pressure service lines than standard line pipe, e.g. power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non upset basis.

(3) Condition E

Junk shall be priced at prevailing prices. Operator may dispose of Condition E Material under procedures normally utilized by Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading or unloading costs may be charged to the Joint Account at the rate of twenty-five cents (25¢) per hundred weight on all tubular goods movements, in lieu of actual loading or unloading costs sustained at the stocking point. The above rate shall be adjusted as of the first day of April each year following January 1, 1985 by the same percentage increase or decrease used to adjust overhead rates in Section III, Paragraph 1.A.(3). Each year, the rate calculated shall be rounded to the nearest cent and shall be the rate in effect until the first day of April next year. Such rate shall be published each year by the Council of Petroleum Accountants Societies.

(2) Material involving erection costs shall be charged at applicable percentage of the currently knocked-down price of new Material.

3. PREMIUM PRICES

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. **WARRANTY OF MATERIAL FURNISHED BY OPERATOR**

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

**V. INVENTORIES.**

The Operator shall maintain detailed records of Controllable Material.

1. **PERIODIC INVENTORIES, NOTICE AND REPRESENTATION**

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. **RECONCILIATION AND ADJUSTMENT OF INVENTORIES**

Adjustments to the Joint Account resulting from the reconciliation of a physical inventory shall be made within six months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Joint Account for overages and shortages, but, Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. **SPECIAL INVENTORIES**

Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases involving a change of Operator, all Parties shall be governed by such inventory.

4. **EXPENSE OF CONDUCTING INVENTORIES**

- A. The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the Parties.
- B. The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except inventories required due to change of Operator shall be charged to the Joint Account.

**VI. OTHER**

The provisions of Section IV.1 notwithstanding, if payment by any party hereto of its share of material purchased by Operator for Joint Operations is not received by Operator within the time set by the supplier of such material for the Operator to pay for and earn a discount on such material, then such party shall not be entitled to share in any discount earned by the Operator's prompt payment of the cost of such material.



## **Exhibit F Insurance Provisions**

Operator shall carry insurance in no less than the following amounts to cover its operations under the terms of this Agreement:

A. Worker's Compensation and Employer's Liability Insurance meeting the statutory requirements of the State of New Mexico

B. General Liability Insurance with combined single limits not less than \$1,000,000 for property damage and bodily injury.

C. Umbrella Liability Insurance with limits not less than \$5,000,000.

D. Automobile Liability Insurance for owned, non-owned, and hired vehicles with combined single limits not less than \$1,000,000 for property damage and bodily injury.

E. Operator's Cost of Control and Extra Expenses with limits not less than \$5,000,000 for drilling wells and limits not less than \$3,000,000 for producing wells.

F. Pollution Liability Insurance with limited of not less than \$1,000,000 per incident.

All insurance coverage required above shall be carried at the joint unit expense. However, premiums for automobile, worker's compensation and employer's liability shall not be charged directly to the joint interest, but shall be covered by per diem charges assessed for the use of personnel and vehicles employed on the joint property.

The Unit Operator may call additional insurance as may be specified in an Authorization for Expenditure (AFE) issued for an operation conducted pursuant to the terms of this Agreement.

In the event each Non-Operator has not been automatically included in the definition as an "insured" in the General Liability Insurance Policy, the Auto Liability Policy and the Umbrella / Excess Liability policy(ies), each of these policies shall name the Non-Operators as Additional Insureds and contain a waiver of subrogation with respect to Non-Operators. It is understood that should the insured or additional insured endorsement(s) contained in any of the policies included in this Exhibit purport to limit the non-operator coverage to any minimum limits or coverage amounts required by written contract, it is agreed that the minimum limits and or coverage required under this Exhibit shall automatically be amended to conform to the maximum limits and coverage of Operator's insurance policies.

Phase I Participation Factors:		Goodding	Murphy	Stovall	V Cook	Shelton	Total
		0.21182581	0.12347395	0.30392766	0.12892156	0.23185102	1.00000000
		Expenses - Phase I					Unit Working Interest: Phase I
Stovall	Owner	Goodding	Murphy	Stovall	V Cook	Shelton	
112294	CL& F RESOURCES LP	0.07695235	0.04630273	0.11397287	0.04834559	0.08694413	0.37251767
200945	COG OPERATING LLC	0.00587486	0.00000000	0.00000000	0.00000000	0.00000000	0.00587486
205037	COLLINS PERMIAN, LP	0.02359872	0.01419950	0.03495168	0.01482598	0.02666287	0.11423875
117590	KEITH W. DAVIS	0.00205206	0.00123474	0.00303928	0.00128922	0.00231851	0.00993381
129071	THOMAS FOX	0.00015390	0.00009261	0.00022795	0.00009669	0.00017389	0.00074504
145550	MARK A JACOBY	0.00205206	0.00123474	0.00303928	0.00128922	0.00231851	0.00993381
151840	BRYAN E. LEE	0.00718222	0.00432159	0.01063747	0.00451225	0.00811479	0.03476832
155900	JUDY MCGINN	0.00030781	0.00018521	0.00045589	0.00019338	0.00034778	0.00149007
156550	GREG MENDENHALL	0.00015390	0.00009261	0.00022795	0.00009669	0.00017389	0.00074504
423	NAMY ENERGY L.P.	0.03057573	0.01839762	0.04528522	0.01920931	0.03454580	0.14801368
196848	OXY Y-1 COMPANY	0.00066196	0.00000000	0.00000000	0.00000000	0.00000000	0.00066196
170540	GARY PHILLIPS	0.00071822	0.00043216	0.00106375	0.00045123	0.00081148	0.00347684
120	SCHUMACHER PARTNERS II LP	0.03057573	0.01839762	0.04528522	0.01920931	0.03454580	0.14801368
180380	GORDON E SOMMERS	0.00030781	0.00018521	0.00045589	0.00019338	0.00034778	0.00149007
500	JAMES H WILKES	0.03057574	0.01839761	0.04528521	0.01920931	0.03454579	0.14801366
201834	YATES INDUSTRIES LLC	0.00008274	0.00000000	0.00000000	0.00000000	0.00000000	0.00008274
<b>Total</b>		0.21182581	0.12347395	0.30392766	0.12892156	0.23185102	1.00000000

Phase II Participation Factors:						
Owner #	Owner	Goodding	Murphy	Stovall	V Cook	Shelton
112294	CL& F RESOURCES LP	0.06797078	0.09061271	0.10360713	0.05105442	0.05956237
200945	COG OPERATING LLC	0.00518917	0.00000000	0.00000000	0.00000000	0.00000000
205037	COLLINS PERMIAN, LP	0.02084437	0.02778790	0.03177285	0.01565669	0.01826579
117590	KEITH W. DAVIS	0.00181255	0.00241634	0.00276286	0.00136145	0.00158833
129071	THOMAS FOX	0.00013594	0.00018123	0.00020721	0.00010211	0.00011912
145550	MARK A JACOBY	0.00181255	0.00241634	0.00276286	0.00136145	0.00158833
151840	BRYAN E. LEE	0.00634394	0.00845719	0.00967000	0.00476508	0.00555915
155900	JUDY MCGINN	0.00027188	0.00036245	0.00041443	0.00020422	0.00023825
156550	GREG MENDENHALL	0.00013594	0.00018123	0.00020721	0.00010211	0.00011912
196848	423 NAMU ENERGY L.P.	0.02700706	0.03600344	0.04116657	0.02028562	0.02366611
170540	OXY Y-1 COMPANY	0.00058469	0.00000000	0.00000000	0.00000000	0.00000000
170540	GARY PHILLIPS	0.00063439	0.00084572	0.00096700	0.00047651	0.00055592
120	SCHUMACHER PARTNERS II LP	0.02700706	0.03600344	0.04116657	0.02028562	0.02366612
180380	GORDON E SOMMERS	0.00027188	0.00036245	0.00041443	0.00020422	0.00023825
500	JAMES H WILKES	0.02700706	0.03600344	0.04116656	0.02028561	0.02366612
201834	YATES INDUSTRIES LLC	0.00007309	0.00000000	0.00000000	0.00000000	0.00000000
<b>Total</b>		0.18710235	0.24163388	0.27628568	0.13614511	0.15883298
Expenses - Phase II						
		Goodding	Murphy	Stovall	V Cook	Shelton
		0.18710235	0.24163388	0.27628568	0.13614511	0.15883298
		<b>Total</b>				
		1.00000000				
		Unit Expense Interest				
		0.37280741				
		0.00518917				
		0.11432760				
		0.00994153				
		0.00074561				
		0.00994153				
		0.03479536				
		0.00149123				
		0.00074561				
		0.14812880				
		0.00058469				
		0.00347954				
		0.14812881				
		0.00149123				
		0.14812879				
		0.00007309				
		1.00000000				

# Unit Revenue Cumulative Calculations

Owner No.	Owner	Interest Type	Phase I RI	Phase II RI
112294	CL& F RESOURCES LP	WI	0.29286791	0.29260050
200945	COG OPERATING LLC	WI	0.00477333	0.00421620
205037	COLLINS PERMIAN, LP	WI	0.08981282	0.08973082
117590	KEITH W. DAVIS	WI	0.00780981	0.00780268
129071	THOMAS FOX	WI	0.00058573	0.00058520
145550	MARK A JACOBY	WI	0.00780981	0.00780268
151840	BRYAN E. LEE	WI	0.02733435	0.02730939
155900	JUDY MCGINN	WI	0.00117147	0.00117040
156550	GREG MENDENHALL	WI	0.00058573	0.00058520
423	NAMY ENERGY L.P.	WI	0.11636614	0.11625991
196848	OXY Y-1 COMPANY	WI	0.00053784	0.00047506
170540	GARY PHILLIPS	WI	0.00273344	0.00273094
120	SCHUMACHER PARTNERS II LP	WI	0.11636617	0.11625994
180380	GORDON E SOMMERS	WI	0.00117146	0.00117041
500	JAMES H WILKES	WI	0.11636618	0.11625997
201834	YATES INDUSTRIES LLC	WI	0.00006723	0.00005938
203902	BILLIE ANN BARTLETT YOUNG	WI	<u>0.00096464</u>	<u>0.00188776</u>
			0.78732406	0.78690644
200945	COG OPERATING LLC	OR	0.00022030	0.00019459
196848	OXY Y-1 COMPANY	OR	0.00002482	0.00002193
201834	YATES INDUSTRIES LLC	OR	0.00000310	0.00000274
154544	JEFF S. MANUPPELLI	OR	0.00048303	0.00033090
173298	RAMB VENTURES, LLC	OR	<u>0.00048303</u>	<u>0.00033090</u>
			0.00121428	0.00088106
13065	ARTHUR L. AKERS	RI	0.00049647	0.00043852
18079	CLYDE LEWIS BARGSLEY	RI	0.00840593	0.01161663
17614	NORMA J BARTON SEP. PROP.	RI	0.00008274	0.00007309
17621	ROY G. BARTON JR.	RI	0.00008274	0.00007309

17626 ROY G. BARTON, SR. & OPAL	RI	0.00049647	0.00043852
17540 WAYNE A. BISSETT	RI	0.00070333	0.00062124
17612 ALBERT W. BJORKEDAL	RI	0.00016549	0.00014617
111266 LAWRENCE C BRUA	RI	0.00016549	0.00014617
112286 CBR OIL PROPERTIES LLC	RI	0.00523906	0.00669900
115611 W G COOPER	RI	0.00016549	0.00014617
119398 PATRICIA A. MURPHY DRIVER	RI	0.01050741	0.01452077
119455 JOSE F & ALMA G DUFFENDACK	RI	0.00062058	0.00054815
124005 WILBUR C ENFIELD	RI	0.00008275	0.00007309
128197 RAYMOND K. FORD	RI	0.00210149	0.00290415
131994 JOSEPH E & TWILA M GOODDING	RI	0.00679539	0.00600226
134329 ROBERT & MAXINE HANNIFIN TR.	RI	0.00082744	0.00073087
136432 EDWARD F HINDEMAN, SEP PROP RI	RI	0.00033098	0.00029235
145981 LAURA J. JENNINGS	RI	0.00523906	0.00669900
146927 WILLIAM L JOHNSON	RI	0.00016549	0.00014617
149782 FLOYD & LUCY KISBY	RI	0.00049647	0.00043852
150055 DOUGLAS C KOCH	RI	0.00070333	0.00062124
150293 HOWARD V & BERNICE L KRATZ	RI	0.00024823	0.00021926
151197 JESSIE FAYE LACOSTE	RI	0.00008275	0.00007309
154314 MARTIN MADISON & MYRTLE V.	RI	0.00049647	0.00043852
154951 JOSEPH W & AGNES J MCBRIDE	RI	0.00024823	0.00021926
157559 LOTTIE MITTEER, GLADYS HART & RI	RI	0.00033098	0.00029235
159056 GEORGE S. MURPHY III	RI	0.01050741	0.01452077
160439 NEW MEXICO OIL CORPORATION	RI	0.01433668	0.02094907
200771 THOMAS & JOYCE PETTIT FAM TR RI	RI	0.00226513	0.00200075
200852 REALEZA DEL SPEAR LP	RI	0.00082744	0.00073087
174659 BERTHA M RIGHTMIRE & ELIZABE RI	RI	0.00016549	0.00014617
175556 CECIL F ROOKS & RUBY B ROOKS RI	RI	0.00049647	0.00043852
177807 WILLIAM A & AMANDA L SCOTT	RI	0.00033098	0.00029235
202770 KENNETH C SHELBY, JR	RI	0.00049647	0.00043852
184289 JOYCE L. THOMPSON, SEP. PROP. RI	RI	0.00008275	0.00007309
184291 RICHARD L. THOMPSON	RI	0.00008275	0.00007309
184983 OLAV TOFTEN	RI	0.00016549	0.00014617
185218 PHYLLIS TRIVELY, SEP. PROPERT RI	RI	0.00008275	0.00007309

193774 G L WHITMAN	RI	0.00024823	0.00021926
195543 FLOYD WILSON ESTATE	RI	0.00024823	0.00021926
194801 ROBERT A. WISE, SEP. PROP.	RI	0.00024823	0.00021926
203902 BILLIE ANN BARTLETT YOUNG	RI	0.00113685	0.00101639
197554 OLIVER YOUNGBLOOD	RI	0.00016549	0.00014617
197701 HARRY YUKON	RI	0.00016549	0.00014617
203554 GFSJR MINERALS, LLC	RI	0.00000000	0.00000000
200546 PONDEROSA ROYALTY LLC	RI	0.05983576	0.05439374
		0.00664842	0.00604375
200732 SARA S. DAVIS		0.00000000	0.00000000
200738 FIRST BAPTIST CHURCH/FRANKLIN		0.00362592	0.00382908
200734 JANE P. HAMMITT		0.00241728	0.00255272
200737 JAN S. JOHNSON		0.00362592	0.00382908
201085 DONALD PENN SANDIFER REV. TR		0.00362592	0.00382908
200733 WILLIAM D. SANDIFER		0.00362592	0.00382908
200736 SUSAN B. WHITE		0.00362592	0.00382908
		0.00000000	0.00000000
17540 WAYNE A. BISSETT	RI	0.00205285	0.00140633
110152 BOLDRICK FAMILY PROP. LP	RI	0.00011633	0.00007969
114273 CHURCH ST. UNITED METHODIST	RI	0.00096604	0.00066180
204208 CUATRO ROJOS, LLC	RI	0.00120756	0.00082725
130293 ROBERT CLEVE GARRARD	RI	0.00120756	0.00082726
201349 JON D SHOOK	RI	0.00060378	0.00041363
204572 KITTIE PEARL BROWN ESTATE	RI	0.00181134	0.00124088
200350 GENE E. KNIGHT ESTATE TRUST	RI	0.00080152	0.00054909
201281 PATSY KNIGHT LIFE ESTATE	RI	0.00035252	0.00024150
202934 SUZANNE B KOCH	RI	0.00102642	0.00070317
150055 DOUGLAS C KOCH	RI	0.00102643	0.00070317
201279 CINDY KNIGHT LEE	RI	0.00028573	0.00019574
200147 LOCKHART-WATSON FAMILY LLC	RI	0.00201964	0.00138358
154544 JEFF S. MANUPPELLI	RI	0.00144907	0.00099271
157221 GAYLE ADELE MILLER	RI	0.00032202	0.00022060
202504 CINDY OGLESBY	RI	0.00310515	0.00212723

202503 EDDY OGLESBY	RI	0.00310515	0.00212723
202502 MIKE OGLESBY	RI	0.00310515	0.00212723
202507 SHERRY BEADLE OWEN	RI	0.00310515	0.00212723
173298 RAMB VENTURES, LLC	RI	0.00144907	0.00099271
204680 SERENITY RESOURCES, LLC	RI	0.00000612	0.00000419
200012 GILBERT SHELTON	RI	0.00072453	0.00049635
200013 SHELTON POLK & BARBARA	RI	0.00072453	0.00049635
204911 JEANETTE SHELTON	RI	0.00072453	0.00049635
178448 DAN SHELTON	RI	0.00032202	0.00022060
178451 GILLIS SHELTON	RI	0.00048302	0.00033090
178452 HAROLD SHELTON, JR. &	RI	0.00048302	0.00033090
178449 JACK CAVETT SHELTON, SR.	RI	0.00032202	0.00022060
200028 SUSAN M. SHOOK REV INTER-VIVOS	RI	0.00060378	0.00041363
200027 WILLIAM B. & PIA A. SHOOK TR.	RI	0.00060378	0.00041363
204679 WARREN VENTURES, LTD	RI	0.00004082	0.00002796
202508 CRILL PEARSON WATSON	RI	0.00310515	0.00212723
202505 DENNIS YADON	RI	0.00310515	0.00212723
202506 TED YADON	RI	<u>0.00310515</u>	<u>0.00212723</u>
		0.21146167	0.21221249

# APPLICATION FOR AUTHORIZATION TO INJECT

MURPHY #  
Form C-108

Texland Petroleum-Hobbs, LLC

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 5  
Submitted by: Texland Petroleum-Hobbs, L.L.C.  
Hearing Date: March 05, 2020  
Case No. 21130

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**EXHIBIT B**



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### **A. Form C-108**

**APPLICATION FOR AUTHORIZATION TO INJECT**

- I. PURPOSE: ☒ Secondary Recovery ☐ Pressure Maintenance ☐ Disposal ☐ Storage  
Application qualifies for administrative approval? ☐ Yes ☒ No
- II. OPERATOR: TEXLAND PETROLEUM-HOBBS, LLC  
ADDRESS: 777 MAIN STREET SUITE 3200, FORT WORTH, TX 76102  
CONTACT PARTY: VICKIE SMITH PHONE: 575-433-8395
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.  
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? ☐ Yes ☒ No  
If yes, give the Division order number authorizing the project: \_\_\_\_\_
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
  2. Whether the system is open or closed;
  3. Proposed average and maximum injection pressure;
  4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
  5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- \*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- \*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- \*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_  
SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
E-MAIL ADDRESS: \_\_\_\_\_
- \* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: \_\_\_\_\_

### III. WELL DATA

- A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:
- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
  - (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
  - (3) A description of the tubing to be used including its size, lining material, and setting depth.
  - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.
- Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.
- B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.
- (1) The name of the injection formation and, if applicable, the field or pool name.
  - (2) The injection interval and whether it is perforated or open-hole.
  - (3) State if the well was drilled for injection or, if not, the original purpose of the well.
  - (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
  - (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

### XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

## INJECTION WELL DATA SHEET

OPERATOR: TEXLAND PETROLEUM-HOBBS, LLCWELL NAME & NUMBER: Murphy #1WELL LOCATION: 1705' FNL & 2220' FEL G 30 16S 38E  
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGEWELLBORE SCHEMATICWELL CONSTRUCTION DATASurface CasingHole Size: 17-1/2" Casing Size: 13-3/8" 48# H-40  
Cemented with: 440 sx. or        ft<sup>3</sup>  
Top of Cement: SURFACE Method Determined: CirculationIntermediate CasingHole Size: 12-1/4" Casing Size: 8-5/8 24/32# J55/N80  
Cemented with: 1280 sx. or        ft<sup>3</sup>  
Top of Cement: SURFACE Method Determined: CirculationProduction CasingHole Size: 7-7/8" Casing Size: 5-1/2" 17# N80  
Cemented with: 890 sx. or        ft<sup>3</sup>  
Top of Cement: 2,750' Method Determined: Calculation  
Total Depth: 8,746'Injection Interval8,212' feet to 8,362' (PERFORATED)

(Perforated or Open Hole; indicate which)

**INJECTION WELL DATA SHEET**Tubing Size: 2-3/8" 4.7# J-55 Lining Material: TK-70 IPCType of Packer: ARROWSET 1X (EPC/IPC)Packer Setting Depth: +/-8112'

