

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

**IN THE MATTER OF THE APPLICATION OF
MARATHON OIL PERMIAN, LLC TO POOL
ADDITIONAL PARTIES UNDER THE TERMS
OF ORDER NO. R-20966, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 21213
ORDER NO. R-20996-A**

**NOTICE OF ERRATA TO RESPONSE TO MOTION TO VACATE
OR STAY ORDER NO. R-20966-A**

Marathon Oil Permian LLC (“Marathon”) respectfully submits this notice of errata to its Response To Motion To Vacate Or Stay Order No. R-20966-A filed on June 30, 2020. Marathon files this Notice of Errata to correct a reference to exhibits and to include those exhibits inadvertently omitted from the filing. Specifically, the citation to “Exhibit 1” on page 7 of the Response should be to Exhibit 4. Marathon attaches the leases discussed on page 7 of the Response to this Notice of Errata as “Exhibit 4.”

Respectfully submitted,

By: /s/ Jennifer L. Bradfute
Jennifer Bradfute
Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
Telephone: 505-264-8740
jbradfute@marathonoil.com

Deana M. Bennett
Modrall, Sperling, Roehl, Harris & Sisk,
P.A.
Post Office Box 2168
Alb., NM 87103-2168
Phone: 505-848-1800
Email: dmb@modrall.com

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on July 1, 2020:

Stephen D. Ingram
P.O. Box 1216
Albuquerque, NM 87103
(505) 243-5400
singram@cilawnm.com
awilliamson@cilawnm.com

Respectfully submitted,

By: /s/ Jennifer L. Bradfute
Jennifer Bradfute
Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
Telephone: 505-264-8740
jbradfute@marathonoil.com

OIL & GAS LEASE
(Paid Up)

THIS LEASE AGREEMENT (the "Lease") is made this **23rd day of March, 2020**, (the "Effective Date"), between **Ronald Robbins**, whose mailing address is 215 6th St., Petaluma, CA 94952, the "Lessor" (whether one or more), and **Sugar Creek Resources, LLC**, whose mailing address is P.O. Box 5074, Edmond, OK 73083, the "Lessee".

1. Lessor, in consideration of TEN DOLLARS and other consideration, the receipt of which is acknowledged, and of the royalties and agreements of the Lessee provided for in this Lease, grants, leases and lets exclusively to Lessee for the purpose of investigating, by geological, geophysical, seismic and other means, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things to produce, save, take care of, treat, process, store and transport said minerals, the following described land in **Eddy County, New Mexico**.

Township-23-South, Range-27-East, N.M.P.M. Section 8:
N/2 NE/4; SE/4 NE/4; NE/4 SE/4; S/2 SE/4

2. It is hereby agreed that this lease shall remain in force for a term of three (3) years from this date (herein call primary term) and as long thereafter as oil or gas or either of them, is produced from said land by the lessee.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **22%** of that produced and saved from the land, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from the land and used off the lease premises or used in the manufacture of gasoline or other products, the market value at the well of **22%** of the gas used, provided that on gas sold on or off the lease premises, the royalties shall be **22%** of the amount realized from the sale; (c) and at any time when this Lease is not validated by other provisions and there is a gas and/or condensate well on the land, or land pooled with the land, and said gas is not being sold or used and the well is shut in, either before or after production, then on or before 90 days after the well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this Lease by the party making the payment or tender, and so long as the shut-in royalty is paid or tendered this Lease shall not terminate and it shall be considered under its terms that gas is being produced from the leased premises in paying quantities. Each payment shall be paid or tendered to the party or parties who at the time of the payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct the error within 30 days after Lessee has received