Other Type of Tubing/Casing Seal (if applicable): \_\_\_\_\_

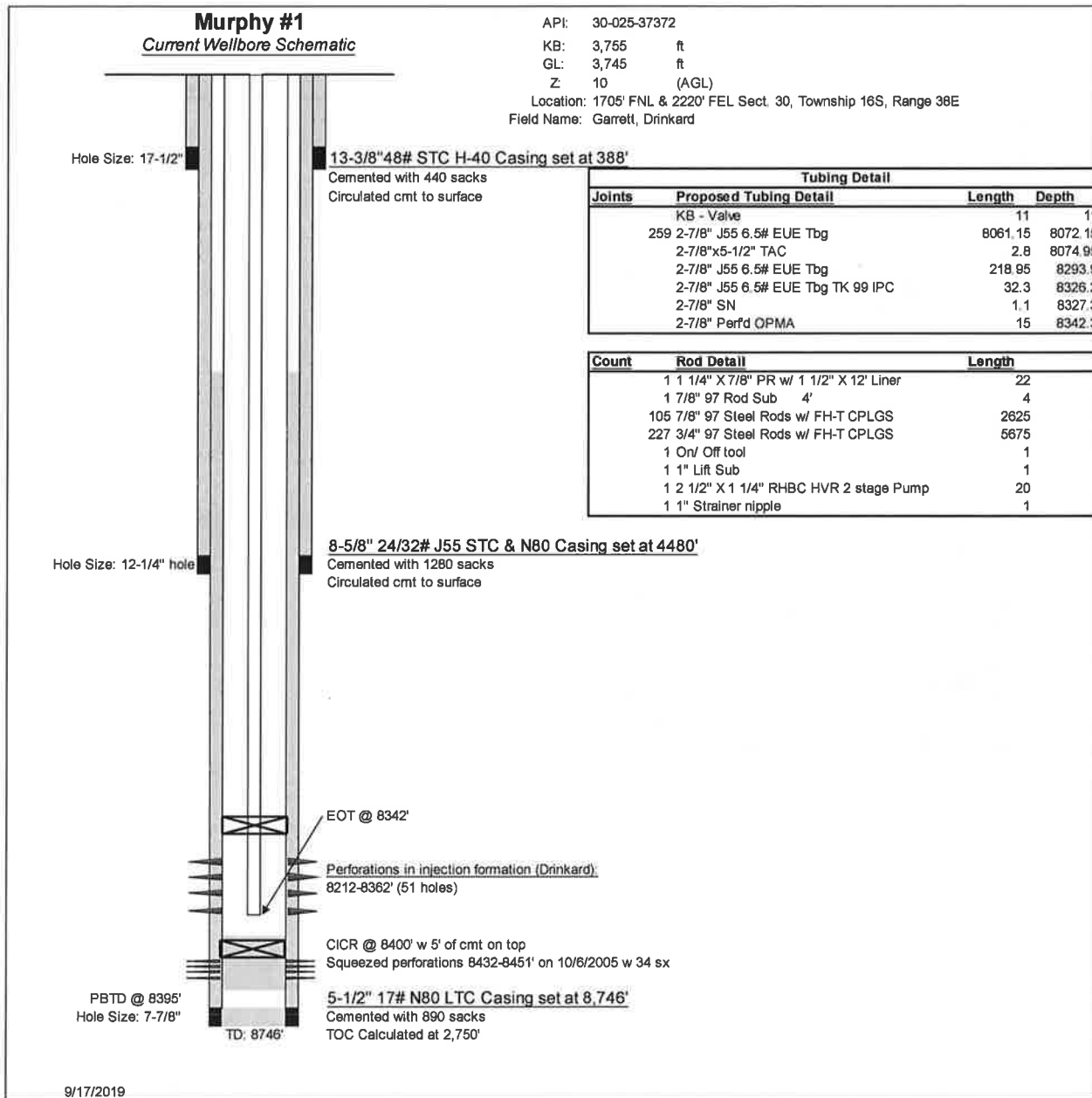
Additional Data1. Is this a new well drilled for injection? \_\_\_\_\_ Yes X NoIf no, for what purpose was the well originally drilled? Oil Producer2. Name of the Injection Formation: DRINKARD3. Name of Field or Pool (if applicable): GARRETT, DRINKARD4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. No

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: \_\_\_\_\_

## B. Section III

### i. Murphy #1 Wellbore Schematics

Figure 1: Murphy #1 Current Wellbore Schematic



# **Murphy #1** **Proposed Wellbore Schematic**

API: 30-025-37372

KB: 3,755 ft

GL: 3,745 ft

Z: 10 (AGL)

Location: 1705' FNL & 2220' FEL Sect. 30, Township 16S, Range 38E

Field Name: Garrett, Drinkard

Hole Size: 17-1/2"

## **13-3/8" 48# STC H-40 Casing set at 388'**

Cemented with 440 sacks

Circulated cmt to surface

Joints	Proposed Tubing Detail	Length	Depth
	KB - Valve	8	8
261	2-3/8" 4.7# TK-70 L80	8095.22	8103.22
	T-2 O/F tool w 1.5F SS Profile Nipple	1.78	8105
	2-3/8"x5-1/2" Arrowset 1X packer (IPC/EPC)	7	8112
	Fiberglass sub	4	8116

Hole Size: 12-1/4" hole

## **8-5/8" 24/32# J55 STC & N80 Casing set at 4480'**

Cemented with 1280 sacks

Circulated cmt to surface

5-1/2" AS1X Packer Set at ±8112'

## **Perforations in injection formation (Drinkard):**

8212-8362' (51 holes)

CICR @ 8400' w 5' of cmt on top

Squeezed perforations 8432-8451' on 10/6/2005 w 34 sx

PBTD @ 8395'

Hole Size: 7-7/8"

## **5-1/2" 17# N80 LTC Casing set at 8,746'**

Cemented with 890 sacks

TOC Calculated at 2,750'

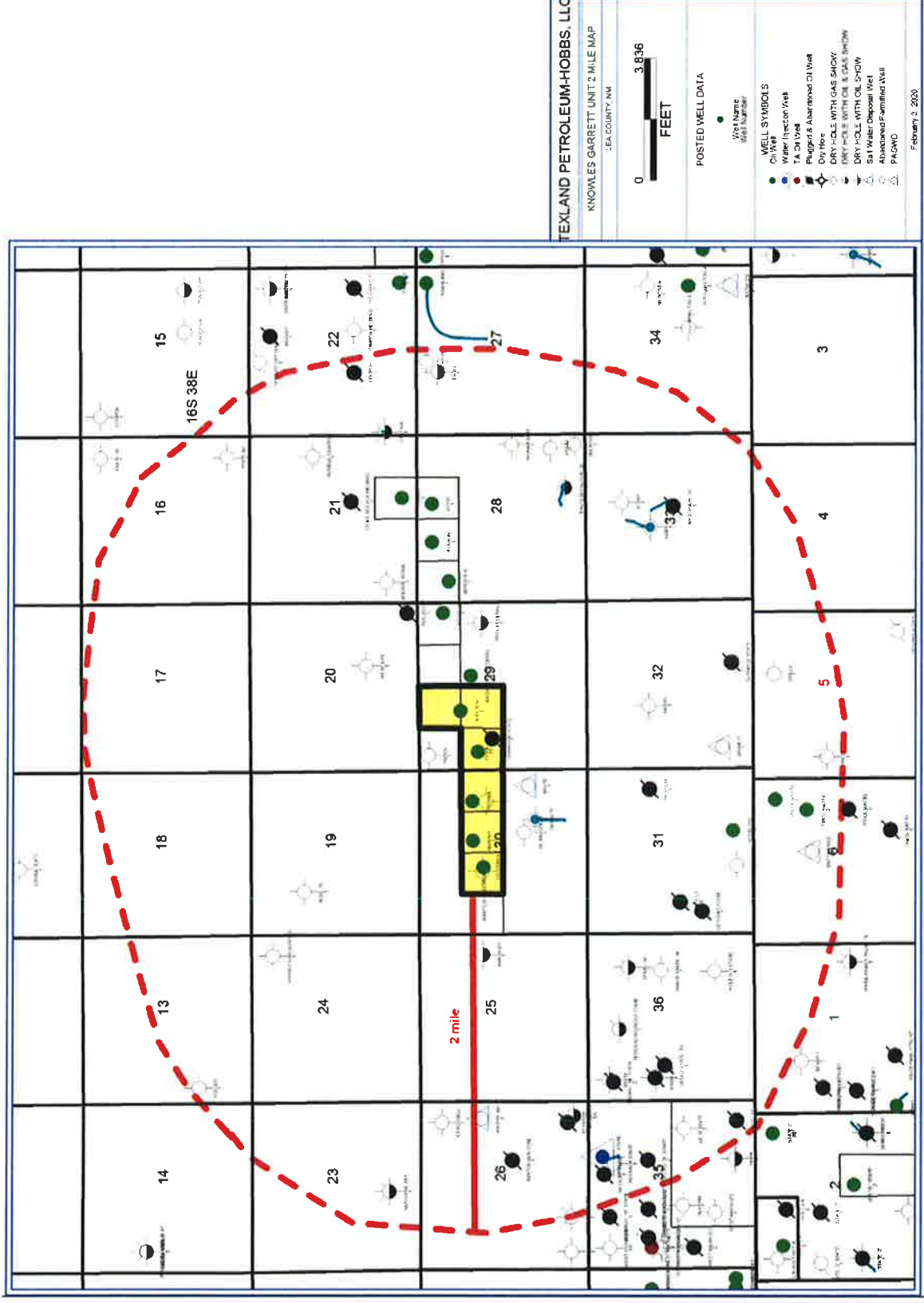
TD: 8746'

9/17/2019

## C. Section V

### i. Knowles Garrett Unit 2 mile Unit Boundary Map

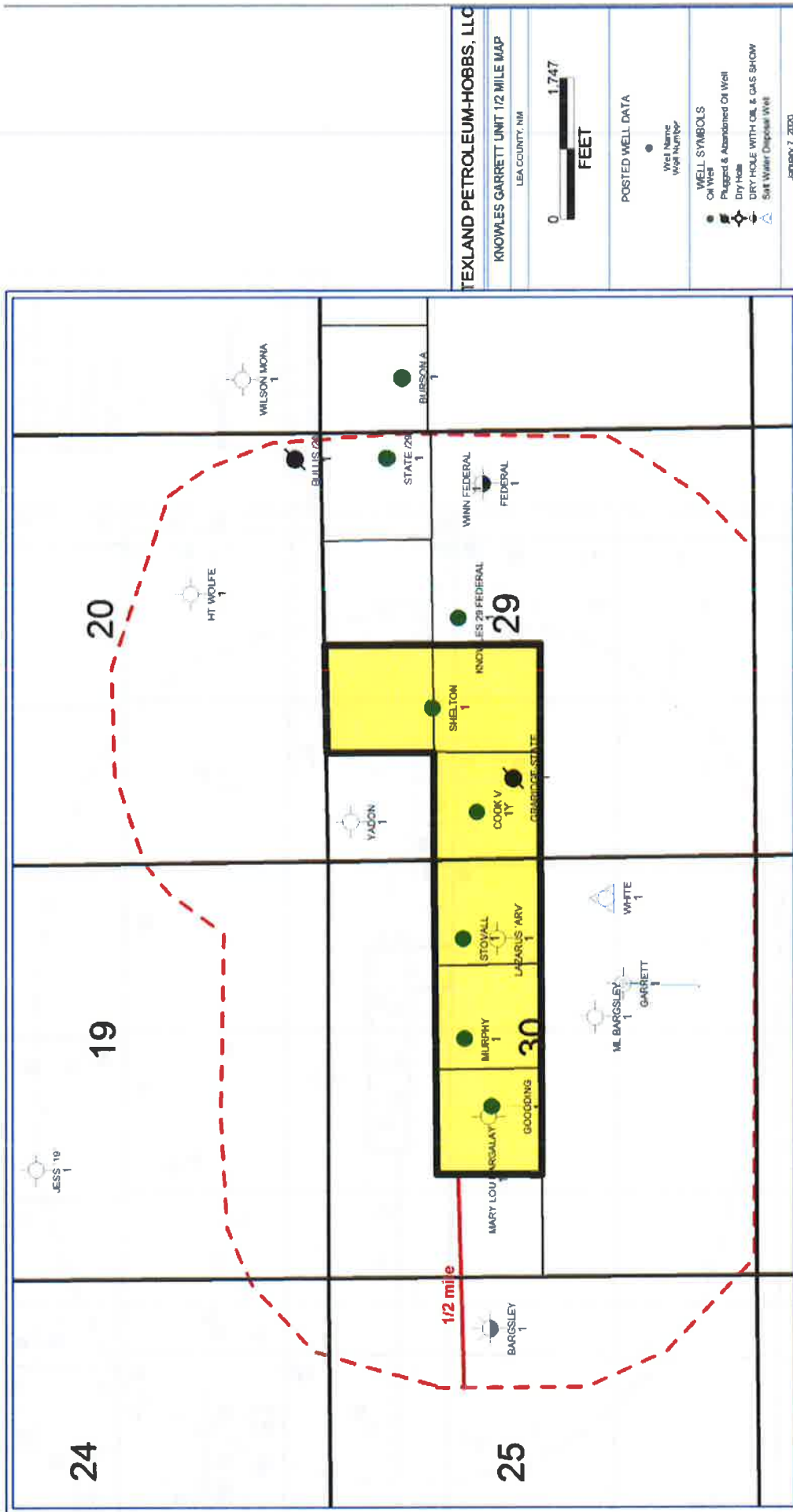
Figure 3: Knowles Garrett Unit 2 Mile Unit Boundary Map





ii. Knowles Garrett Unit 1/2 Mile Unit Boundary Map

Figure 4: Knowles Garrett Unit 1/2 Mile Unit Boundary Map



## D. Section VI.

### Tabulation of Data in Area of Review

API #	Well Name	Operator	TD	Well Status	Well Type	Construction	Spud Date	Section	Township	Range	Record of Completion
30-025-38614	KNOWLES 29 FEDERAL #001	Texland Petroleum- Hobbs, LLC Texland	8,400	Active	Oil	Vertical	11/30/2007	29	16S	38E	Drinkard
30-025-38435	SHELTON #001	Petroleum- Hobbs, LLC Texland	8,419	Active	Oil	Vertical	6/21/2007	29	16S	38E	Drinkard
30-025-37584	STOVALL #001	Petroleum- Hobbs, LLC Texland	8,495	Active	Oil	Vertical	3/1/2006	30	16S	38E	Drinkard
30-025-36958	GOODDING #001	Petroleum- Hobbs, LLC Primero	8,635	Active	Oil	Vertical	12/13/2004	30	16S	38E	Drinkard
30-025-41497	GARRETT #001	Operating Inc	13,169	P&A	Oil	Directional	1/3/2004	30	16S	38E	Dry Hole
30-025-20383	M.L. BARGELEY #1	Gulf Oil Corporation	13,306	P&A	Oil	Vertical	7/24/1963	30	16S	38E	Dry Hole
30-025-24885	YADON #1	Michaelson producing Co. Gulf Oil	8,650	P&A/WSW	Oil	Vertical	11/4/1974	29	16S	38E	Dry Hole
30-025-07284	AUSTIN COOK #1	Corporation	9,100	P&A	Oil	Vertical	4/9/1960	29	16S	38E	San Andres
30-025-37746	WHITE #001	Texland Petroleum- Hobbs, LLC	8,662	Active	SWD	Vertical	3/20/2006	30	16S	38E	Drinkard/San Andres
30-025-07068	Mary Lou Bargsley #1	Gulf Oil Corporation	5,800	P&A	Oil	Vertical	8/13/1960	30	16S	38E	Dry Hole
30-025-34159	Lazarus ARV #1	EOG Y Resources, INC.	8,800	P&A	Oil	Vertical	10/17/1997	30	16S	38E	Dry Hole
30-025-23908	Bargsley #1	Green & Michaelson Producing Co.	8,700	P&A	Oil	Vertical	10/22/1971	25	16S	37E	Dry Hole
30-025-25303	Bullis 20 #1	RL Burns Corp		P&A	Oil	Vertical	8/1/1976	20	16S	38E	Drinkard
30-025-23954	Winn Federal 1	Manzano Oil Corporation Texland	12,133	P&A	Oil	Vertical	11/22/1971	29	16S	38E	Drinkard
30-025-25214	State 29 #001	Petroleum- Hobbs, LLC	8,365	Active	Oil	Vertical	1/14/1976	29	16S	38E	Drinkard
30-025-20469	H.T. Wolfe #1	Sam Boren & Major & Global Oils	8,728	P&A	Oil	Vertical	6/30/1963	20	16S	38E	Dry Hole

i. P&A Wellbore Schematics within Area of Review

Figure 5: Garrett #1 Wellbore Schematic

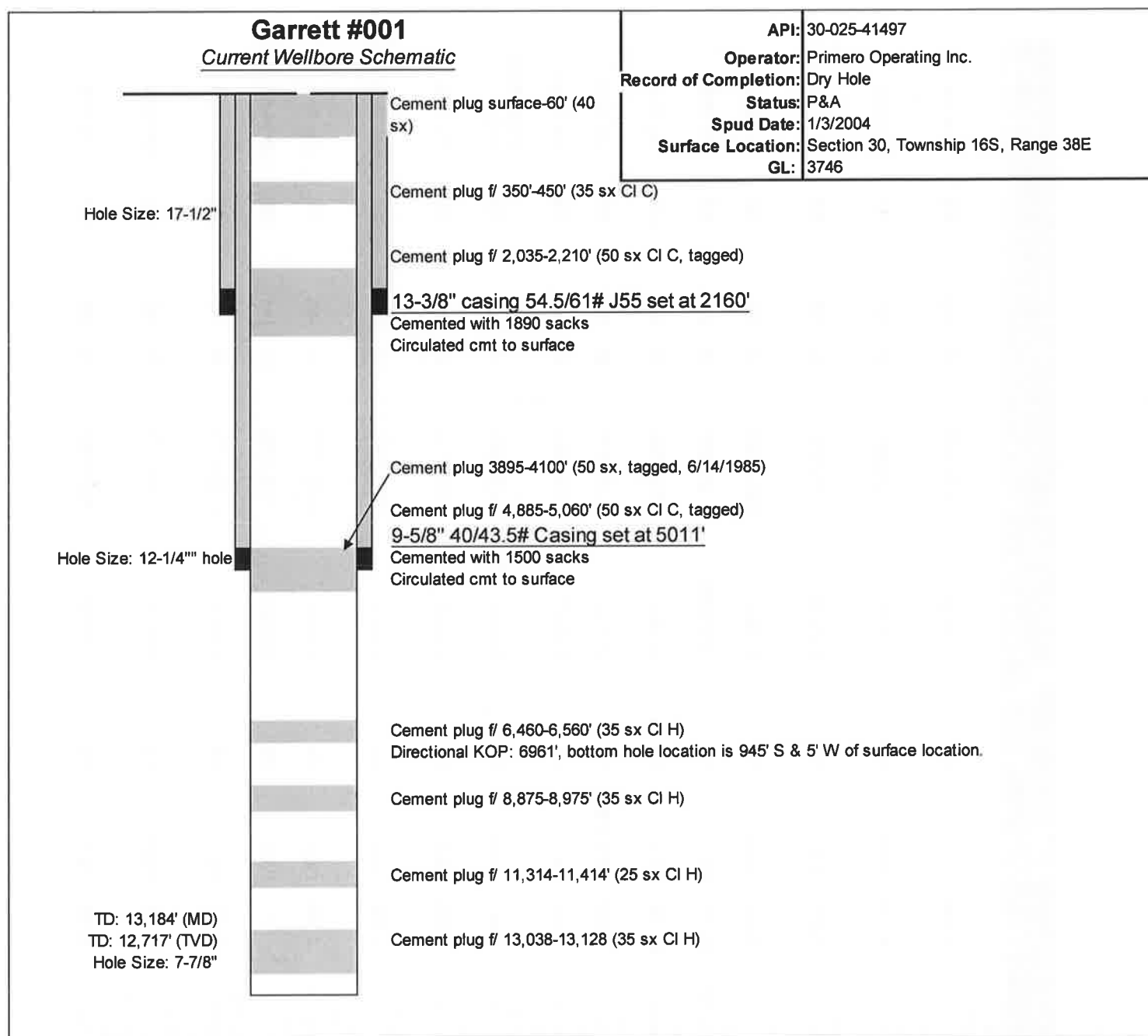
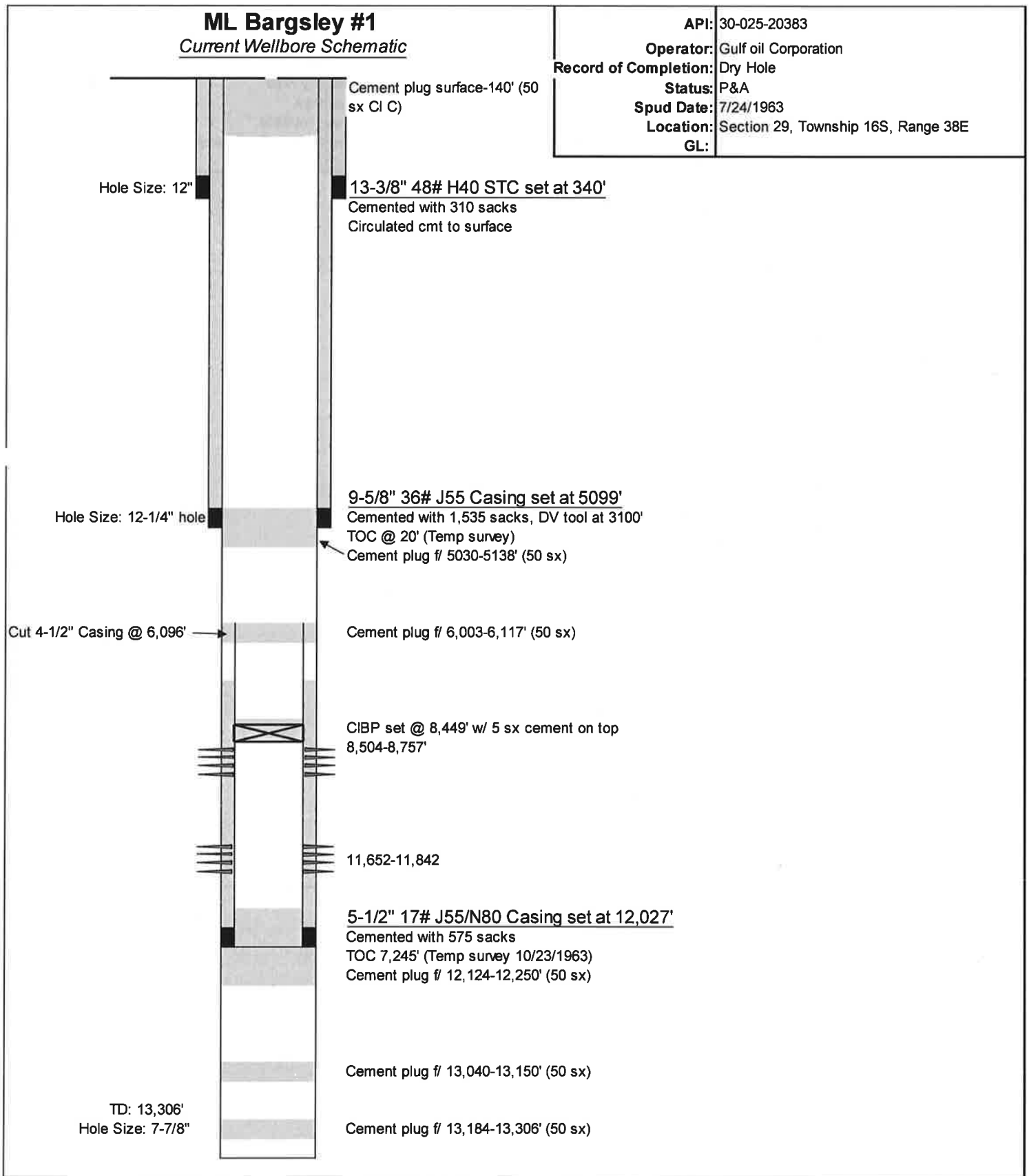
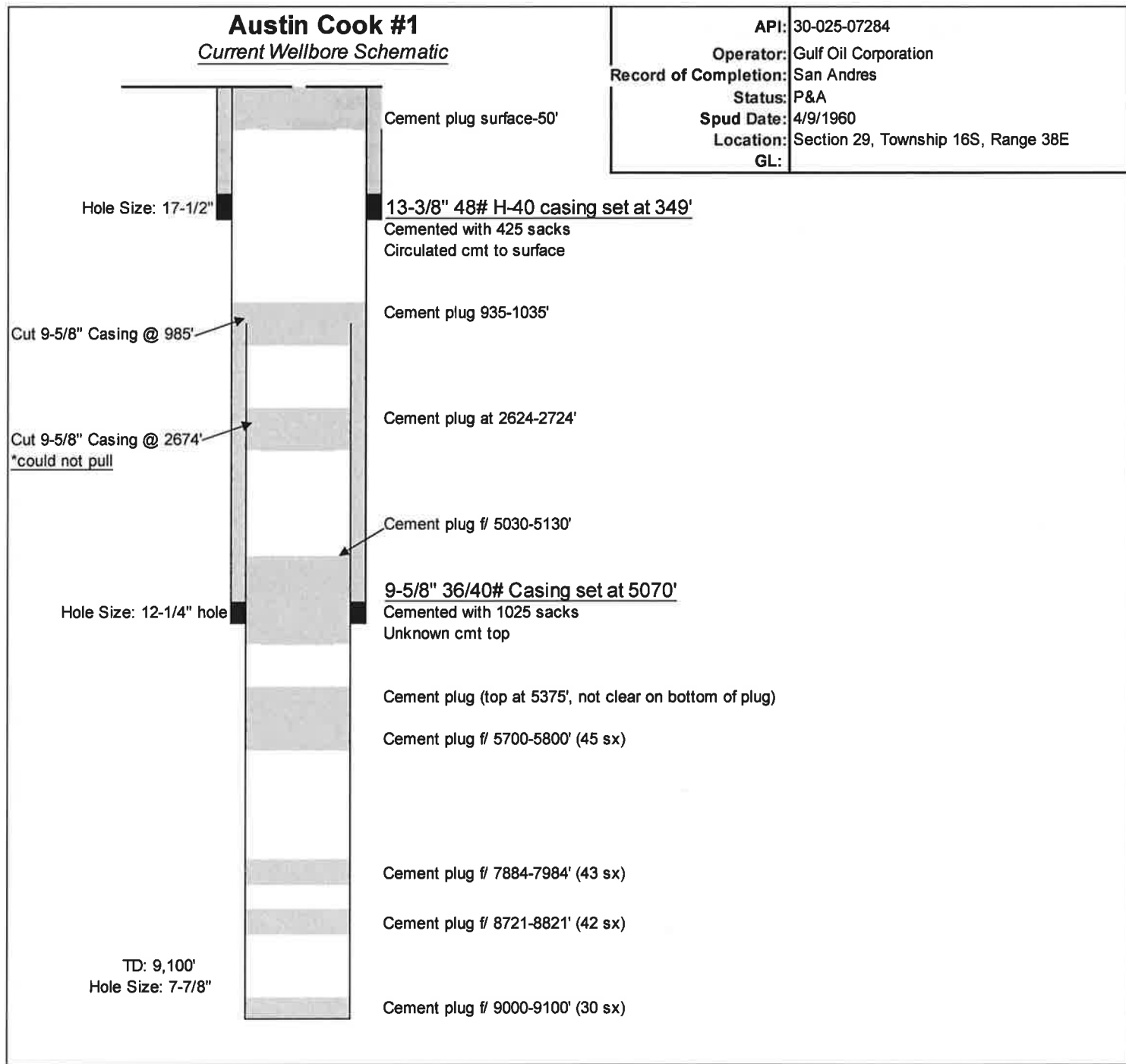


Figure 6: ML Bargeley #1 Wellbore Schematic



<h1>Yadon #1</h1> <h2>Current Wellbore Schematic</h2>		<b>API:</b> 30-025-24885 <b>Operator:</b> Michaelson Producing Co <b>Record of Completion:</b> Dry Hole <b>Status:</b> P&A <b>Spud Date:</b> 11/4/1974 <b>Location:</b> Section 29, Township 16S, Range 38E <b>GL:</b> 3739'	
<p>Hole Size: 17-1/2"</p>		<p><b>*Well transferred to Clayton Hughes for uses as a water supply well.</b></p> <p>Cement plug f/ 350-450' (100 sx)  <u>12" 42# casing set at 400'</u>            Cemented with 400 sacks            Circulated cmt to surface</p>	
<p>Cut 8-5/8" Casing @ 1000'</p>		<p>Cement plug f/ 1055' (65 sx CI C)</p>	
<p>Hole Size: 11" hole</p>		<p>Cement plug f/ 4450-4550' (200 sx CI C, tagged)</p> <p><u>8-5/8" 24/28/32# Casing set at 4500'</u>            Cemented with 375 sacks            TOC Unknown</p>	
		<p>Cement plug f/ 6,055-6,500' (70 sx CI C, tagged)</p>	
		<p>Cement plug f/ 6350-6450</p>	
<p>TD: 8,650' Hole Size: 7-7/8"</p>		<p>Cement plug 8100-8200' (35 sx)</p>	
		<p>Cement plug 8550-8650' (35 sx)</p>	

Figure 8: Austin Cook #1 Wellbore Schematic



# Mary Lou Bargalay #1

## Current Wellbore Schematic

API:	30-025-07068
Operator:	Gulf Oil Corporation
Record of Completion:	Dry Hole
Status:	P&A
Spud Date:	8/13/1960
Location:	Section 30, Township 16S, Range 38E
GL:	3755'

Hole Size: 12-1/4"

8-5/8" 24# J55 STC set at 314'  
Cemented with 190 sacks  
Circulated cmt to surface

Cement plug 250-350' (38 sx)

Cement plug 2150-2250' (52 sx)

Hole Size: 12-1/4" hole

Cement plug f/ 2900-3000'

Cement Plug 4900-5000' (30 sx)

TD: 5800'  
Hole Size: 7-7/8"

Cement Plug 5700-5800' (23 sx)

[illegible]



Figure 11: Bargsley #1 Wellbore Schematic

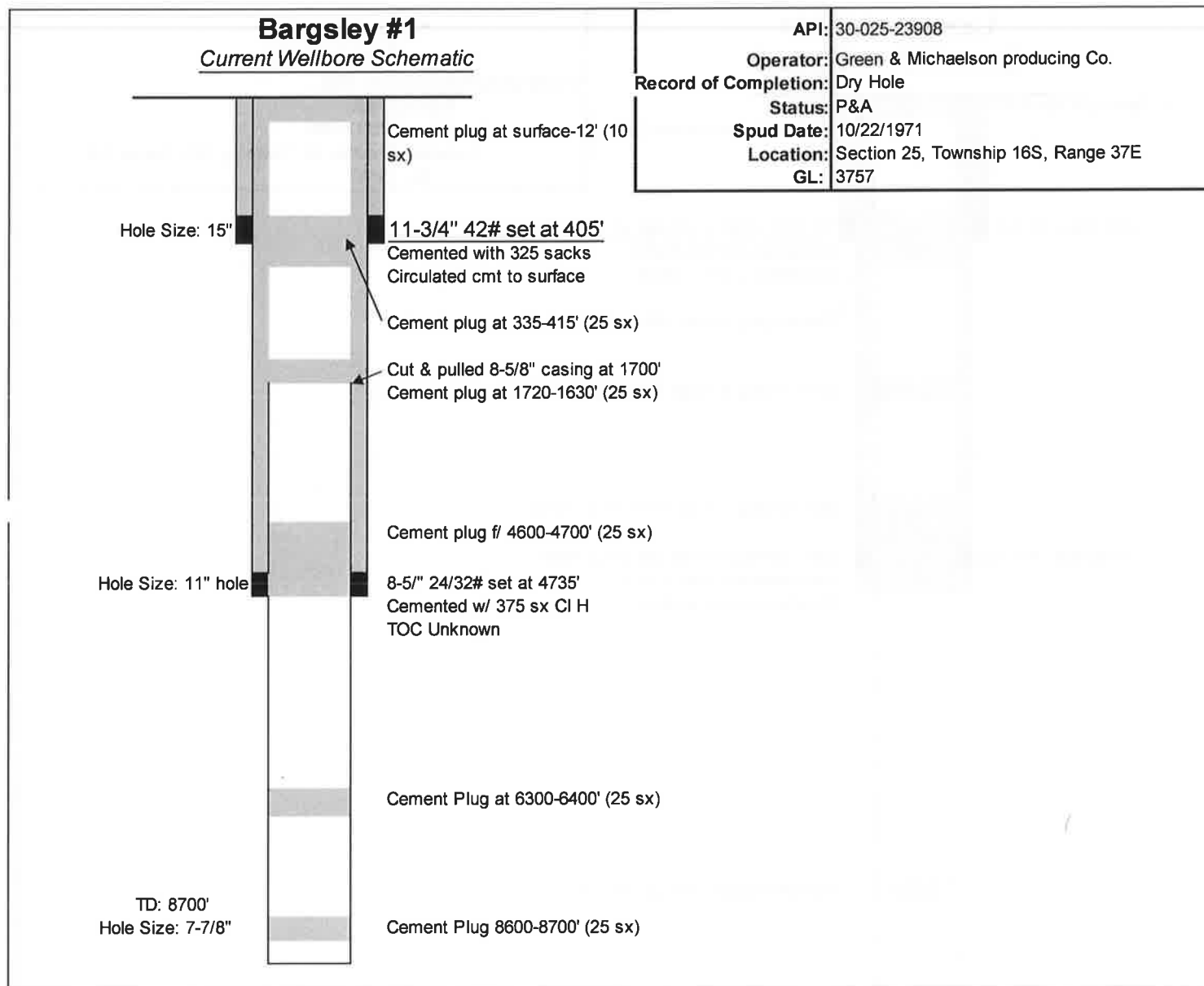
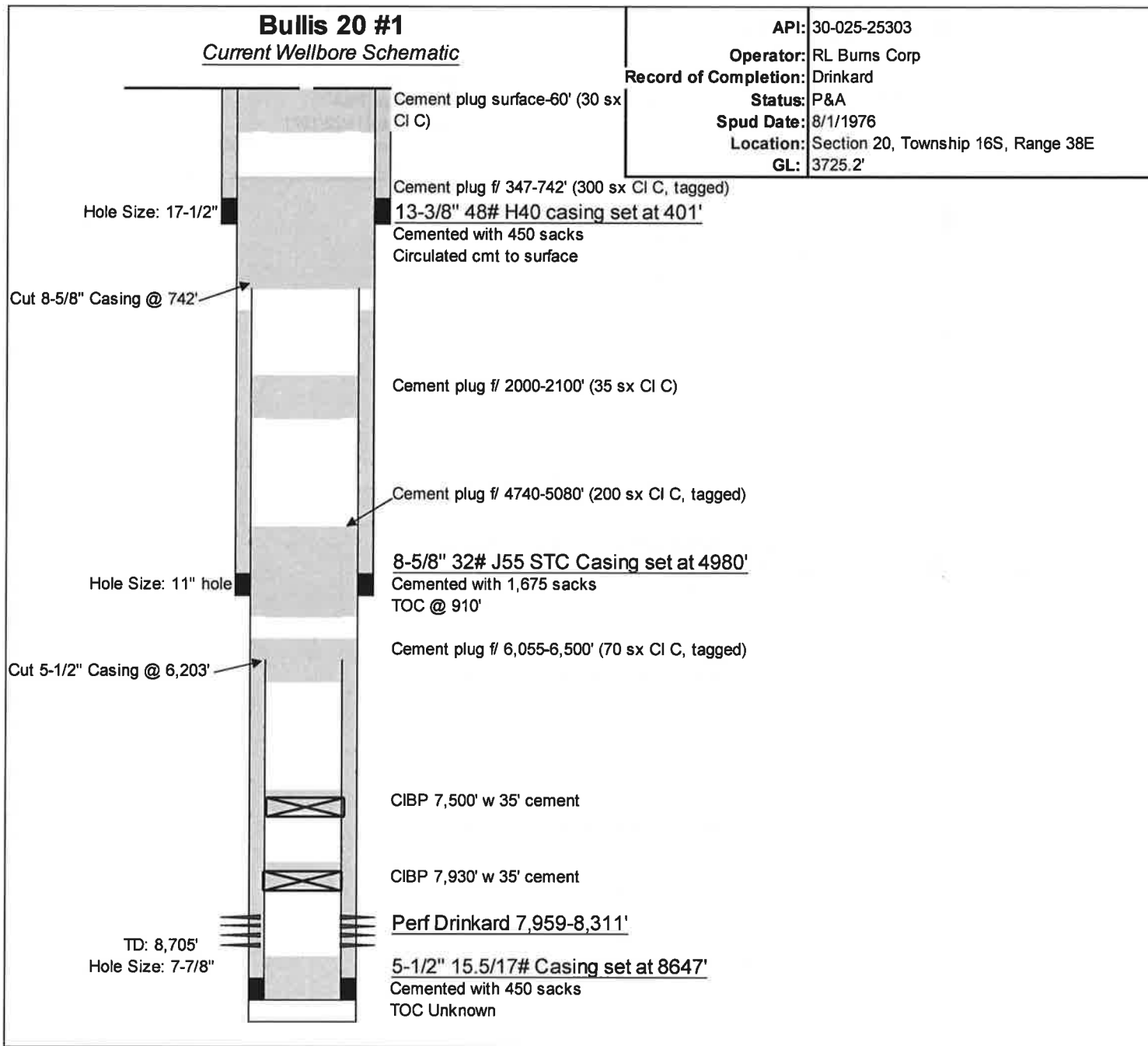


Figure 12: Bullis 20 #1 Wellbore Schematic



## Winn Federal #1

Current Wellbore Schematic

**API:** 30-025-23954

**Operator:** Manzano oil Corporation

**Record of Completion:** Drinkard

**Status:** P&A

**Spud Date:** 11/22/1971

**Location:** Section 29, Township 15S, Range 38E

**GL:** 3725'

Hole Size: 17-1/2"

Cut 8-5/8" casing at 795'  
on 10/16/1973

Hole Size: 11" hole

TD: 12,133'  
Hole Size: 7-7/8"

Cement plug surface-60' (26 sx CI C, 1/3/1990)

11-3/4" 42# casing set at 400'  
Cemented with 350 sacks  
Circulated cmt to surface  
Cement plug f/ 346-446' (51 sx CI C, 1/3/1990)

Cement plug f/ 690-852' (80 sx CI C, 1/3/1990)

Cement plug f/ 4165-4535' (75 sx CI C, 1/30/1995)

8-5/8" 32# & 24# STC Casing set at 4504'  
Cemented with 376 sacks  
TOC unknown

Cement plug f/ 5,000-5,100' (30 sx, 10/2/1973)

Cement plug f/ 6,500-6,600' (30 sx, 10/2/1973)

Cement plug f/ 8,190-8,350' (30 sx, 10/2/1973)

Cement plug f/ 8,400-8,500 (30 sx, 10/2/1973)

Cement plug f/ 9,600-9,700' (30 sx, 10/2/1973)

Cement plug f/ 11,000-11,200 (30 sx, 10/2/1973)

## H.T. Wolfe #1

Current Wellbore Schematic

The schematic shows a vertical wellbore with the following features from top to bottom:

- Surface:** Cement plug at surface (10 sx)
- 10-3/4" Section:** 10-3/4" 32.75# set at 436'. Cemented with 450 sacks. Circulated cmt to surface. Cement plug at 360-415' (25 sx).
- 7-5/8" Section:** Cut & pulled 7-5/8" casing at 1300'. Cement plug at 1245-1300' (25 sx).
- 9" Section:** Cement plug f/ 4150-4300' (25 sx). 7-5/8" 24/26.4# set at 4300'. Cemented w/ 450. TOC Unknown.
- 6235-6385' Section:** Cement Plug at 6235-6385' (25 sx).
- 7767-7917' Section:** Cement Plug at 7767-7917' (25 sx).
- 8578-8728' Section:** Cement Plug 8578-8728' (25 sx).

**TD: 8728'**  
**Hole Size:**

**API:** 30-025-20469

**Operator:** Sam Boren & Major & Global Oils

**Record of Completion:** Dry Hole

**Status:** P&A

**Spud Date:** 6/30/1963

**Location:** Section 20, Township 16S, Range 38E

**GL:** 3740

## E. Section VII: Proposed Operation

1. Proposed average and maximum daily rate and volume of fluids to be injected;
  - a. Proposed average daily rate: 300 bpd per proposed injection well
  - b. Proposed Maximum daily rate: 750 bpd per proposed injection well
  - c. Proposed maximum volume to be injected: 650 Mbbls (total)
2. Whether the system is open or closed;
  - a. The system is closed
3. Proposed average and maximum injection pressure;
  - a. Murphy #1 Average injection pressure: 1,500 psig
  - b. Murphy #1 Maximum injection pressure: 1,642 psig
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
  - a. Texland plans on utilizing the White #1 as a San Andres WSW. The well is located 1-1/2 miles SW of planned waterflood project.
  - b. Section VII **Figure 15** is a Drinkard produced water analysis from the Stovall #1 (API: 30-025-37584)
  - c. Section VII **Figure 16** is a San Andres water analysis from the Sinai #1 (42-165-38727) located in Texas. This sample was utilized due to not having any San Andres production near the proposed unit to gather a sample from.
  - d. Section VII **Figure 17** is a compatibility analysis between the San Andres and Drinkard produced water. A chemical program will be utilized to managed scale precipitation.
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.)
  - a. The proposed injection well is not for disposal.

Figure 15: Stovall #1-Drinkard produced water analysis



Catalyst Oilfield Services  
 11999 E Hwy 158  
 Gardendale, TX 79758  
 (432) 563-0727  
 Fax: (432) 224-1038

## Water Analysis Report

Customer:	Texland Petroleum	Sample #:	106050
Area:	Permian Basin	Analysis ID #:	98831
Lease:	Stovall		
Location:	1		0
Sample Point:	Wellhead		

		Anions		Cations	
		mg/l	meq/l	mg/l	meq/l
Sampling Date:	10/1/2019	Chloride:	57309.8	Sodium:	28690.0
Analysis Date:	10/7/2019	Bicarbonate:	24.4	Magnesium:	1098.0
Analyst:	Catalyst	Carbonate:		Calcium:	5693.0
TDS (mg/l or g/m3):	95294.8	Sulfate:	1280.0	Potassium:	800.7
Density (g/cm3):	1.067	Borate*:	232.0	Strontium:	165.1
Hydrogen Sulfide:	17	Phosphate*		Barium:	1.6
Carbon Dioxide:	70	*Calculated based on measured elemental boron and phosphorus.		Iron:	0.1
Comments:				Manganese:	0.148
				Conductivity (micro-mhos/cm):	121475
				Resistivity (ohm meter):	.0823
		pH at time of sampling:	6.2		
		pH at time of analysis:			
		pH used in Calculation:	6.2		
		Temperature @ lab conditions (F):	75		

### Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl

Temp	Calcite CaCO <sub>3</sub>		Gypsum CaSO <sub>4</sub> ·2H <sub>2</sub> O		Anhydrite CaSO <sub>4</sub>		Celestite SrSO <sub>4</sub>		Barite BaSO <sub>4</sub>	
	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount
80	-1.02	0.00	-0.12	0.00	-0.14	0.00	0.13	20.17	1.22	0.96
100	-0.92	0.00	-0.16	0.00	-0.12	0.00	0.12	24.26	1.04	0.96
120	-0.82	0.00	-0.19	0.00	-0.07	0.00	0.12	24.26	0.89	0.64
140	-0.71	0.00	-0.21	0.00	0.00	0.00	0.13	20.17	0.75	0.64
160	-0.60	0.00	-0.23	0.00	0.09	104.38	0.14	29.37	0.64	0.64
180	-0.48	0.00	-0.23	0.00	0.19	205.57	0.17	33.20	0.55	0.64
200	-0.36	0.00	-0.24	0.00	0.31	294.94	0.19	37.67	0.47	0.64
220	-0.24	0.00	-0.24	0.00	0.44	369.96	0.22	42.13	0.42	0.64

Figure 16: Sinai #1: San Andres Water Analysis



Catalyst Oilfield Services  
11999 E Hwy 158  
Gardendale, TX 79758  
(432) 563-0727  
Fax: (432) 224-1038

## Water Analysis Report

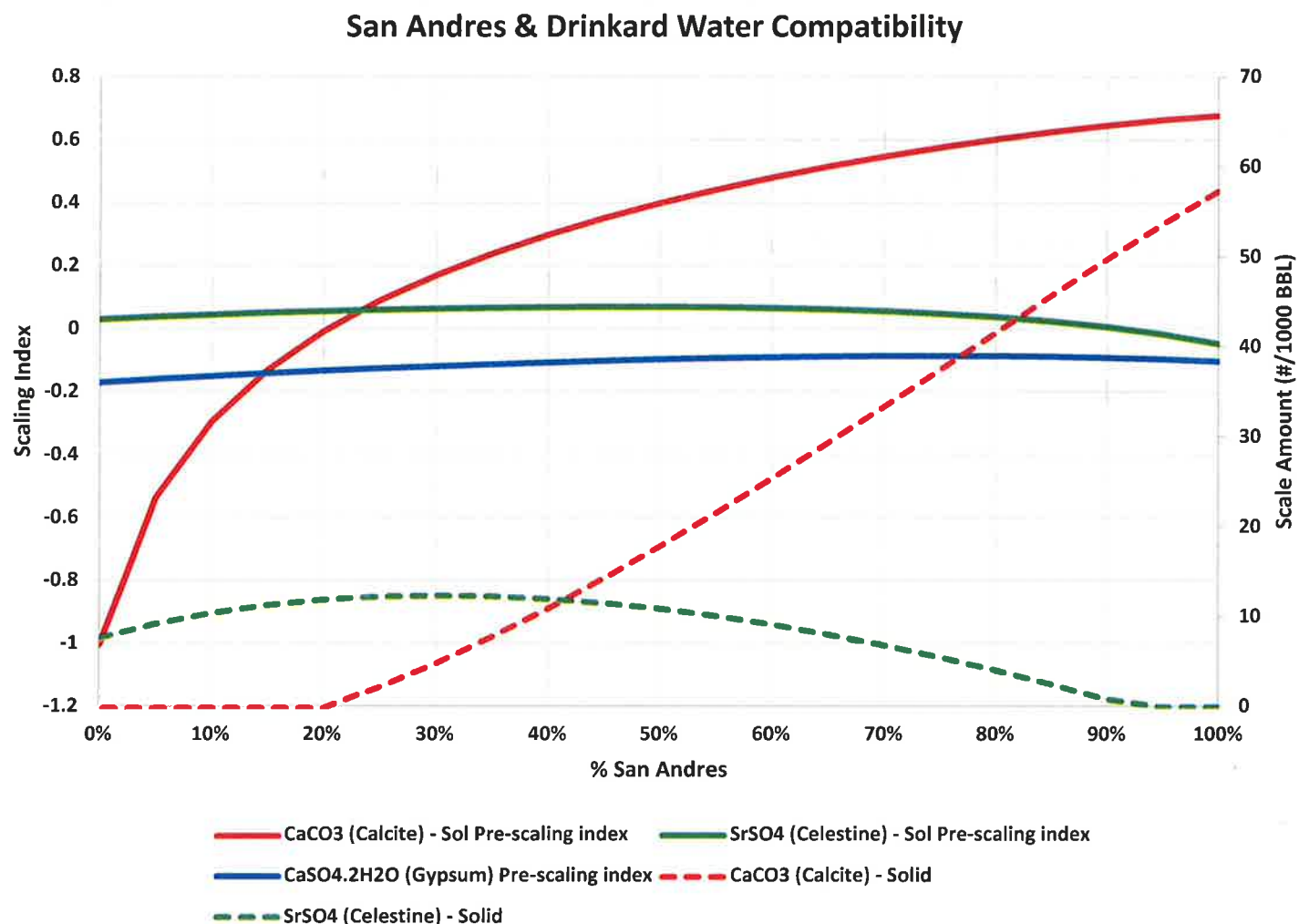
Customer: Texland Petroleum Sample #: 106049  
Area: Permian Basin Analysis ID #: 98830  
Lease: Sinai  
Location: 1 0  
Sample Point: Wellhead

		Anions		Cations	
		mg/l	meq/l	mg/l	meq/l
Sampling Date:	10/1/2019	Chloride:	17102.0	Sodium:	9314.0
Analysis Date:	10/7/2019	Bicarbonate:	585.0	Magnesium:	519.1
Analyst:	Catalyst	Carbonate:		Calcium:	1737.0
TDS (mg/l or g/m3):	32018.8	Sulfate:	2400.0	Potassium:	280.0
Density (g/cm3):	1.022	Borate*:	43.5	Strontium:	36.4
		Phosphate*		Barium:	1.4
Hydrogen Sulfide:	1326	*Calculated based on measured elemental boron and phosphorus.		Iron:	0.1
Carbon Dioxide:	130			Manganese:	0.056
Comments:				Conductivity (micro-mhos/cm):	43826
				Resistivity (ohm meter):	.2282
		pH at time of sampling:	6.78		
		pH at time of analysis:			
		pH used in Calculation:	6.78		
		Temperature @ lab conditions (F):	75		

### Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl

Temp	Calcite CaCO <sub>3</sub>		Gypsum CaSO <sub>4</sub> ·2H <sub>2</sub> O		Anhydrite CaSO <sub>4</sub>		Celestite SrSO <sub>4</sub>		Barite BaSO <sub>4</sub>	
	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount
°F										
80	0.54	47.53	-0.02	0.00	-0.08	0.00	0.06	3.40	1.77	0.68
100	0.65	57.72	-0.05	0.00	-0.04	0.00	0.06	3.40	1.61	0.68
120	0.77	67.91	-0.06	0.00	0.03	62.13	0.07	4.07	1.48	0.68
140	0.89	78.43	-0.06	0.00	0.12	219.67	0.10	5.09	1.36	0.68
160	1.02	88.62	-0.05	0.00	0.23	380.95	0.13	6.45	1.27	0.68
180	1.14	98.46	-0.04	0.00	0.36	534.07	0.16	8.15	1.20	0.68
200	1.27	107.63	-0.02	0.00	0.49	670.56	0.20	9.51	1.14	0.68
220	1.41	116.12	-0.01	0.00	0.64	787.02	0.24	11.20	1.10	0.68

Figure 17: San Andres & Drinkard Water Compatibility



## F. Section VIII: Geologic Data

### a. Geologic Name of Injection Zone

#### i. Drinkard Formation

### b. Geologic Description

- i. Injection will be into the Permian Drinkard formation. The proposed injection interval is from 8100-8450'. These units are composed of Dolomite with a gross thickness of about 350'. The reservoir units were deposited as complex shoals near the Drinkard shelf margin. These units are dominated by packstones with mostly vuggy porosity. Porosity in the reservoir ranges from 2% to as much as 12%.

### c. Fresh Water Sources

- i. Fresh water production in this area is from the Tertiary Ogallala aquifer. The productive interval is from 50' to 150'. Other possible, but currently unused water sources, are the Triassic Santa Rosa from 280' to the top of the Permian Rustler Formation at 2075'. No other fresh water sources overlie the injection interval.



### **G. Section IX: Proposed Stimulation**

- a. At this time, Texland does not have any stimulations planned. If scale deposition is encountered when converting the well to an injection well, a small acid stimulation will be pumped.

### **H. Section X: Logging and Test Data**

- a. The log and test data have already been filed with the Division for the Murphy #1.

### **I. Section XI: Offset Fresh Water Chemical Analysis**

- a. Section XI **Figure 18** is a chemical analysis from a fresh water well (Stovall WW) utilized for agriculture production located .15 miles south of the Murphy #1. Section XI **Figure 19** is a chemical analysis from the 2<sup>nd</sup> fresh water well (Shelton WW) that is located .7 miles east of the Murphy #1.

Figure 18: Stovall WW Fresh Water Analysis



PHONE (575) 293-2326 • 101 E. MARLAND • HOBBS, NM 88240

**Analytical Results For:**

<b>TEXLAND PETROLEUM</b> P. O. BOX 3446 HOBBS NM, 88241	Project: WATER SAMPLES Project Number: STOUVALL / SHELTON Project Manager: RONNIE MC CRACKEN Fax To: (432) 596-4235	Reported: 09-Oct-19 15:23
---	--	------------------------------

**STOVALL WW**  
**H903355-01 (Water)**

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
---------	--------	-----	-----------------	-------	----------	-------	---------	----------	--------	-------

**Cardinal Laboratories:**

**Inorganic Compounds:**

Alkalinity, Bicarbonate	278		5.00	mg/L	1	9092417	AC	02-Oct-19	310.1	
Alkalinity, Carbonate	<1.00		1.00	mg/L	1	9092417	AC	02-Oct-19	310.1	
Chloride*	68.0		4.00	mg/L	1	9100204	AC	02-Oct-19	4100-CI-B	
Conductivity*	693		1.00	uS/cm	1	9100209	AC	02-Oct-19	126.1	
pH*	7.74		0.100	pH Units	1	9100209	AC	02-Oct-19	150.1	
Sulfate*	120		25.0	mg/L	2.5	9100203	AC	03-Oct-19	375.4	
TDS*	503		5.00	mg/L	1	9100197	AC	03-Oct-19	160.1	
Alkalinity, Total*	228		4.00	mg/L	1	9092417	AC	02-Oct-19	310.1	

**Green Analytical Laboratories:**

**Total Recoverable Metals by ICP (E200.7)**

Calcium*	87.8		0.500	mg/L	5	B910059	AES	08-Oct-19	EPA200.7	
Magnesium*	18.0		0.500	mg/L	5	B910059	AES	08-Oct-19	EPA200.7	
Potassium*	2.16	0.339	5.00	mg/L	5	B910059	AES	08-Oct-19	EPA200.7	J
Sodium*	49.4		5.00	mg/L	5	B910059	AES	08-Oct-19	EPA200.7	

**Cardinal Laboratories**

\*=Accredited Analyte

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*Coley D. Keene*

Coley D. Keene, Lab Director/Quality Manager

Figure 19: Shelton WW Fresh Water Analysis



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**Analytical Results For:**

<b>TEXLAND PETROLEUM</b> P. O. BOX 3446 HOBBS NM, 88241	Project: WATER SAMPLES Project Number: STOUVALL / SHELTON Project Manager: RONNIE MC CRACKEN Fax To: (432) 596-4235	Reported: 09-Oct-19 15:23
---	--	------------------------------

**SHELTON WW**  
**H903355-02 (Water)**

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
---------	--------	-----	-----------------	-------	----------	-------	---------	----------	--------	-------

**Cardinal Laboratories**

**Inorganic Compounds**

Alkalinity, Bicarbonate	168		5.00	mg/L	1	9092417	AC	02-Oct-19	310.1	
Alkalinity, Carbonate	<1.00		1.00	mg/L	1	9092417	AC	02-Oct-19	310.1	
Chloride*	56.0		4.00	mg/L	1	9100204	AC	02-Oct-19	4500-C3-B	
Conductivity*	653		1.00	uS/cm	1	9100209	AC	02-Oct-19	129.1	
pH*	7.58		0.100	pH Units	1	9100209	AC	02-Oct-19	150.1	
Sulfate*	112		25.0	mg/L	2.5	9100203	AC	03-Oct-19	375.4	
TDS*	481		5.00	mg/L	1	9100107	AC	03-Oct-19	160.1	
Alkalinity, Total*	220		4.00	mg/L	1	9092417	AC	02-Oct-19	310.1	

**Green Analytical Laboratories**

**Total Recoverable Metals by ICP (E200.7)**

Calcium*	82.6		0.500	mg/L	5	B910019	AES	08-Oct-19	EPA200.7	
Magnesium*	16.8		0.500	mg/L	5	B910019	AES	08-Oct-19	EPA200.7	
Potassium*	2.69	0.339	5.00	mg/L	5	B910019	AES	08-Oct-19	EPA200.7	
Sodium*	54.9		5.00	mg/L	5	B910019	AES	08-Oct-19	EPA200.7	

**Cardinal Laboratories**


\*=Accredited Analyte


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*Celely D. Keene*  
 Celely D. Keene, Lab Director/Quality Manager

## J. Section XII: Affirmative Statement for Disposal Wells

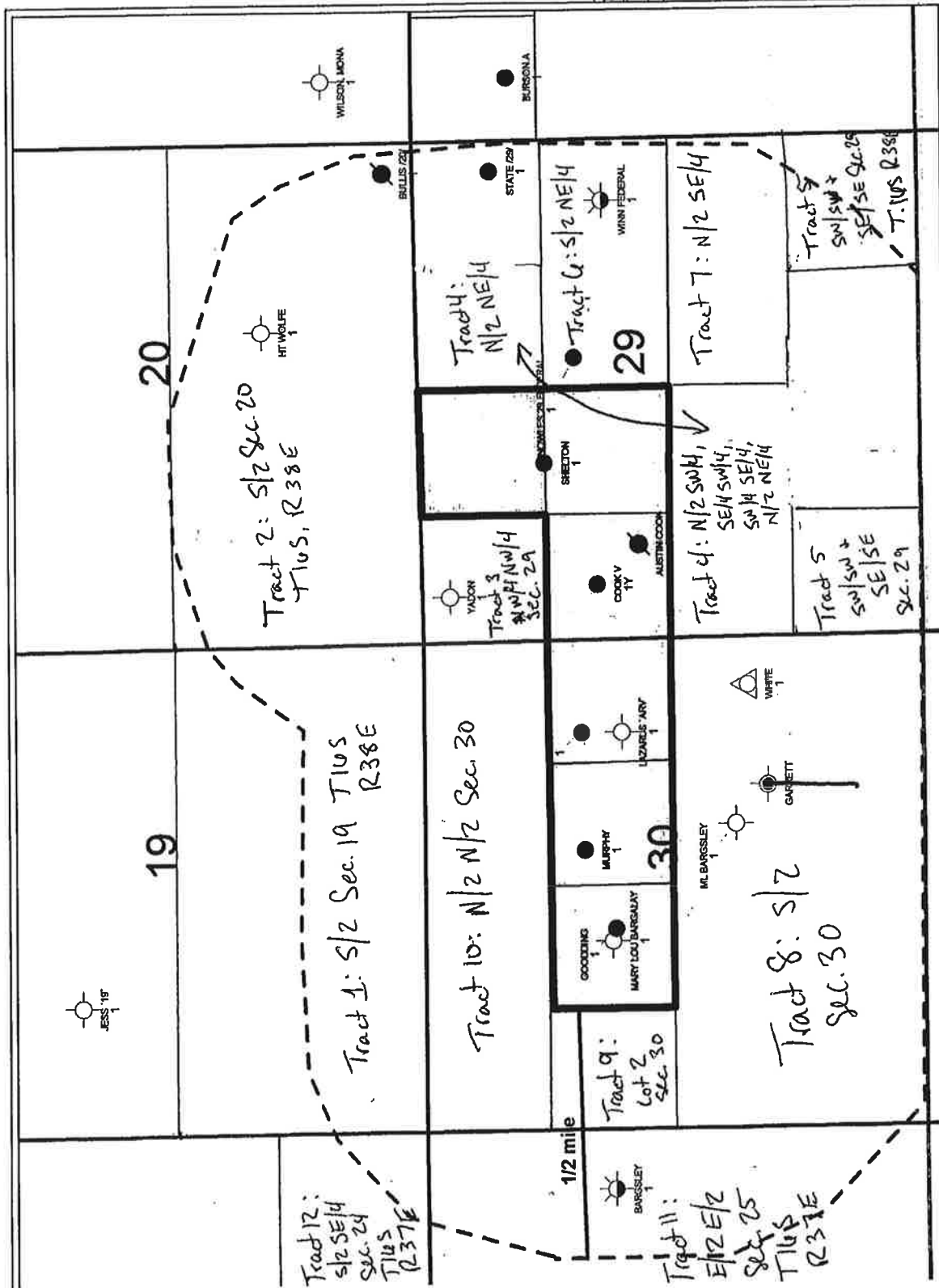
Texland Petroleum conducted a hydrogeologic investigation related to the proposed injection well to determine whether a hydrologic connection between the proposed injection interval and any sources of underground drinking water. In support of this analysis, I reviewed available geologic information and engineering data, in addition to confidential and proprietary data sets. Based on that review and my analysis, I have determined that there is no evidence in the data of open faulting or any other hydrologic connection between the injection interval and any underground sources of drinking water.

  
Bryan Lee  
Vice President Exploration  
Texland Petroleum, L.P.

  
Date

## K. Proof of Notice

14151905\_v1



TEXLAND PETROLEUM-HOBBS, LLC  
KNOWLES GARRET UNIT 1/2 MILE MAP  
LEA COUNTY, NM

0 1.545  
FEET

POSTED WELL DATA

Well Name  
Well Number

WELL SYMBOLS  
 • Oil Well  
 • Plugged & Abandoned Oil Well  
 • Dry Hole  
 • DRY HOLE WITH OIL & GAS SHOW  
 • Salt Water Disposal Well

February 27, 2020

**Mineral Owners: Section 30, T16S, R38E, Lea County, NM**

<b>Owner Name</b>	<b>Address 1</b>	<b>Address 2</b>	
Bargsley, Clyde Lewis and wife Verna Bargsley	902 Sharpshire	Grand Prairie, TX 75050	(N/2 N/2; Lot 2; S/2)
Anguish Interests, LLC	350 CR 244	Eureka, Springs, AR 72631	(S/2)
Anguish Partnership	P. O. Box 63	Midland, TX 79702	(S/2)
Anguish, D & J Properties, LLC	33819 Conroe Huffsmith Road	Magnolia, TX 77354	(S/2)
Byers, Ronald J. Company (a Texas LLC)	3112 Above Stratford Place	Austin, TX 78746	(S/2)
Collins Partners, Ltd.	5000 Burnet Road	Austin, TX 78756	(S/2)
D. Wynn Enterprises, LLC	825 Goodsprings Loop	Williston, TN 38076	(S/2)
Dale, Frances L. Pers. Rep. of Oran C. Dale and Frances Dale Trust			
Agreement of 5-15-86	P. O. Box 661	Tyrone, NM 88065	(S/2)
Dale, Robert Levers	15419 Peach Hill Road	Saratoga, CA 95070	(S/2)
Daniels, Sharon Kidd	P. O. Box 1258	Hobbs, NM 88241	(S/2)
Denish, Diane Schreiber	2604 Morrow Road NE	Albuquerque, NM 87106-2523	(S/2)
Driver, Patricia Murphy	11840 Barryknoll	Houston, TX 77024	(N/2 N/2; Lot 2; S/2)
Evans, Gloria R. A. Ltd.	P. O. Box 7962	Midland, TX 79708	(S/2)
Ford, Raymond Karl	1809 CR 4200	Winnboro, TX 75494	(N/2 N/2; Lot 2; S/2)
Foundation for the Junior Blind	5300 Angeles Vista Blvd.	Los Angeles, CA 90043	(S/2)
GFSJR Minerals, LLC	P. O. Box 906	El Campo, TX 77347	(NE/4 NE/4)
Goodding, The Joseph E. and Twila M. Goodding Living Trust	1009 Crestview Circle	Farmington, NM 87401	(N/2 N/2; Lot 2; S/2)
Hannifin, Alan R. and Michelle Sandoval	518 17th Street Suite 540	Denver, CO 80202	(S/2)
Hannifin, Frances A. and Shawn P. Hannifin	49315 E. 88th Ave.	Bennett, CO 80102	(S/2)
Jennings, Laura J. and Patrick R. Jennings	2716 N. Pennsylvania Apt. 56	Roswell, NM 88201	(N/2 N/2; S/2)
Mann, Maddy	4008 N. Apodaca	Hobbs, NM 88240	(S/2)
MAP 92-96 MGD	100 Park Ave. Suite 1008	Oklahoma City, OK 73102	(S/2)
McCormick, Randy and Debbie McCormick	P. O. Box 844	Lovington, NM 88260	(S/2)
Mordhorst, Clifford	P. O. Box 4335	Tulsa, OK 74159	(S/2)
Mordhorst, Dan Trustee of the Dan Mordhorst Trust of 6-30-97	P. O. Box 4335	Tulsa, OK 74159	(S/2)
Mordhorst, Derek	P. O. Box 4335	Tulsa, OK 74159	(S/2)
Murphy, George S. III	5 Weston Road	Hingham, MA 02043	(N/2 N/2; Lot 2; S/2)
New Mexico Oil Corporation	P. O. Box 1714	Roswell, NM 88202	(N/2 N/2; S/2)
Pettit, Thomas W. and Joyce A. Pettit, Ttee of Pettit Family Trust	121 Corando Circle	Santa Barbara, CA 93108	(N/2 N/2; Lot 2; S/2)
Ponderosa Royalty, LLC	P. O. Box 10428	Midland, TX 79702	(NE/4 NE/4)
Read, Charles B.	P. O. Box 1518	Roswell, NM 88202	(N/2 N/2; S/2)
Reaud, Dana Daniels	3939 Bee Caves Road Bldg. C-100	Austin, TX 78746	(S/2)

Owner Name	Address 1	Address 2
Schacherl, Marilyn Siler and husband Leroy Siler	113 Camino Real	San Angelo, TX 76904 (S/2)
Schreiber, Sara	2101 16th St. NW #724	Washington, DC 20009 (S/2)
Schreiber, Spencer	324 Rogers Lane	Durango, CO 81303 (S/2)
Schreiber, Suzanne	3111 E. 58th Place	Tulsa, OK 74105 (S/2)
Seed, Sam H. and Lisa J. Seed	13207 Calle Alto	Hobbs, NM 88240 (S/2)
Tinley, Mike	125 W. Baja	Hobbs, NM 88240 (S/2)
Western Commerce Bank, Agent for Klein Bank and Kirby D.Schenck, et al, Rev. Trust	P. O. Box 1258	Hobbs, NM 88241 (S/2)
Wright, Susan Dale	P. O. Box 1887	Hobbs, NM 88240 (N/2 N/2; Lot 2; S/2)
Young, Billie Ann Bartlett	715 Officers Lake Road	Columbus, MS 39705 (N/2 N/2; Lot 2; S/2)



**Mineral Owners: E/2 E/2 Section 25, T16S, R37E, Lea County, NM**

<b>Owner Name:</b>	<b>Address 1</b>	<b>Address 2</b>	<b>Location of Interest</b>
Anguish Interests, LLC	350 CR 244	Eureka, Springs, AR 72631	(E/2)
Anguish Partnership	P. O. Box 63	Midland, TX 79702	(E/2)
Anguish, D & J Properties, LLC	33819 Conroe Huffsmith Road	Magnolia, TX 77354	(E/2)
Bargsley, Clyde Lewis and wife Verna Bargsley	902 Sharpshire	Grand Prairie, TX 75050	(E/2)
BMD Exploration, LLC	510 Vincent St.	Houston, TX 77009	(E/2)
Bohte, Doris Ann	45 Stratford Hill Circle	El Paso, TX 79912	(E/2) *
Byers, Ronald J. Company (a Texas LLC)	3112 Above Stratford Place	Austin, TX 78746	(E/2) *
Collins Partners, Ltd.	5000 Burnet Road	Austin, TX 78756	(E/2)
Conquistador Council of Boy Scouts of America Trust Fund	2603 N. Aspen Ave	Roswell, NM 88201	(E/2)
Copperhead Resources, LLC	P. O. Box 8355	Midland, TX 79708	(E/2)
Daniels, Sharon Kidd	P. O. Box 1258	Hobbs, NM 88241	(E/2)
Denish, Diane Schreiber	2604 Morrow Road NE	Albuquerque, NM 87106	(E/2)
Desmond, Russell V. and Virginia C. Marital Trusts	c/o First National Bank P O Box 1857	Roswell, NM 88202	(E/2)
Devlin, Carolyn Lee	449 Loudan Ave	Dunedin, FL 34968	(E/2)
Driver, Patricia Murphy	11840 Barryknoll	Houston, TX 77024	(E/2)
EOG Resources	P. O. Box 4362	Houston, TX 77210	(E/2)
Evans, Gloria R. A. Ltd.	P. O. Box 7962	Midland, TX 79708	(E/2)
Ford, Raymond Karl	1809 CR 4200	Winnsboro, TX 75494	(E/2)
Hannifin, Alan R. and Michelle Sandoval	518 17th Street Suite 540	Denver, CO 80202	(E/2)
Hannifin, Frances A. and Shawn P. Hannifin	49315 E. 88th Ave.	Bennett, CO 80102	(E/2)
Hubbard, Karen	133 W. Coronado Rd.	Santa Fe, NM 87505	(E/2) **
Hurley, Laura	7441 E. 8th Avenue	Denver, CO 80230	(E/2)
Jennings, Laura J. and Patrick R. Jennings	2716 N. Pennsylvania Apt. 56	Roswell, NM 88201	(E/2)
Joy Partners, L. P. (fka T. C. Craighead)	P. O. Box 576	Ardmore, OK 73402	(E/2) **
Lee, Richard G.	15 Pine Hill Road	Southboro, MA 01772	(E/2)
Mann, Maddy	4008 N. Apodaca	Hobbs, NM 88240	(E/2)
MAP 92-96 MGD	100 Park Ave. Suite 1008	Oklahoma City, OK 73102	(E/2)
McCormick, Randy and Debbie McCormick	P. O. Box 844	Lovington, NM 88260	(E/2)
Mordhorst, Clifford	P. O. Box 4335	Tulsa, OK 74159	(E/2)
Mordhorst, Dan Trustee of the Dan Mordhorst Trust of 6-30-97	P. O. Box 4335	Tulsa, OK 74159	(E/2) *
Mordhorst, Derek	P. O. Box 4335	Tulsa, OK 74159	(E/2) *
Murphy, George S. III	5 Weston Road	Hingham, MA 02043	(E/2) *
New Mexico Military Institute	101 W. College Blvd.	Roswell, NM 88202	(E/2)
Pearson, Jennifer	c/o Claudio Coello 13	Seville, Spain 41005	(E/2)



Owner Name:	Address 1	Address 2	Location of Interest
Pearson, Mark W.	9A Langland Gardens	London, England N360	(E/2)
Pettit, Thomas W. and Joyce A. Pettit, Ttee of Pettit Family Trust	121 Corando Circle	Santa Barbara, CA 93108	(E/2)
Read & Stevens, Inc.	P. O. Box 1518	Roswell, NM 88201	(E/2)
Read, Charles B.	P. O. Box 1518	Roswell, NM 88202	(E/2)
Reaud, Dana Daniels	3939 Bee Caves Road Bldg. C-100	Austin, TX 78746	(E/2)
Schacherl, Marilyn Siler and husband Leroy Siler	113 Camino Real	San Angelo, TX 76904	(E/2) *
Schreiber, Sara	2101 16th St. NW #724	Washington, DC 20009	(E/2)
Schreiber, Spencer	324 Rogers Lane	Durango, CO 81303	(E/2)
Schreiber, Suzanne	3111 E. 58th Place	Tulsa, OK 74105	(E/2)
Scott, Drew	P. O. Box 9143	Midland, TX 79708	(E/2)
Seed, Sam H. and Lisa J. Seed	13207 Calle Alto	Hobbs, NM 88240	(E/2)
Sloan, Robert G.	1707 Kit Carson SE	Albuquerque, NM 87104	(E/2) **
Snowdy, S. Mark	P. O. Box 679	Black Hawk, CO 80422	(E/2)
Tinley, Mike	125 W. Baja	Hobbs, NM 88240	(E/2)
Tinley, Mike	125 W. Baja	Hobbs, NM 88240	(E/2)
Turcotte, Tina Marie	516 Rose Marie Ave	Virginia Beach, VA 23462	(E/2)
University Of New Mexico - Board of Regents		Albuquerque, NM 87131	(E/2)
Wright, Susan Dale	P. O. Box 1887	Hobbs, NM 88240	(E/2)
Young, Billie Ann Bartlett	715 Officers Lake Road	Columbus, MS 39705	(E/2)

\* Leased to MRC Permian Co. of One Lincoln Centre 5400 LBJ Freeway Suite 1500 Dallas, Texas 75240 to expire 7-31-2021

\*\* Leased to Vida Nova Investments LLC of P. O. Box 621517 Littleton, CO 80162 to expire 6-15-2021

**Mineral Owners: S/2 Section 20, T16S, R38E, Lea County, NM**

<b>Owner Name</b>	<b>Address 1</b>	<b>Address 2</b>	
Barnhill, W. Chris and Donna M. Barnhill, Trustees	P. O. Box 700968	San Antonio, TX 78270	(SW/4 & SE/4)
Broeder, Barbara B.	1681 J. K. Kennedy Csway #100E	North Bay Village, FL 33191	(SW/4 & SE/4)
Burnet, Deane Wallace	P. O. Box 20524	Oklahoma City, OK 73156	(SW/4 & SE/4)
Caves, Denise Trust (et al)	P. O. Box 1146	Bristow, OK 74010	(SE/4)
COG Operating, LLC	1 Concho Center 600 W. Illinois Ave	Midland, TX 79701	(SW/4 & SE/4)
Concho Resources	1 Concho Center 600 W. Illinois Ave	Midland, Texas 79701	(SW/4 & SE/4)
Covington, Devin Wallace	5204 N. Billen	Oklahoma City, OK 73112	(SW/4 & SE/4)
Hefner Company Inc.	P. O. Box 2177	Oklahoma City, OK 73102	(SW/4)
Nolan, Elaine C.	421 W. Bert Avenue	Pauls Valley, OK 73075	(SW/4)
Southworth, George Clark	4468 White Egret Lane	Sarasota, FL 34238	(SW/4 & SE/4)
Wallace, Roy B.	13317 Apple Valley Dr.	Oklahoma City, OK 73120	(SW/4 & SE/4)
Wallace, Scott William	240 Chesapeake Lane	Southlake, TX 76092	(SW/4 & SE/4)

**Mineral Owners: Section 29, T16S, R38E, Lea County, NM  
NW/4 NW/4 - Open of Record Fee Minerals**

Owner Name		Address 1	Address 2
Beadle, Sherry Gene (aka Sherry Gene Beadle Owen)		601 A. Acklin Gap Road	Conway, AR 72032
Oglesby, Cindy		213 Plaza	Midland, TX 79701
Oglesby, Eddie		4607 30th St.	Lubbock, TX 79412
Oglesby, Mike		4607 30th St.	Lubbock, TX 79412
Pearson, Crill (aka Crill Pearson Watson)		P O Box 575	Lovington, NM 88260
Yadon, Dennis		P O Box 716	Alpine, TX 79830
Yadon, Ted		P O Box 445	Alpine, TX 79830

**SW/4 SW/4 and SE/4 SE/4 State of New Mexico**

Leased: VC-399 and VC-413 Issued 7-1-2018

Lessee: Federal Abstract Company	P O Box 2288	Santa Fe, NM 87504
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**N/2 SW/4; SE/4 SW/4; SW/4 SE/4; and N/2 NE/4 State of New**

**Mexico - HBP**

Leased: L-2788-2

Owner: As to all Except N/2 NE/4 above 8466' Occidental Permian, L. P.	P O Box 27520	Houston, TX 77227
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Owner: As to N/2 NE/4 Surface to 8466' Texland Petroleum, LP	777 Main Street Suite 3200	Ft. Worth, TX 76102
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**N/2 SE/4 - United States Open**

Bureau Of Land Management New Mexico State Office	301 Dinosaur Trail	Santa Fe, NM 87508
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**SE/4 NE/4; and SW/NE/4 below 8500' United States Lse NM**

**100355 HBP**

EOG Resources (80% WIO)	P O Box 4362	Houston, TX 77210
Occidental Y-1 Company (20% WIO)	P O Box 27520	Houston, TX 77277

**Owner Name**

**Address 1**

**Address 2**

**SW/4 NE/4 Surface to 8500' United States Lse NM 100355 HBP**

Texland - Hobbs, LLC	777 Main Street Suite 3200	Ft. Worth, Texas 76102	
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**SW/4 NW/4 V. Cook #1 Well HBP**

Texland Petroleum, L. P.	777 Main Street Suite 3200	Ft. Worth, Texas 76102	
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**SE/4 NW/4 and NE/4 NW/4 Shelton #1 HBP**

Texland Petroleum, L. P.	777 Main Street Suite 3200	Ft. Worth, Texas 76102	
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**APPLICATION OF TEXLAND PETROLEUM-  
HOBBS, L.L.C. FOR APPROVAL OF A  
WATERFLOOD UNIT AGREEMENT,  
AUTHORIZATION TO INJECT INTO THE  
MURPHY #1 WELL FOR PURPOSES OF  
WATERFLOOD INJECTION, AND TO  
QUALIFY FOR THE RECOVERED OIL TAX  
RATE, LEA COUNTY, NEW MEXICO.**

**AFFIDAVIT**


Adam G. Rankin, attorney in fact and authorized representative of Texland Petroleum-Hobbs, L.L.C., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 2nd day of March, 2020 by Adam G.  
Rankin.

Notary Public

My Commission Expires:

 OFFICIAL SEAL  
Carla Garcia  
NOTARY PUBLIC - STATE OF NEW MEXICO  
My Commission Expires: Nov. 12, 2023

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. 7**  
Submitted by: **Texland Petroleum-Hobbs, L.L.C.**  
Hearing Date: March 05, 2020  
Case No. 21130



February 14, 2020

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED****TO: AFFECTED PARTIES**

**Re: Application of Texland Petroleum–Hobbs, L.L.C. for Approval of a Waterflood Unit Agreement, Authorization to Inject into the Murphy #1 Well, and to Qualify for the Recovered Oil Tax Rate, Lea County, New Mexico. Knowles Garrett Waterflood Unit**

Ladies &amp; Gentlemen:

This letter is to advise you that Texland Petroleum–Hobbs, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on March 5, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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 Wilson Woods, at (817) 900-1216 or [wwoods@texpetro.com](mailto:wwoods@texpetro.com).

Sincerely,

Adam G. Rankin

**ATTORNEYS FOR TEXLAND PETROLEUM–HOBBS  
L.L.C.**

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414810898765054046650	Robert G. Sloan	1707 Kit Carson SE	Albuquerque	NM	87104	We attempted to deliver your item at 10:41 am on February 19, 2020 in ALBUQUERQUE, NM 87104 and a notice was left because an authorized recipient was not available.
9414810898765054043468	Dana Daniels Reaud	3939 Bee Caves Rd Bldg C-100	West Lake Hills	TX	78746-6431	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054043567	Alan R. Hannifin and Michelle Sandoval	518 17th St Ste 540	Denver	CO	80202-4130	Your item arrived at the SANTA FE, NM 87501 post office at 12:24 pm on February 29, 2020 and is ready for pickup.
9414810898765054044533	Mike Tinley	125 W Boja Dr	Hobbs	NM	88240-3309	Your item was delivered to an individual at the address at 10:24 am on February 18, 2020 in HOBBS, NM 88240.
9414810898765054044540	Monty McLane	PO Box 9451	Midland	TX	79708-9451	Your item was delivered at 4:43 pm on February 20, 2020 in MIDLAND, TX 79708.
9414810898765054044557	Mordhorst, Derek	PO Box 4335	Tulsa	OK	74159-0335	Your item was picked up at a postal facility at 10:51 am on February 18, 2020 in TULSA, OK 74104.
9414810898765054044564	MRC Permian	5400 Lbj Fwy Ste 1500 One Lincoln Centre	Dallas	TX	75240-1017	Your item was delivered to the front desk, reception area, or mail room at 12:04 pm on February 18, 2020 in DALLAS, TX 75240.
9414810898765054044571	Namy Energy	777 Main St Ste 3200	Fort Worth	TX	76102-5344	Your item was delivered to the front desk, reception area, or mail room at 4:20 pm on February 18, 2020 in FORT WORTH, TX 76102.
9414810898765054044588	New Mexico Commissioner of Public Land	310 Old Santa Fe Trl	Santa Fe	NM	87501-2708	Your item was picked up at a postal facility at 7:10 am on February 19, 2020 in SANTA FE, NM 87501.
9414810898765054044595	New Mexico Military Institute	101 W College Blvd	Roswell	NM	88201-5100	Your item was delivered to the front desk, reception area, or mail room at 11:57 am on February 18, 2020 in ROSWELL, NM 88201.
9414810898765054044601	New Mexico Oil Corporation	PO Box 1714	Roswell	NM	88202-1714	Your item was delivered at 12:15 pm on February 25, 2020 in ROSWELL, NM 88201.
9414810898765054044618	Norma J Barton	PO Box 728	Hobbs	NM	88241-0728	Your item was delivered at 2:49 pm on February 20, 2020 in HOBBS, NM 88240.
9414810898765054044625	Norris Land and Cattle Co, LLC	PO Box 1567	Lovington	NM	88260-1567	Your item was delivered at 8:30 am on February 18, 2020 in LOVINGTON, NM 88260.
9414810898765054043574	Albert W. Bjorkedal	17 Stoneledges Ln	Taylors	SC	29687-4641	Your item was delivered to an individual at the address at 1:00 pm on February 18, 2020 in TAYLORS, SC 29687.
9414810898765054044632	Occidental Permian, L. P.	PO Box 27520	Houston	TX	77227-7520	Your item was picked up at a postal facility at 5:58 am on February 20, 2020 in HOUSTON, TX 77027.
9414810898765054044649	Occidental V-1 Company	PO Box 27520	Houston	TX	77227-7520	Your item was picked up at a postal facility at 5:58 am on February 20, 2020 in HOUSTON, TX 77027.
9414810898765054044656	OKY Y-1 Company	PO Box 841803	Dallas	TX	75284-1803	Your item was delivered at 11:20 am on February 18, 2020 in DALLAS, TX 75284.
9414810898765054044663	Patricia A Murphy Driver	11940 Barryknoll Ln	Houston	TX	77024-4456	We attempted to deliver your item at 5:54 pm on February 19, 2020 in HOUSTON, TX 77024 and a notice was left because an authorized recipient was not available.
9414810898765054044670	Patsy Knight Life Estate	PO Box 64205	Lubbock	TX	79464-4205	Your item was delivered at 4:07 pm on February 18, 2020 in LUBBOCK, TX 79464.
9414810898765054044687	Pecos Bend Royalty, Inc.	415 W Wall St Ste 2207	Midland	TX	79701-4476	Your item was delivered to an individual at the address at 2:15 pm on February 18, 2020 in MIDLAND, TX 79701.
9414810898765054044700	Phyllis Trively	PO Box 173	Randolph	IA	51649-0173	Your item was delivered at 1:01 pm on February 21, 2020 in RANDOLPH, IA 51649.
9414810898765054044717	Ponderosa Royalty LLC	PO Box 10428	Midland	TX	79702-7428	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054044724	Ramb Ventures, LLC	7999 S Jasmine Cir	Centennial	CO	80112-3052	Your item was delivered to an individual at the address at 4:46 pm on February 18, 2020 in ENGLEWOOD, CO 80112.
9414810898765054044748	Randy McCormick and Debbie McCormick	PO Box 844	Lovington	NM	88260-0844	Your item was delivered at 3:49 pm on February 18, 2020 in LOVINGTON, NM 88260.
9414810898765054043581	Anguish Interests, LLC	350 County Road 244	Eureka Springs	AR	72631	Your item has been delivered to the original sender at 1:24 pm on February 24, 2020 in EUREKA SPRINGS, AR 72631.
9414810898765054044762	Raymond Karl Ford	1809 County Road 4200	Winnboro	TX	75494-4556	Your item was delivered at 12:55 pm on February 18, 2020 in WINNSBORO, TX 75494.
9414810898765054044786	Read & Stevens, Inc.	PO Box 1518	Roswell	NM	88202-1518	Your item was delivered at 10:35 am on February 18, 2020 in ROSWELL, NM 88201.
9414810898765054044809	Realiza Del Spear LP	PO Box 1684	Midland	TX	79702-1684	Your item was delivered at 12:15 pm on February 19, 2020 in MIDLAND, TX 79701.
9414810898765054044823	Richard G. Lee	15 Pine Hill Rd	Southborough	MA	01772-1338	Your item arrived at the SANTA FE, NM 87501 post office at 12:24 pm on February 29, 2020 and is ready for pickup.

Texland - Knowles Garrett Waterflood Unit  
Case No. 21130 Postal Delivery Report

9414810898765054044830	Richard L. Thompson	19926 Horizon Way	San Antonio	TX	78258-3153	Your item was returned to the sender at 12:33 pm on February 28, 2020 in SAN ANTONIO, TX 78258 because the forwarding order for this address is no longer valid.
9414810898765054044847	Robert & Maxine Hannifin Tr	PO Box 218	Midland	TX	79702-0218	Your item arrived at the MIDLAND, TX 79701 post office at 11:29 am on February 18, 2020 and is ready for pickup.
9414810898765054044854	Robert A. Wise	1822 Lilac Ln	Cedar Falls	IA	50613-5710	Your item was delivered at 9:48 am on February 19, 2020 in CEDAR FALLS, IA 50613.
9414810898765054044861	Robert Cleve Garrard	4572 Fm 753	Athens	TX	75751-8937	Your item was delivered to an individual at the address at 4:52 pm on February 18, 2020 in ATHENS, TX 75751.
9414810898765054044878	Robert Levers Dale	15419 Peach Hill Rd	Saratoga	CA	95070-6402	Your item was delivered to an individual at the address at 5:47 pm on February 18, 2020 in SARATOGA, CA 95070.
9414810898765054044885	Ronald J. Byers Company a Texas LLC	3112 Above Stratford Pl	Austin	TX	78746-4600	Your item was returned to the sender on February 18, 2020 at 4:14 pm in AUSTIN, TX 78746 because the addressee was not known at the delivery address noted on the package.
9414810898765054043598	Anguish Partnership	PO Box 63	Midland	TX	79702-0063	Your item could not be delivered on February 29, 2020 at 11:25 am in MIDLAND, TX 79701. It was held for the required number of days and is being returned to the sender.
9414810898765054044892	Roy B. Wallace	13317 Apple Valley Dr	Oklahoma City	OK	73120-8553	Your item was delivered to an individual at the address at 12:34 pm on February 18, 2020 in OKLAHOMA CITY, OK 73120.
9414810898765054044908	Roy G. Barton Jr.	1919 N Turner St	Hobbs	NM	88240-2712	Your item was delivered to an individual at the address at 12:18 pm on February 18, 2020 in HOBBS, NM 88240.
9414810898765054044915	Roy G. Barton Sr. & Opal Russell V. Desmond and Virginia C. Marital Trusts C/O First National Bank	1919 N Turner St	Hobbs	NM	88240-2712	Your item was delivered to an individual at the address at 12:18 pm on February 18, 2020 in HOBBS, NM 88240.
9414810898765054044939	S. Mark Snowdy	PO Box 1857	Roswell	NM	88202-1857	Your item was delivered at 11:43 am on February 18, 2020 in ROSWELL, NM 88201.
9414810898765054044946	S. Mark Snowdy	PO Box 679	Black Hawk	CO	80422-0679	Your item has been delivered to the original sender at 12:17 pm on February 28, 2020 in SANTA FE, NM 87501.
9414810898765054044960	Sam H. Seed and Lisa J. Seed	13207 N Calle Alto St	Hobbs	NM	88242-0625	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054044977	Sara S Davis	702 Cal Davis Rd	Hearne	TX	77859-3640	Your item was delivered at 3:49 pm on February 19, 2020 in HEARNE, TX 77859.
9414810898765054044984	Sara Schreiber	2101. 16th St NW Apt 724	Washington	DC	20009-6588	Your item departed our WASHINGTON DC DISTRIBUTION CENTER destination facility on March 1, 2020 at 10:12 pm. The item is currently in transit to the destination.
9414810898765054044991	Schacherl, Marilyn Siler and Husband Leroy Siler	113 Camino Real St	San Angelo	TX	76904-7901	Your item was delivered to an individual at the address at 5:44 pm on February 18, 2020 in SAN ANGELO, TX 76904.
9414810898765054045004	Schumacher Partners	777 Main St Ste 3200	Fort Worth	TX	76102-5344	Your item was delivered to the front desk, reception area, or mail room at 4:20 pm on February 18, 2020 in FORT WORTH, TX 76102.
9414810898765054043604	Anguish, D & J Properties, LLC	33819 Comroe Huffsmith Rd	Magnolia	TX	77354-5011	Your item was forwarded to a different address at 9:07 am on February 28, 2020 in MAGNOLIA, TX. This was because of forwarding instructions or because the address or ZIP Code on the label was incorrect.
9414810898765054045011	Scott William Wallace	240 Chesapeake Ln	Southlake	TX	76092-8100	Your item was delivered at 11:59 am on February 21, 2020 in SOUTHLAKE, TX 76092.
9414810898765054045028	Serenity Resources LLC	PO Box 5240	Midland	TX	79704-5240	Your item was delivered at 8:18 pm on February 19, 2020 in MIDLAND, TX 79704.
9414810898765054045035	Sharon Kidd Daniels	PO Box 1258	Hobbs	NM	88241-1258	Your item was delivered at 10:49 am on February 19, 2020 in HOBBS, NM 88240.
9414810898765054045042	Shelton Polk & Barbara	600 Little Oak Dr	Austin	TX	78753-2120	Your item was delivered to an individual at the address at 4:48 pm on February 18, 2020 in AUSTIN, TX 78753.
9414810898765054045066	Sherry Beadle Owen	601A Acklin Gap Rd	Conway	AR	72032-8226	Your item was delivered to an individual at the address at 10:26 am on February 18, 2020 in CONWAY, AR 72032.
9414810898765054045073	Spencer Schreiber	324 Rogers Ln	Durango	CO	81303-6679	We attempted to deliver your item at 2:07 pm on February 24, 2020 in DURANGO, CO 81301 and a notice was left because an authorized recipient was not available.
9414810898765054045080	States Royalty, L.P.	PO Box 911	Breckenridge	TX	76424-0911	Your item was delivered at 9:07 am on February 18, 2020 in BRECKENRIDGE, TX 76424.
9414810898765054045103	Susan B White	2575 Mountain View Dr S	Salem	OR	97302-5464	Your item was delivered at 11:39 am on February 20, 2020 in SALEM, OR 97302.
9414810898765054045127	Susan Dale Wright	PO Box 1887	Hobbs	NM	88241-1887	Your item was delivered at 12:17 pm on February 28, 2020 in SANTA FE, NM 87501.
9414810898765054045141	Susan M. Shook Rev Inter-Vivos	13726 Vista Del Lago Blvd	Clermont	FL	34711-8044	Your item was delivered to an individual at the address at 3:46 pm on February 19, 2020 in CLERMONT, FL 34711.



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9414810898765054043611	Barbara B. Broeder	1681 John F Kennedy Causeway unit 100E	North Bay Village	FL	33141	Your item arrived at our USPS facility in ALBUQUERQUE, NM 87101 on March 2, 2020 at 3:13 am. The item is currently in transit to the destination.
9414810898765054045165	Suzanne B Koch	PO Box 270475	Houston	TX	77277-0475	Your item arrived at the HOUSTON, TX 77265 post office at 8:09 am on February 19, 2020 and is ready for pickup.
9414810898765054045189	Suzanne Schreiber	3111 E 58th Pl	Tulsa	OK	74105-7414	Your item was delivered at 2:57 pm on February 26, 2020 in TULSA, OK 74136.
9414810898765054045202	Ted Yadon	PO Box 445	Alpine	TX	79831-0445	Your item was delivered at 12:00 pm on February 19, 2020 in ALPINE, TX 79830.
9414810898765054045226	The Joseph E. Goodding and Twila M. Goodding Living Trust	1009 Crestview Cir	Farmington	NM	87401-9142	Your item was delivered to the front desk, reception area, or mail room at 11:08 am on February 28, 2020 in FARMINGTON, NM 87401.
9414810898765054045240	Thomas & Joyce Pettit Fam Tr	1107 Senda Verde Apt A	Santa Barbara	CA	93105-5465	Your item was delivered to an individual at the address at 11:42 am on February 18, 2020 in SANTA BARBARA, CA 93105.
9414810898765054045264	Thomas Fox	107 Donald Ross Pl	New Braunfels	TX	78130-8304	Your item was delivered to an individual at the address at 3:36 pm on February 19, 2020 in NEW BRAUNFELS, TX 78130.
9414810898765054045288	Thomas W. Pettit and Joyce A. Pettit, Ttee Of Pettit Family Trust	121 Corando Circle	Santa Barbara	CA	93108	Your item has been delivered to the original sender at 12:17 pm on February 28, 2020 in SANTA FE, NM 87501.
9414810898765054045301	Tina Marie Turcotte	516 Rose Marie Ave	Virginia Beach	VA	23462-2061	Your item departed our USPS facility in ALBUQUERQUE, NM 87101 on March 1, 2020 at 5:07 pm. The item is currently in transit to the destination.
9414810898765054045332	University Of New Mexico - Board of Regents	MacOS 3200 1 University Of New Mexico	Albuquerque	NM	87131-0001	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054045349	Vida Nova Investments LLC	PO Box 621517	Littleton	CO	80162-1517	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414810898765054043628	Bargsley, Clyde Lewis and wife Verna Bargsley	902 Sharpshire St	Grand Prairie	TX	75050-6302	Your item was delivered to an individual at the address at 3:23 pm on February 18, 2020 in GRAND PRAIRIE, TX 75050.
9414810898765054045356	Warren Ventures Ltd	808 W Wall St	Midland	TX	79701-6634	Your item was delivered to an individual at the address at 11:44 am on February 18, 2020 in MIDLAND, TX 79701.
9414810898765054045363	Wayne A Bissett	PO Box 2101	Midland	TX	79702-2101	Your item was delivered at 2:43 pm on February 18, 2020 in MIDLAND, TX 79701.
9414810898765054045370	Western Commerce Bank Agent for Klein Bank and Kirby D. Schenck, Et Al, Rev. Trust	PO Box 1258	Hobbs	NM	88241-1258	Your item was delivered at 10:49 am on February 19, 2020 in HOBBS, NM 88240.
9414810898765054045387	William B. & Pia A. Shook Tr	7109 Stoney Creek Dr	Highland	CA	92346-3357	Your item was delivered at 1:32 pm on February 20, 2020 in HIGHLAND, CA 92346.
9414810898765054045394	William D. Sandifer	22114 Hockaday Dr	Katy	TX	77450-2408	Your item was delivered to an individual at the address at 1:53 pm on February 25, 2020 in KATY, TX 77449.
9414810898765054045400	William R. Uptegrove	3941 Warwick Dr	Norman	OK	73072-3232	Your item was delivered at 3:20 pm on February 19, 2020 in NORMAN, OK 73072.
9414810898765054045417	Yates Industries LLC	PO Box 1091	Artesia	NM	88211-1091	Your item was delivered at 10:42 am on February 24, 2020 in ARTESIA, NM 88210.
9414810898765054045424	EOG Y Resources, Inc, Yates Industries LLC Barnhill, W. Chris and Donna M. Barnhill, Trustees	104 S 4th St	Artesia	NM	88210-2123	Your item was delivered to an individual at the address at 8:18 am on February 18, 2020 in ARTESIA, NM 88210.
9414810898765054043635	Beadle, Sherry Gene Aka Sherry Gene Beadle Owen	PO Box 700968	San Antonio	TX	78270-0968	Your item arrived at the SAN ANTONIO, TX 78270 post office at 2:44 pm on February 22, 2020 and is ready for pickup.
9414810898765054043642		601A Acklin Gap Rd	Conway	AR	72032-8226	Your item was delivered to an individual at the address at 10:26 am on February 18, 2020 in CONWAY, AR 72032.
9414810898765054043659	Billie Ann Bartlett Young	715 Officers Lake Rd	Columbus	MS	39705-9303	Your item was delivered at 11:12 am on February 20, 2020 in COLUMBUS, MS 39705.
9414810898765054043475	Diane Schreiber Denish	2604 Morrow Rd NE	Albuquerque	NM	87106-2523	Your item was delivered to an individual at the address at 2:47 pm on February 18, 2020 in ALBUQUERQUE, NM 87106.
9414810898765054043666	BMD Exploration, LLC	510 Vincent St	Houston	TX	77009-4638	Your item was delivered at 9:50 am on February 19, 2020 in HOUSTON, TX 77009.
9414810898765054043673	Boldrick Family Prop LP	PO Box 10648	Midland	TX	79702-7648	Your item was delivered at 11:32 am on February 28, 2020 in MIDLAND, TX 79701.
9414810898765054043680	Bryan E. Lee	777 Main St Ste 3200	Fort Worth	TX	76102-5344	Your item was delivered to the front desk, reception area, or mail room at 4:20 pm on February 18, 2020 in FORT WORTH, TX 76102.
9414810898765054043697	New Mexico State Bureau Of Land Management Office	301 Dinosaur Trl	Santa Fe	NM	87508-1560	Your item was delivered to an individual at the address at 2:47 pm on February 18, 2020 in SANTA FE, NM 87508.
9414810898765054043703	Carolyn Lee Devlin	449 Loudon Ave	Dunedin	FL	34698-7646	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054043727	CBR Oil Properties LLC	PO Box 1518	Roswell	NM	88202-1518	Your item was delivered at 10:35 am on February 18, 2020 in ROSWELL, NM 88201.

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9414810898765054043734	Charles B. Read	PO Box 1518	Roswell	NM	88202-1518	Your item was delivered at 10:35 am on February 18, 2020 in ROSWELL, NM 88201.
9414810898765054043741	Church St. United Methodist	900 Henley St	Knoxville	TN	37902-3005	Your item was delivered to the front desk, reception area, or mail room at 4:00 pm on February 19, 2020 in KNOXVILLE, TN 37902.
9414810898765054043765	Cindy Knight Lee	PO Box 94694	Lubbock	TX	79493-4694	Your item was delivered at 12:24 pm on February 21, 2020 in LUBBOCK, TX 79413.
9414810898765054043772	Cindy Oglesby	213 Plaza St	Midland	TX	79701-6314	Your item was delivered to an individual at the address at 4:55 pm on February 22, 2020 in MIDLAND, TX 79701.
9414810898765054043482	Doris Ann Bolta	45 Stratford Hall Cir	El Paso	TX	79912-4150	We attempted to deliver your item at 2:20 pm on February 18, 2020 in EL PASO, TX 79912 and a notice was left because an authorized recipient was not available.
9414810898765054043789	CL&F Resources	PO Box 4438	Houston	TX	77210-4438	Your item has been delivered to an agent at 7:51 am on February 19, 2020 in HOUSTON, TX 77210.
9414810898765054043796	Clifford Mordhorst	PO Box 4335	Tulsa	OK	74159-0335	Your item was picked up at a postal facility at 10:51 am on February 18, 2020 in TULSA, OK 74104.
9414810898765054043802	Clyde Lewis Bargsley	902 Shropshire St	Grand Prairie	TX	75050-6302	Your item was delivered to an individual at the address at 3:23 pm on February 18, 2020 in GRAND PRAIRIE, TX 75050.
9414810898765054043819	COG Operating LLC	600 W Illinois Ave	Midland	TX	79701-4882	Your item was picked up at a postal facility at 8:41 am on February 18, 2020 in MIDLAND, TX 79701.
9414810898765054043826	COG Operating, LLC	600 W Illinois Ave 1 Concho Center	Midland	TX	79701-4882	Your item was picked up at a postal facility at 8:41 am on February 18, 2020 in MIDLAND, TX 79701.
9414810898765054043833	Collins Partners, Ltd.	5000 Burnet Rd	Austin	TX	78756-2612	Your item was delivered to the front desk, reception area, or mail room at 12:04 pm on February 18, 2020 in AUSTIN, TX 78756.
9414810898765054043840	Collins Periman, LP	PO Box 27	Midland	TX	79702-0027	Your item was delivered at 9:30 am on February 19, 2020 in MIDLAND, TX 79702.
9414810898765054043857	Concho Resources	600 W Illinois Ave 1 Concho Center	Midland	TX	79701-4882	Your item was picked up at a postal facility at 8:41 am on February 18, 2020 in MIDLAND, TX 79701.
9414810898765054043864	Conquistador Council of Boy Scouts Of America Trust Fund	2603 N Aspen Ave	Roswell	NM	88201-9785	The delivery status of your item has not been updated as of February 19, 2020, 1:10 am. We apologize that it may arrive later than expected.
9414810898765054043871	Continental Resources Inc.	PO Box 26900	Oklahoma City	OK	73126	Your item was delivered at 7:16 am on February 18, 2020 in OKLAHOMA CITY, OK 73125.
9414810898765054043499	Frances A. Hannifin and Shawn P. Hannifin	49315 E 88th Ave	Bennett	CO	80102-9305	Your item was returned to the sender on February 20, 2020 at 1:52 pm in BENNETT, CO 80102 because the addressee was not known at the delivery address noted on the package.
9414810898765054043888	Copperhead Resources, LLC	PO Box 8355	Midland	TX	79708-8355	Your item was delivered at 10:04 am on February 20, 2020 in MIDLAND, TX 79708.
9414810898765054043895	Crill Pearson Watson	PO Box 575	Lovington	NM	88260-0575	Your item was delivered at 3:08 pm on February 18, 2020 in LOVINGTON, NM 88260.
9414810898765054043918	Cuatro Rojas LLC	PO Box 2177	Midland	TX	79702-2177	Your item was delivered at 1:49 pm on February 18, 2020 in MIDLAND, TX 79701.
9414810898765054043925	D. Wynn Enterprises, LLC	825 Good Springs Loop	Williston	TN	38076-3526	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054043932	Dan Mordhorst Trustee of The Dan Mordhorst Trust Of 6-30-87	PO Box 4335	Tulsa	OK	74159-0335	Your item was picked up at a postal facility at 10:51 am on February 18, 2020 in TULSA, OK 74104.
9414810898765054043949	Dan Shelton	PO Box 265	Fulton	TX	78358-0265	Your item was delivered at 3:07 pm on February 19, 2020 in FULTON, TX 78358.
9414810898765054043956	Deane Wallace Burnet	PO Box 20524	Oklahoma City	OK	73156-0524	Your item was delivered to an individual at the address at 11:29 am on February 18, 2020 in OKLAHOMA CITY, OK 73120.
9414810898765054043963	Denise Caves Trust et al	PO Box 1146	Bristow	OK	74010-1146	Your item was delivered at 1:03 pm on February 19, 2020 in BRISTOW, OK 74010.
9414810898765054043970	Dennis Yaddon	PO Box 716	Alpine	TX	79831-0716	Your item was delivered at 2:53 pm on February 19, 2020 in ALPINE, TX 79830.
9414810898765054043987	Devin Wallace Covington	5204 N Billen Ave	Oklahoma City	OK	73112-8062	Your item departed our USPS facility in ALBUQUERQUE, NM 87101 on March 1, 2020 at 5:05 pm. The item is currently in transit to the destination.
9414810898765054043505	Laura J. Jennings and Patrick R. Jennings	2716 N Pennsylvania Ave Apt 56	Roswell	NM	88201-5838	Your item was delivered to an individual at the address at 2:09 pm on February 18, 2020 in ROSWELL, NM 88201.
9414810898765054043994	Donald Penn Sandifer Rev Tr	632 Wood Fern Dr	Ballwin	MO	63021-5865	Your item was delivered to an individual at the address at 1:52 pm on February 19, 2020 in BALLWIN, MO 63021.
9414810898765054044007	Douglas C. Koch	PO Box 540244	Houston	TX	77254-0244	Your item was picked up at a postal facility at 12:26 pm on February 24, 2020 in HOUSTON, TX 77098.
9414810898765054044014	Drew Scott	PO Box 9143	Midland	TX	79708-9143	Your item was delivered at 11:23 am on February 21, 2020 in MIDLAND, TX 79708.

9414810898765054044021	Eddie Oglesby	4607 30th St	Lubbock	TX	79410-2422	Your item was delivered to an individual at the address at 3:23 pm on February 18, 2020 in LUBBOCK, TX 79410.
9414810898765054044038	Eddy Oglesby	1664 Yellow Pine Ave	Boulder	CO	80304-2371	Your item arrived at the BOULDER, CO 80301 post office at 1:00 pm on February 21, 2020 and is ready for pickup.
9414810898765054044045	Elaine C. Nolan	421 W Bert Ave	Pauls Valley	OK	73075-1415	Your item was delivered to an individual at the address at 1:33 pm on February 20, 2020 in PAULS VALLEY, OK 73075.
9414810898765054044052	EOG Resources	PO Box 4362	Houston	TX	77210-4362	Your item has been delivered to an agent at 9:51 am on February 19, 2020 in HOUSTON, TX 77210.
9414810898765054044069	Federal Abstract Company	PO Box 2288	Santa Fe	NM	87504-2288	Your item was delivered at 11:24 am on February 19, 2020 in SANTA FE, NM 87501.
9414810898765054044076	First Baptist Church/Franklin	PO Box 365	Franklin	TX	77856-0365	Your item was delivered at 10:20 am on February 19, 2020 in FRANKLIN, TX 77856.
9414810898765054044083	Foundation for the Junior Blind	5300 Angeles Vista Blvd	View Park	CA	90043-1648	Your item was delivered to the front desk, reception area, or mail room at 10:31 am on February 18, 2020 in LOS ANGELES, CA 90043.
9414810898765054043529	Mike Oglesby	4607 30th St	Lubbock	TX	79410-2422	Your item was delivered to an individual at the address at 3:23 pm on February 18, 2020 in LUBBOCK, TX 79410.
9414810898765054044090	Frances L. Dale Pers. Rep. of Oran C. Dale And Frances Dale Trust Agreement Of 5-15-86	PO Box 661	Tyrone	NM	88065-0661	Your item arrived at the SANTA FE, NM 87501 post office at 12:24 pm on February 29, 2020 and is ready for pickup.
9414810898765054044106	Gary Phillips	5207 Balfour Ct	Midland	TX	79707-2192	Your item was delivered at 3:04 pm on February 20, 2020 in MIDLAND, TX 79705.
9414810898765054044113	Gayle Adele Miller	2501 Museum Way Apt 917	Fort Worth	TX	76107-8008	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054044120	Gene E Knight Estate Trust	PO Box 64788	Lubbock	TX	79464-4788	Your item was delivered at 12:04 pm on February 18, 2020 in LUBBOCK, TX 79464.
9414810898765054044137	George Clark Southworth	4468 White Egret Ln	Sarasota	FL	34238-5640	Your item was delivered to an individual at the address at 1:32 pm on February 18, 2020 in SARASOTA, FL 34238.
9414810898765054044144	George S Murphy III	161 Center St	Brewster	MA	02631-1132	Your item was delivered to an individual at the address at 11:29 am on February 18, 2020 in BREWSTER, MA 02631.
9414810898765054044151	George S. Murphy III	S Weston Rd	Hingham	MA	02043-2520	Your item arrived at the SANTA FE, NM 87501 post office at 12:24 pm on February 29, 2020 and is ready for pickup.
9414810898765054044168	GFSJR Minerals LLC Attn Megan Stovall	PO Box 906	El Campo	TX	77437-0906	Your item was delivered at 11:21 am on February 19, 2020 in EL CAMPO, TX 77437.
9414810898765054044175	GFSJR Minerals, LLC	PO Box 906	El Campo	TX	77437-0906	Your item was delivered at 11:21 am on February 19, 2020 in EL CAMPO, TX 77437.
9414810898765054044199	Gilbert Shelton	11025 Le Grand Ln	Moreno Valley	CA	92557-4959	Your item was delivered to an individual at the address at 11:23 am on February 18, 2020 in MORENO VALLEY, CA 92557.
9414810898765054043536	Patricia Murphy Driver	11840 Barryknoll Ln	Houston	TX	77024-4456	We attempted to deliver your item at 5:54 pm on February 19, 2020 in HOUSTON, TX 77024 and a notice was left because an authorized recipient was not available.
9414810898765054044205	Gillis Shelton	209 McKennas Cv	Buda	TX	78610-3241	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054044212	Gloria R. A. Evans Ltd.	PO Box 7962	Midland	TX	79708-7962	Your item was delivered at 10:09 am on February 20, 2020 in MIDLAND, TX 79708.
9414810898765054044229	Gordon E. Sommers	433 Schooner Dr	Azle	TX	76020-4919	Your item was delivered to an individual at the address at 4:45 pm on February 18, 2020 in AZLE, TX 76020.
9414810898765054044243	Greg Mendenhall	777 Main St Ste 3200	Fort Worth	TX	76102-5344	Your item was delivered to the front desk, reception area, or mail room at 4:20 pm on February 18, 2020 in FORT WORTH, TX 76102.
9414810898765054044267	Harold Shelton, Jr. & Martha	727A Simonetti Dr	Austin	TX	78748-6554	Your item was delivered at 3:23 pm on February 21, 2020 in AUSTIN, TX 78745.
9414810898765054044274	Harry Nelson Uphegrove	50 Beverly Dr	Brunswick	ME	04011-9148	Your item has been delivered to the original sender at 12:17 pm on February 28, 2020 in SANTA FE, NM 87501.
9414810898765054044281	H-D Mineral Properties	2001 Humble Ave	Midland	TX	79705-8626	Your item has been delivered to an agent at 4:11 pm on February 18, 2020 in MIDLAND, TX 79705.
9414810898765054044298	Hefner Company Inc.	PO Box 2177	Oklahoma City	OK	73101-2177	Your item was delivered at 12:58 pm on February 19, 2020 in OKLAHOMA CITY, OK 73102.
9414810898765054044304	Hubbard, Karen	133 W Coronado Rd	Santa Fe	NM	87505-2609	Your item was delivered at 10:54 am on February 19, 2020 in SANTA FE, NM 87505.
9414810898765054044311	Jack Cavett Shelton, Sr.	4604 S Lamar Blvd Apt A307	Austin	TX	78745-1341	Your item arrived at the SANTA FE, NM 87501 post office at 12:24 pm on February 29, 2020 and is ready for pickup.

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9414810898765054044328	James H. Wilkes	777 Main St Ste 3200	Fort Worth	TX	76102-5344	Your item was delivered to the front desk, reception area, or mail room at 4:20 pm on February 18, 2020 in FORT WORTH, TX 76102.
9414810898765054044335	Jan S. Johnson	1412 Potthast Dr	New Braunfels	TX	78130-8915	Your item was delivered at 11:29 am on February 21, 2020 in NEW BRAUNFELS, TX 78130.
9414810898765054044342	Jane P. Hammitt	801 Key St	Houston	TX	77009-5210	Your shipment was received at 5:11 pm on February 14, 2020 in DENVER, CO 80217. The acceptance of your package is pending.
9414810898765054044359	Jeanette Shelton	721 Madrid Rd	Jemez Springs	NM	87025-8109	Your item was delivered to an individual at the address at 12:15 pm on February 18, 2020 in JEMEZ SPRINGS, NM 87025.
9414810898765054044366	Jeff S. Manuppelli	243 E Elmview Pl	San Antonio	TX	78209-3807	We attempted to deliver your item at 10:43 am on February 20, 2020 in SAN ANTONIO, TX 78209 and a notice was left because an authorized recipient was not available.
9414810898765054044373	Jon D. Shook	689 Oak Dr	Durango	CO	81301-7222	Your item has been delivered to an agent at 1:30 pm on February 21, 2020 in DURANGO, CO 81301.
9414810898765054044380	Joseph E. & Twilla M. Goodding	1009 Crestview Cir	Farmington	NM	87401-9142	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054044397	Joy Partners, L. P. fka T. C. Craighead	PO Box 576	Ardmore	OK	73402-0576	Your item was delivered at 9:24 am on February 19, 2020 in ARDMORE, OK 73402.
9414810898765054044403	Joyce L. Thompson	PO Box 513	Sidney	IA	51652-0513	Your item was delivered at 10:14 am on February 19, 2020 in SIDNEY, IA 51652.
9414810898765054044410	Judy McGinn	777 Main St Ste 3200	Fort Worth	TX	76102-5344	Your item was delivered to the front desk, reception area, or mail room at 4:20 pm on February 18, 2020 in FORT WORTH, TX 76102.
9414810898765054044350	Alan Jochimsen	4209 Cardinal Ln	Midland	TX	79707-1935	Your item was delivered to an individual at the address at 2:39 pm on February 19, 2020 in MIDLAND, TX 79705.
9414810898765054044427	Keith W. Davis	5200 Preservation Ave	Colleyville	TX	76034-1490	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
9414810898765054044434	Kenneth C Shelby, Jr	933 San Mateo Blvd NE Ste 500 no. 181 PMB 181	Albuquerque	NM	87108-1862	Your item was delivered to an individual at the address at 12:24 pm on February 18, 2020 in ALBUQUERQUE, NM 87108.
9414810898765054044441	Kittie Pearl Brown Estate	PO Box 1353	Lubbock	TX	79408-1353	Your item was delivered at 3:23 pm on February 20, 2020 in LUBBOCK, TX 79408.
9414810898765054044458	Laura Hurley	7441 E 8th Ave	Denver	CO	80230-6120	Your item was delivered to an individual at the address at 2:43 pm on February 15, 2020 in DENVER, CO 80230.
9414810898765054044472	Laura J. Jennings	2716 N Pennsylvania Ave Apt 56	Roswell	NM	88201-5838	Your item was delivered to an individual at the address at 2:09 pm on February 18, 2020 in ROSWELL, NM 88201.
9414810898765054044489	Lockhart-Watson Family LLC	5881 S Sherman Way	Centennial	CO	80121-1130	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414810898765054044496	Maddy Mann	4008 N Apodaca St	Hobbs	NM	88240-0902	We attempted to deliver your item at 10:23 am on February 18, 2020 in HOBBS, NM 88240 and a notice was left because an authorized recipient was not available.
9414810898765054044502	MAP 92-96 MGD	100 Park Ave Ste 1008	Oklahoma City	OK	73102-8004	Your item has been delivered to the original sender at 12:17 pm on February 28, 2020 in SANTA FE, NM 87501.
9414810898765054044519	Mark A Jacoby	1804 Wimbleson Dr	Bedford	TX	76021-2538	Your item was delivered to an individual at the address at 11:03 am on February 18, 2020 in BEDFORD, TX 76021.
9414810898765054044526	Mike Oglesby	4607 30th St	Lubbock	TX	79410-2422	Your item was delivered to an individual at the address at 3:23 pm on February 18, 2020 in LUBBOCK, TX 79410.

=====

GMF FINANCE  
7550 E 53RD PL  
DENVER, CO 80217-0009  
072330-0066  
(800)275-8777  
02/14/2020 05:11 PM

=====

**Shipment Confirmation  
Acceptance Notice**

=====

Product	Qty	Unit Price	Price
Ship Confirm Accept 1 (Label #:9475710200793095390635)			\$0.00
Total:			\$0.00

=====

to this form  
ent to the

Shipment Date: 2/14/2020

Shipped From: CERTIFIED MAIL  
ENVELOPES  
Name: Gary Brown  
Address: 6747 E 50th Ave  
City: Commerce City  
State: CO ZIP+4® 80022

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YOUR OPINION COUNTS

Receipt #: 840-58000057-2-6785602-2  
Work: 50

**Volume**

	0
	0
	0
	166
Total Volume	166

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**B. USPS Action**

can upon pickup or receipt of mail. Leave form with customer or in  
customer's mail receptacle.

**USPS Tracking**



4 757 102 007 93095390635



1A  +

Product	Qty	Unit Price	Price
First-Class Intl Large Envelope (International) (United Kingdom) (Weight:0 Lb 3.60 Oz)	1	\$5.36	\$5.36
Registered (Amount:\$0.00)			\$16.00
Return Receipt			\$4.15
First-Class Intl Large Envelope (International) (Spain) (Weight:0 Lb 3.80 Oz)	1	\$5.36	\$5.36
Registered (Amount:\$0.00)			\$16.00
Return Receipt			\$4.15
Total:			\$51.02

44514.0011

Credit Card Remitd  
(Card Name:VISA)  
(Account #:XXXXXXXXXX5095)  
(Approval #:014483)  
(Transaction #:075)  
(AID:A0000000031010 Chip)  
(AL:VISA CREDIT)  
(PIN:Not Required)

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### Date Stamp

To Be Completed By Post Office	Postage \$ <b>\$5.36</b>	Extra Services & Fees <i>(continued)</i>	0500 71
	Extra Services & Fees	<input type="checkbox"/> Signature Confirmation \$	FEB 14 2020 MAIL
	<input type="checkbox"/> Registered Mail <b>\$16.00</b>	<input type="checkbox"/> Signature Confirmation Restricted Delivery \$	
	<input type="checkbox"/> Return Receipt <i>(hardcopy)</i> \$ <b>\$4.15</b>		
	<input type="checkbox"/> Return Receipt <i>(electronic)</i> \$ <b>\$0.00</b>	Total Postage & Fees	
	<input type="checkbox"/> Restricted Delivery \$ <b>\$0.00</b>	\$ <b>\$25.51</b>	
	Customer Must Declare Full Value <b>\$0.00</b>	Received by <b>02/14/2020</b>	Domestic Insurance up to \$50,000 is included based upon the declared value. Additional insurance is available. (See Reverse)

OFFICIAL USE

To Be Completed By Customer (Please Print) All Entries Must Be in Ballpoint or Typed	FROM	Santa Fe, NM 87501 Holland & Hart LLP P.O. BOX 2208 Santa Fe, NM 87504-2208 U.S.A.
	TO	Jennifer Pearson c/o Claudio Coello 13 Spain Seville Spain 41005

PS Form 3806, Registered Mail Receipt

April 2015, PSN 7530-02-000-9051

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Registered No.

RB265957459US

### Date Stamp

To Be Completed By Post Office	Postage \$ <b>\$5.36</b>	Extra Services & Fees (continued)	02/14/2020	Domestic Insurance up to \$50,000 is included based upon the declared value. International insurance limited. (See Reverse).
	Extra Services & Fees	<input type="checkbox"/> Signature Confirmation		
	<input type="checkbox"/> Registered Mail <b>\$16.00</b>	\$ _____		
	<input type="checkbox"/> Return Receipt (hardcopy) \$ <b>\$4.15</b>	<input type="checkbox"/> Signature Confirmation Restricted Delivery		
	<input type="checkbox"/> Return Receipt (electronic) \$ <b>\$0.00</b>	\$ _____		
	<input type="checkbox"/> Restricted Delivery \$ <b>\$0.00</b>	Total Postage & Fees		
		\$ <b>\$25.51</b>		
	Customer Must Declare	Received by		
	Full Value <b>\$0.00</b>			
	\$ _____			

OFFICIAL USE

To Be Completed By Customer (Please Print) All Entries Must Be in Ballpoint or Typed	FROM	TO
	SANTA FE, NM 87501 Hollander & Hart LLP P.O. BOX 2208 Santa Fe, NM 87504-2208 U.S.A. Mark Pearson 9 Ainit Harmingland Gardens London, England N360	

PS Form 3806, Registered Mail Receipt

April 2015, PSN 7530-02-000-9051

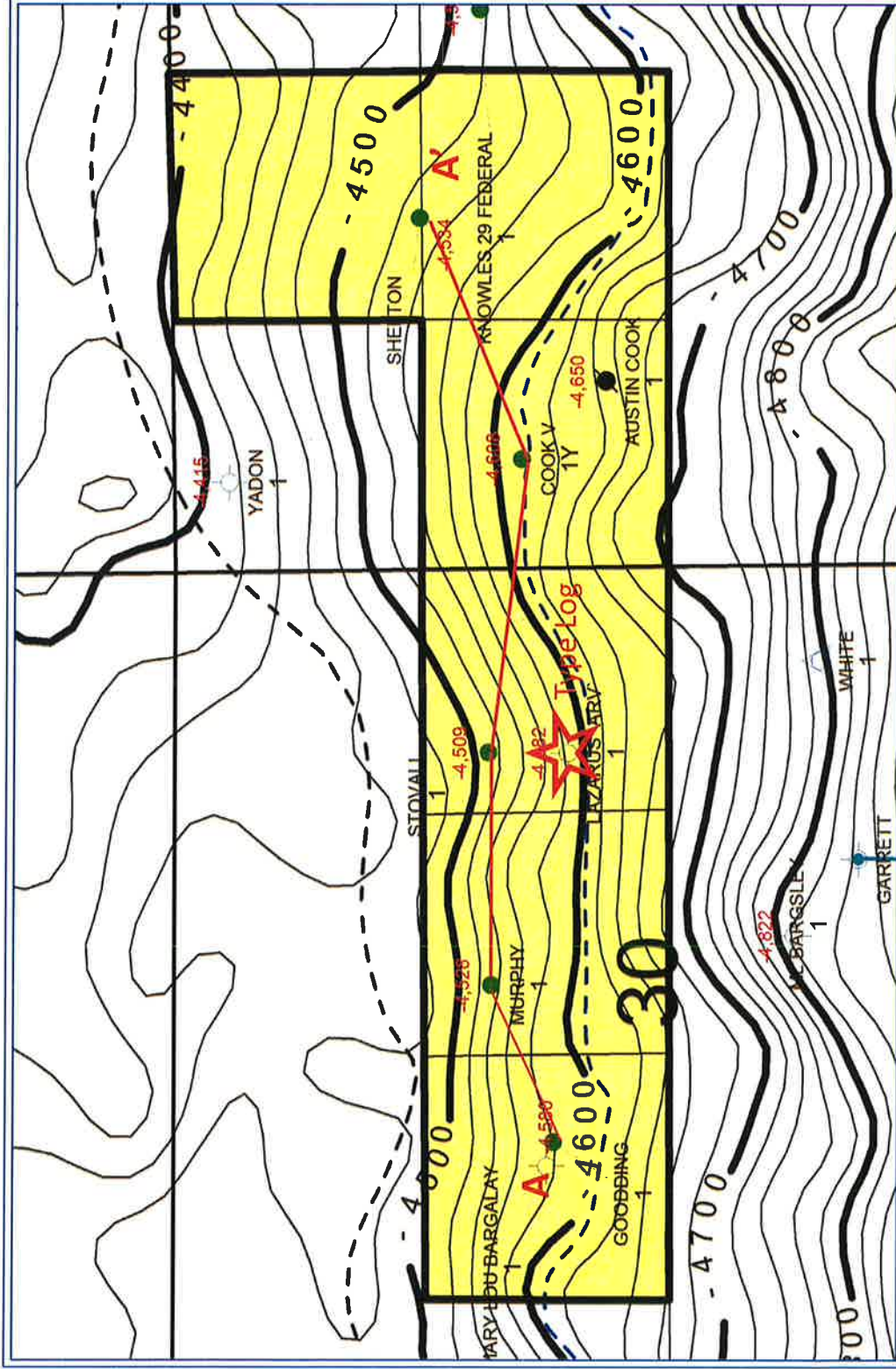
2015, PSN 7530-02-000-9051 (See information on the back of the envelope)  
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(See Information on Reverse)

Submitted by: **Texland Petroleum-Hobbs, L.L.C.**  
Hearing Date: **March 05, 2020**  
Case No. **21130**





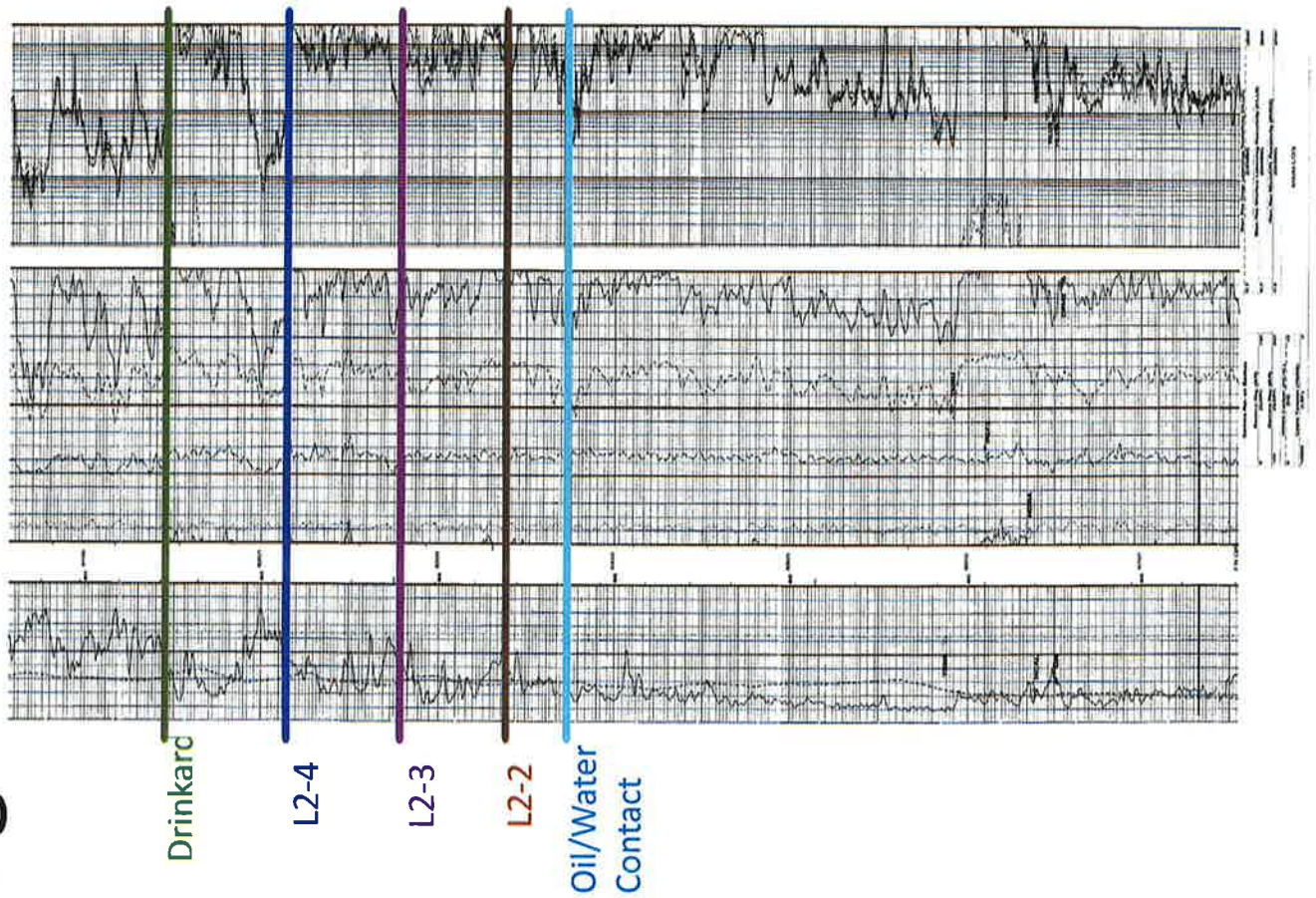
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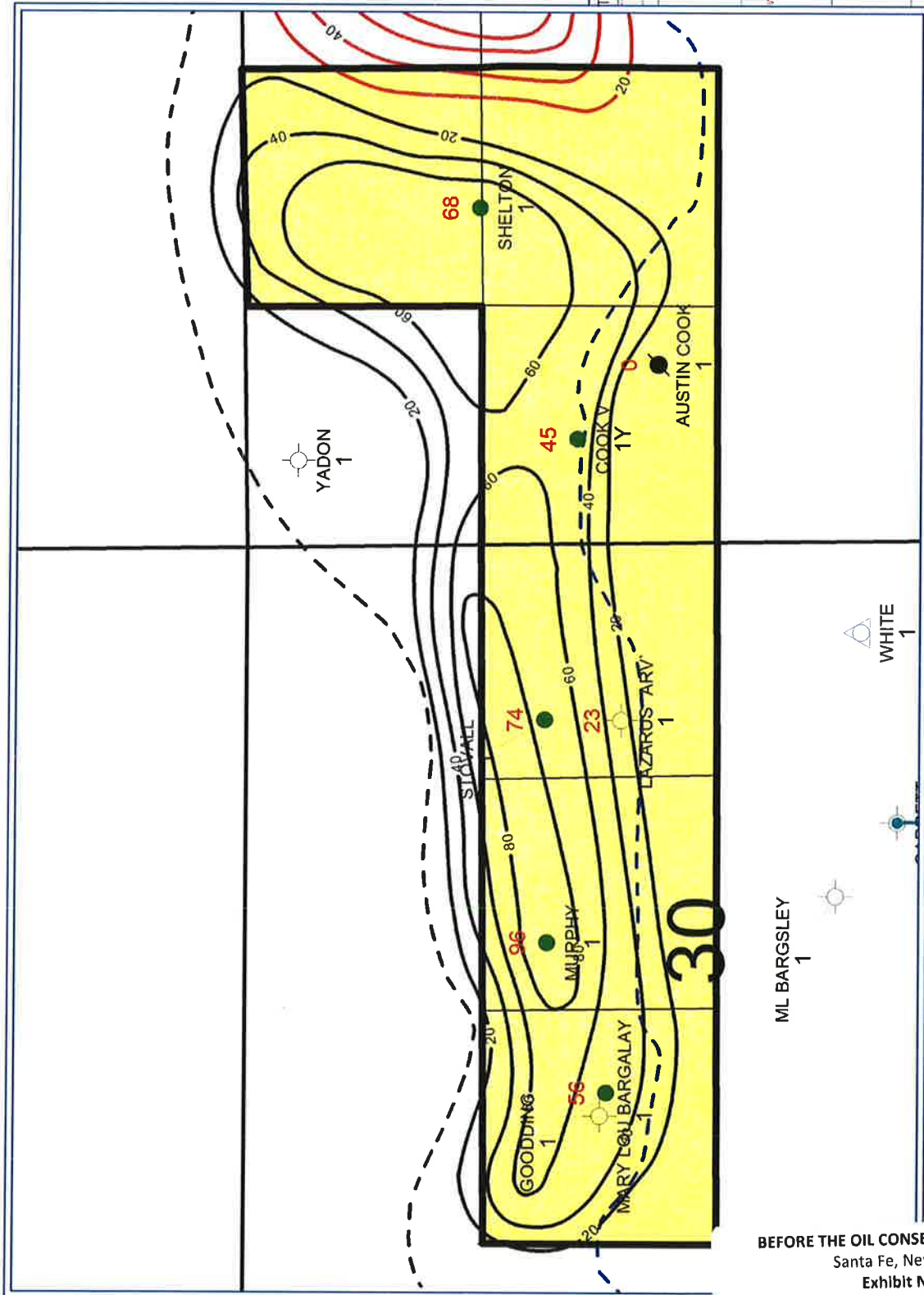
TEXLAND PETROLEUM-HOBBS, LLC
L2-2 STRUCTURE 20FT CONTOURS
LEA COUNTY, TX
0 820 FEET
POSTED WELL DATA FM TOPS - L2-2BLEE/GPI (SS)
Well Name Well Number
WELL SYMBOLS
Plugged & Abandoned Oil Well
Dry Hole
Salt Water Disposal Well
February 28, 2020



30025341590000  
LAZARUS `ARV`  
1

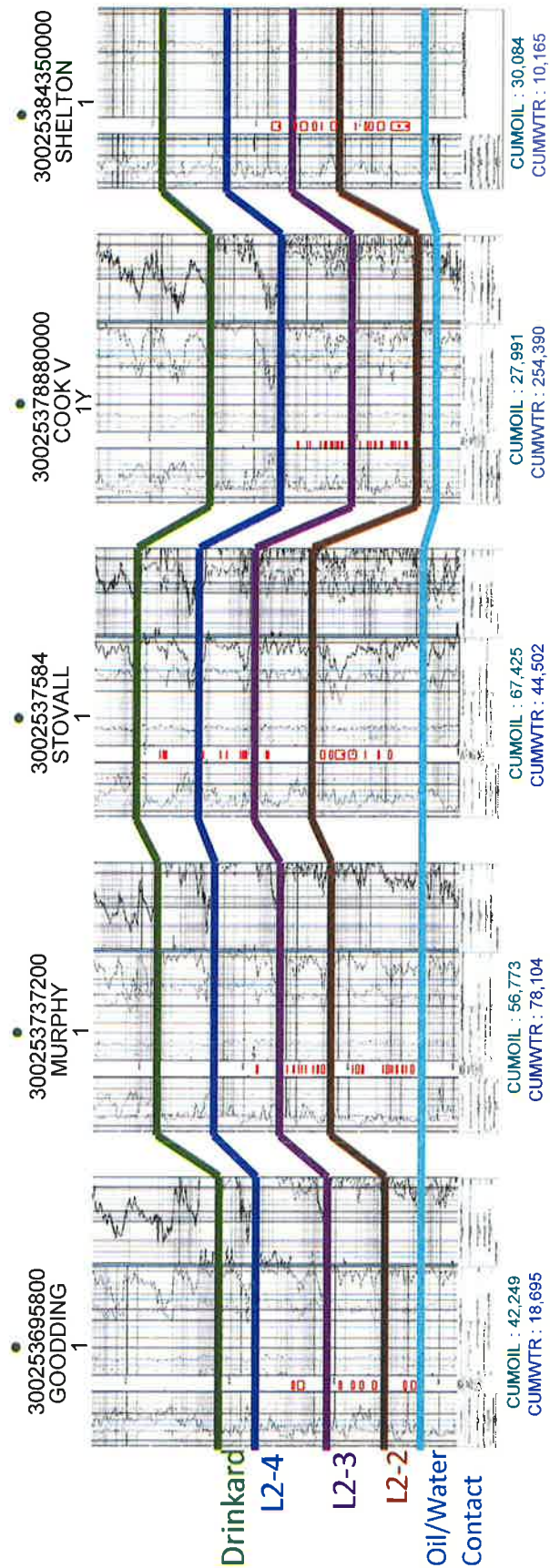
# Type Log





TEXLAND PETROLEUM-HOBBS, LLC
L2 - L3 ISOPACH 20FT CONTOURS
LEA COUNTY, NM
0 808 FEET
POSTED WELL DATA WEST_KNOWLES_KNOWLES_L2L3_ISOPACHBLEE
Well Name Well Number
WELL SYMBOLS Oil Well Plugged & Abandoned Oil Well Dry Hole Salt Water Disposal Well
March 3, 2020





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

**APPLICATION OF TEXLAND PETROLEUM-  
HOBBS L.L.C. FOR APPROVAL OF A  
WATERFLOOD UNIT AGREEMENT,  
AUTHORIZATION TO INJECT INTO THE  
MURPHY #1 WELL FOR PURPOSES OF  
WATERFLOOD INJECTION, AND TO  
QUALIFY FOR THE RECOVERED OIL TAX  
RATE, LEA COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Texland Petroleum-Hobbs L.L.C. ("Texland") (OGRID No. 113315) through its undersigned attorneys, hereby files this application with the Oil Conservation Division for an order approving its proposed waterflood Unit Agreement for purposes of implementing its Knowles Garrett waterflood project (the "Project") within the Drinkard formation. Texland also seeks authority to convert its **Murphy #1 Well** to injection within the Drinkard formation, Garrett; Drinkard Pool, to support the Project and to convert future wells within the Unit Area to injection administratively. In addition, Texland seeks approval to qualify as an enhanced oil recovery project for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 through 7-29A-5, and Division regulations 19.15.6 NMAC. In support, Texland states as follows:

1. The proposed Unit Area / Project area, depicted in the plat attached as **Exhibit A**, consists of the Drinkard formation, Garrett; Drinkard Pool (Pool Code 27130), underlying approximately 240.00 acres, more or less, of the following State Trust lands situated in Lea County, New Mexico:

**TOWNSHIP 16 SOUTH, RANGE 38 EAST, N.M.P.M.**

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 13  
Submitted by: Texland Petroleum-Hobbs, L.L.C.  
Hearing Date: March 05, 2020  
Case No. 21130**

Section 30: SE/4 NW/4, S/2 NE/4  
Section 29: SE/4 NW/4, E/2 NW/4

2. Texland is the designated operator under the Unit Agreement. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.
3. The vertical limits of the Unitized Formation to be included within the proposed Unit Area shall mean that stratigraphic interval constituting a continuous interval beginning one hundred feet above the top of the Drinkard formation and continuing to one hundred feet below the base of the Drinkard formation, more particularly described as correlative to the interval between 8,145 feet and 8,748 feet beneath the surface of the ground as shown on the Gamma Ray Compensated Neutron-Density Log in Yates Petroleum's Lazarus ARV No. 1 well, located 2,100 feet from the North line and 990 feet from the East line of Section 30, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.
4. Texland has met with the State Land Office and has received preliminary approval of the waterflood Unit Agreement.
5. The Unit Area is located entirely within the Garrett; Drinkard Pool (Pool Code 27130).
6. Texland seeks authority to convert its **Murphy #1 Well** (API 30-025-37372) to injection for purposes of conducting a waterflood operation to support a waterflood project and to convert future wells within the Unit Area / Project area to injection administratively without the necessity of further hearings pursuant to 19.15.26.8.F.5 NMAC. A copy of Texland's Form C-108 is attached hereto as **Exhibit B.**

7. The Murphy #1 Well is located 1,705 feet from the north line and 2,220 feet from the east line of Section 30, Township 16 South, Range 38 East, Lea County, New Mexico. The injection of produced water will occur in the Drinkard formation, Garrett; Drinkard Pool, within the unitized interval at a depth of approximately 8,212 feet to 8,451 feet deep. The maximum proposed daily injection rate will be 750 barrels per day with an average daily injection rate of 300 barrels per day. The average surface injection pressure will be 1,500 psig, and the maximum surface injection pressure will be 1,642 psig.
8. Notice of this application has been provided to the owners of the surface of the lands on which the proposed injection well is to be located and to each affected party within one-half mile of the proposed injection, as required by Division rules.
9. Applicant further requests that the Project be qualified for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 through 7-29A-5, and Division regulations 19.15.6 NMAC. Applicant will present production data including graphs, charts and other supporting data showing the production history and production forecasts from the Unit Area / Project area at hearing.
10. Project data includes the following:
  - a. Number of initial producing wells: 3
  - b. Number of initial injection wells: 1
  - c. Number of injection wells at full development: 2
  - d. Capital cost of initial additional facilities: \$83,000
  - e. Estimated total injection project cost: \$474,000
  - f. Estimated value of incremental production: \$2,116,662

- g. Estimated injection commencement date: March 2020
- h. Type of injected fluid: Produced water
- i. Anticipated injection volumes: 300 BWPD/well (average)  
750 BWPD/well (maximum)  
650 Million Barrels (total)

11. The Unit Area / Project area has been so depleted that it is prudent to apply waterflood techniques to maximize the ultimate recovery of oil.

12. The Unit Agreement, and the unitized operation and management of the Unit Area, are in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Texland requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Kaitlyn A. Luck  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile  
mfeldewert@hollandhart.com  
agrarkin@hollandhart.com  
jbroggi@hollandhart.com  
kaluck@hollandhart.com

**ATTORNEYS FOR TEXLAND PETROLEUM—HOBBS L.L.C.**

## VERIFICATION

STATE OF TEXAS )  
COUNTY OF TARRANT ) ss

I, Clayton Scott, hereby verify and attest that I am an engineer employed by Texland Petroleum—Hobbs, L.L.C. and am authorized to make this verification on its behalf. I have read the foregoing application and know the contents thereof and that the same is true and correct to the best of my knowledge, information, and belief.

Clayton Scott

SUBSCRIBED AND SWORN TO before me this 3<sup>rd</sup> day of FEBRUARY

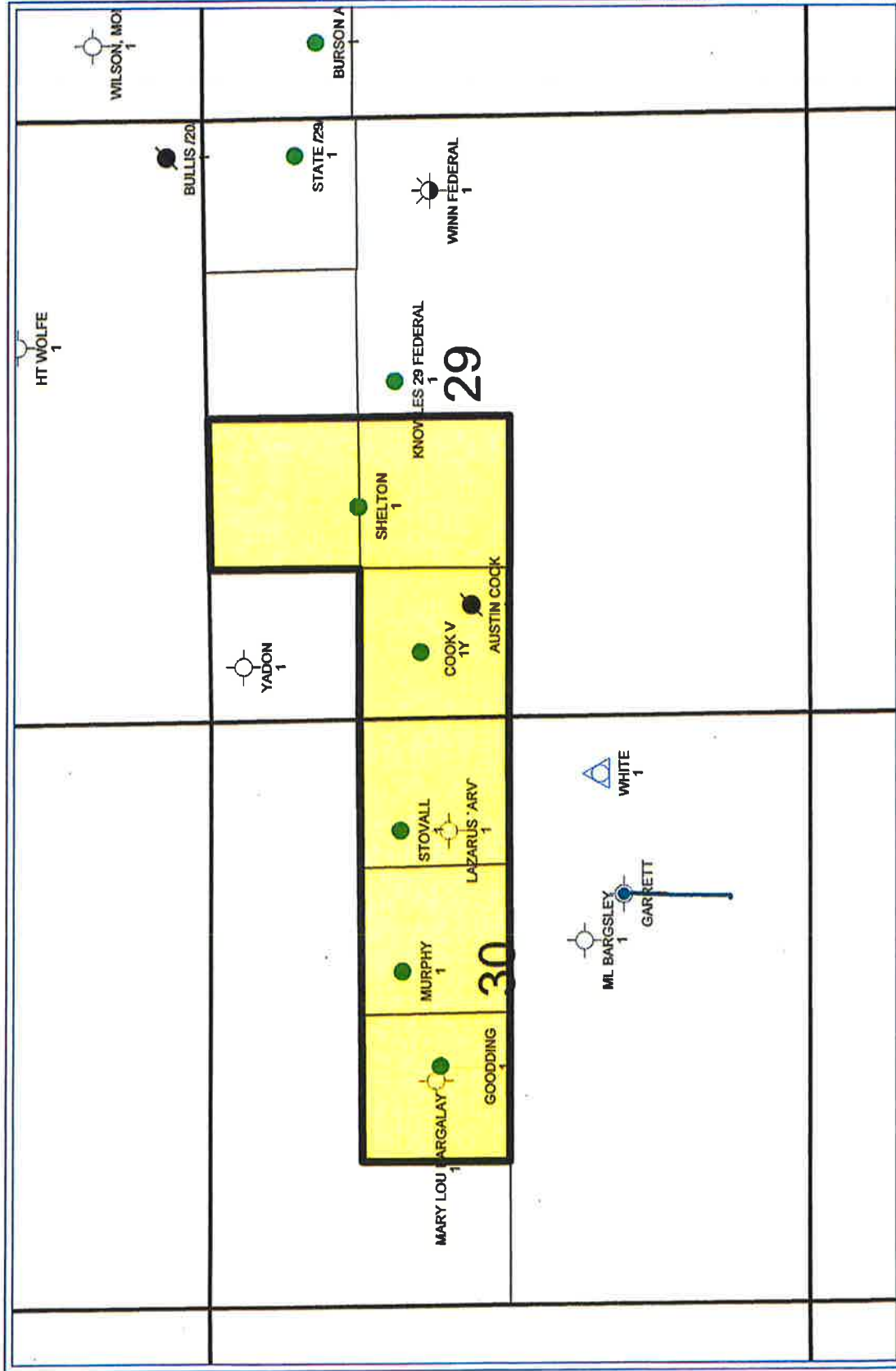


  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

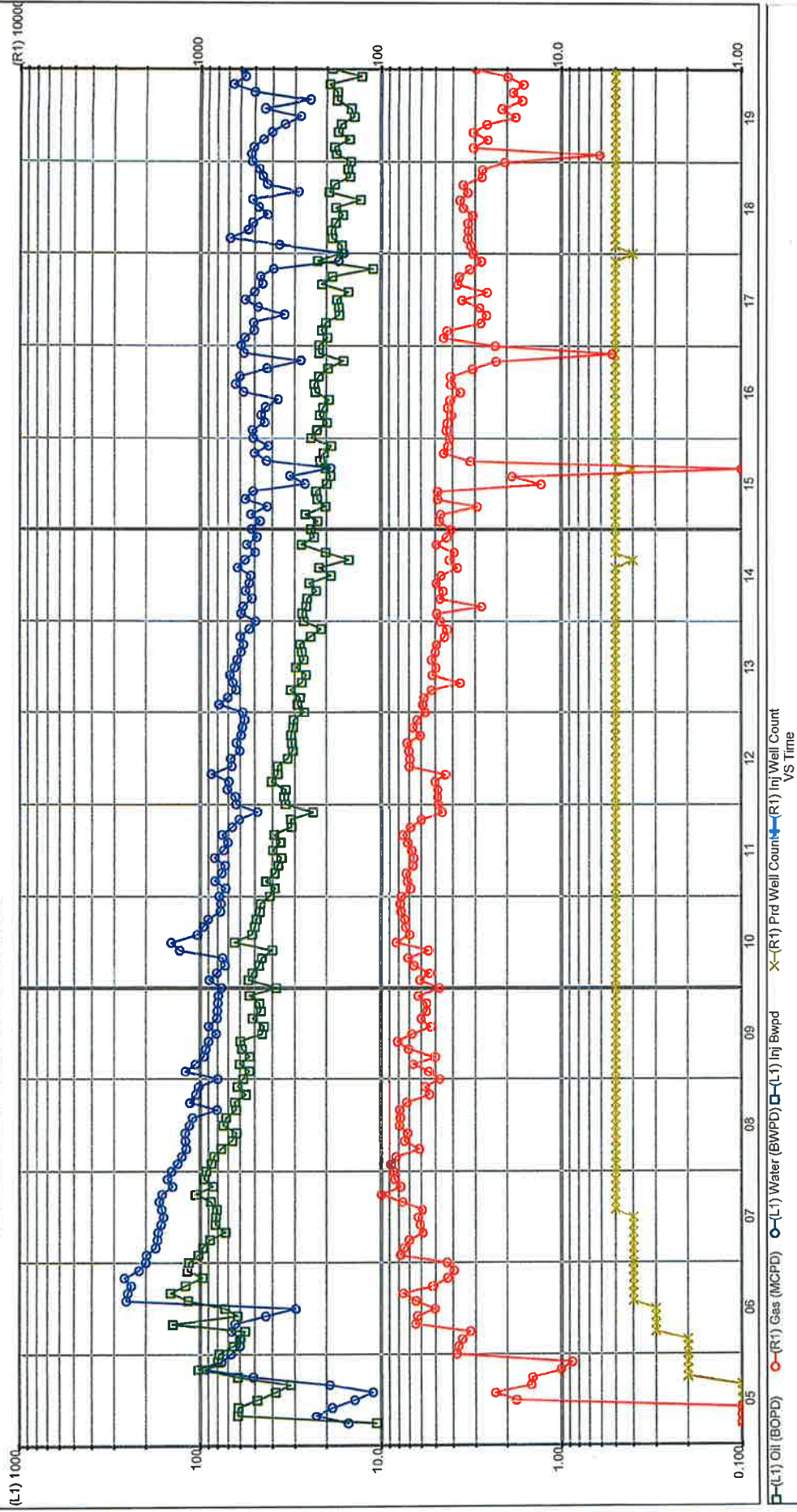
11/4/23



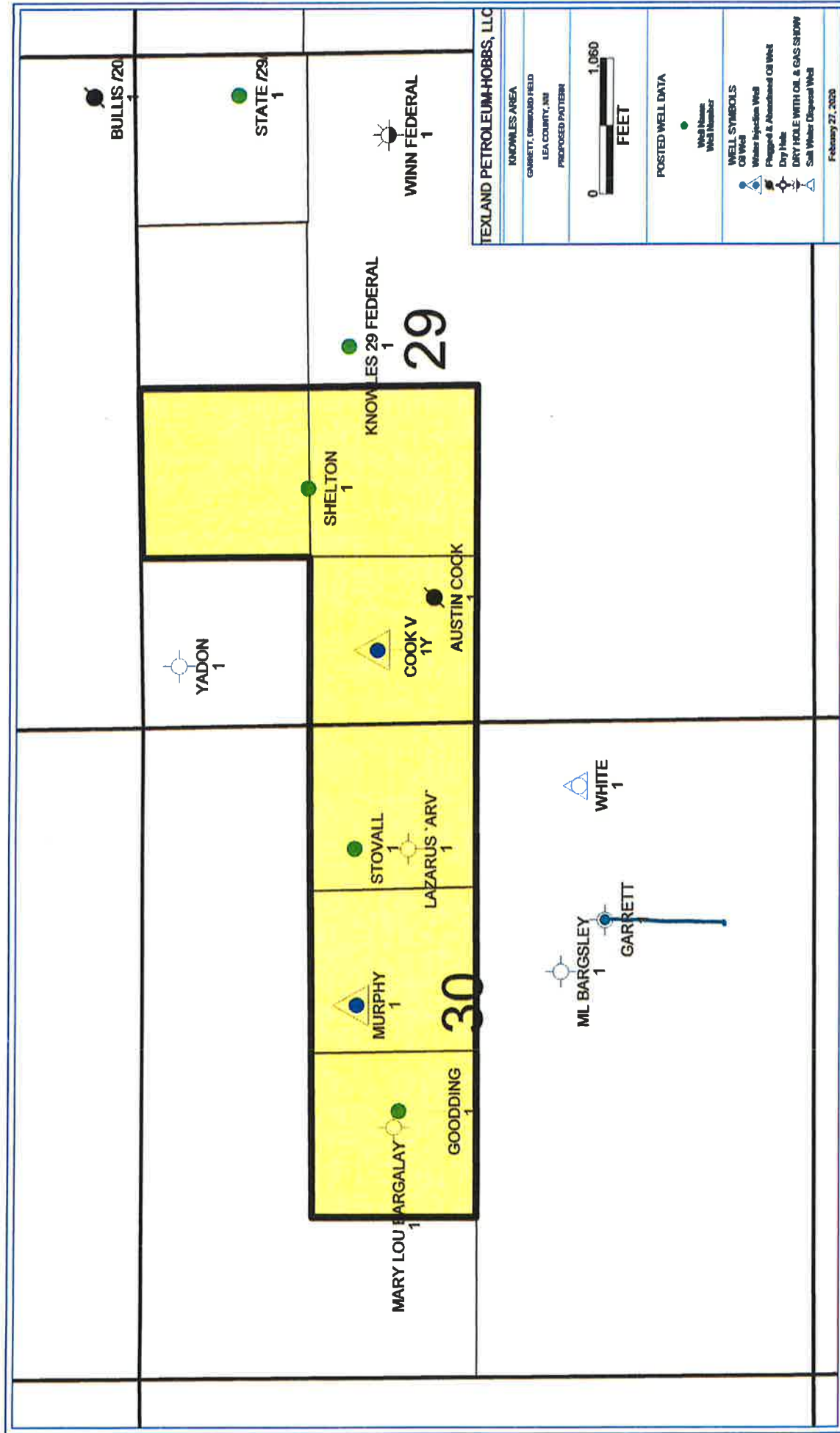


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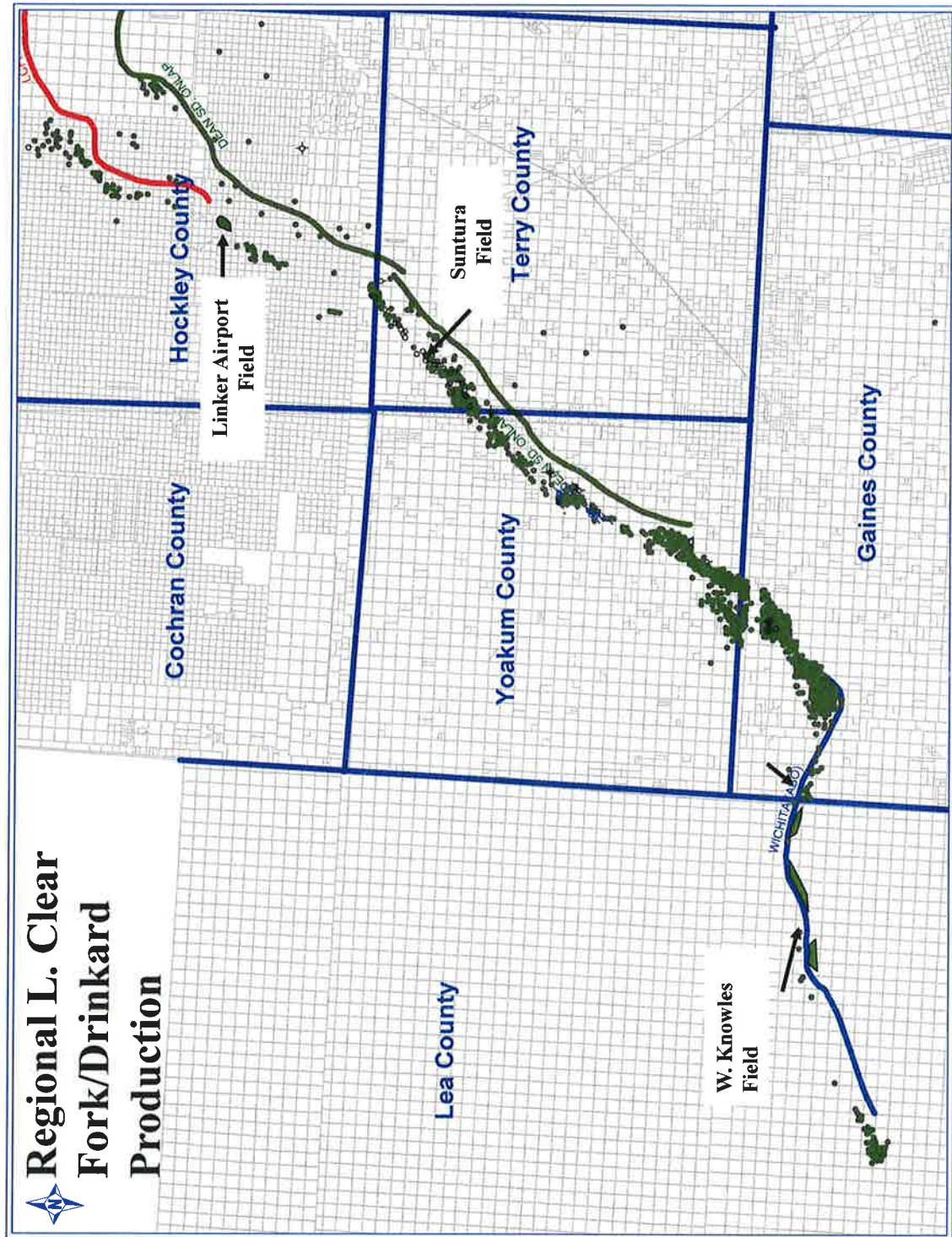
# Garret-Drinkard Waterflood Unit History



Well Name	Formation	DOFP	2/1/2020			Status
			Cum Bo	Cum Bw	Total Fluid	
Goodding # 1	Drinkard	4/1/2005	42,512	18,832	61,344	Active
Murphy # 1	Drinkard	10/1/2005	57,140	79,158	136,298	Active
Shelton # 1	Drinkard	8/1/2007	30,191	10,253	40,444	Active
Stovall # 1	Drinkard	4/1/2006	67,601	44,915	112,516	Active
V.Cook # 1Y	Drinkard	8/1/2006	28,240	255,826	284,066	Active
<b>Total Unit Wells</b>			<b>225,684</b>	<b>408,984</b>	<b>634,668</b>	<b>258,301</b>
Mary Lou Bargaley 1	San Andres	N/A	0	0	0	D&A 9/11/1960
Lazarus ARV 1	Drinkard	N/A	0	0	0	D&A 11/17/1997
Austin Cook 1	San Andres	11/1/1960	1,232	0	1,232	P&A 5/8/1961



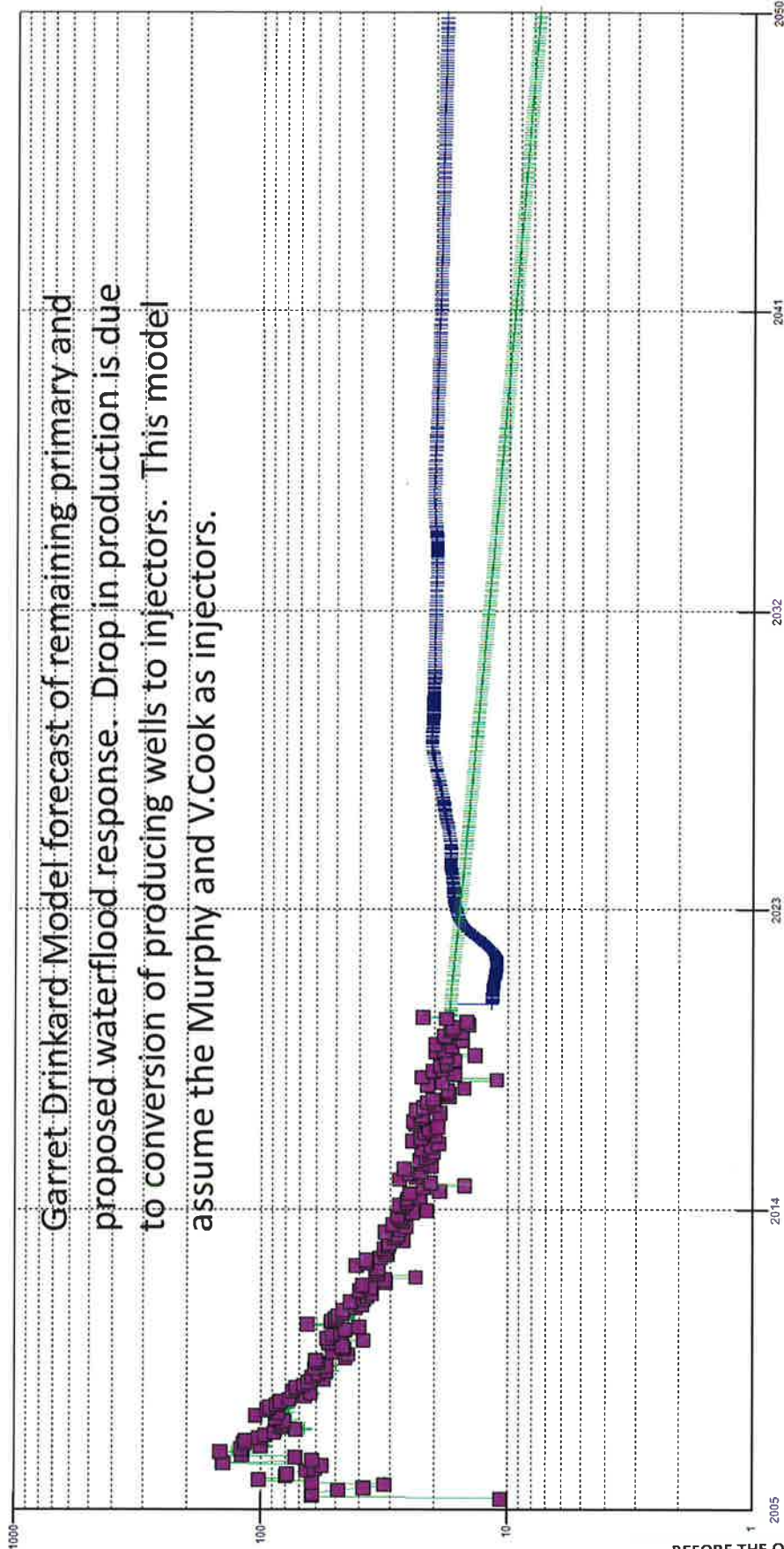




# Model Summary

- OOIP = 3,101,000 OGIP = 2.180 Bcf
- Primary Recovery to Economic Limit
  - 246,793 Bo ( 7.96 % OOIP )
  - 258,301 Mcf ( 11.8 % OGIP )
  - Current Pressure 1000 psi ( Est by fluid level in wells when shut-in and model results )

Qo (bbl/day) vs. Time (yrs)



# Model Forecast Summary

- EUR under Waterflood ( To Economic Limit )
  - 467,629 bo ( 15.08 % OOIP )
- Secondary to Primary Ratio
  - 0.97
- Avg sustained injection 350 Bwpdi/Well
- Max Rate 21 Bopd
- Economic Life of Waterflood = 39 years
- Value of Secondary Reserves
  - \$ 2,116,662 Incremental Cash Flow
  - 11.90 % Internal Rate of return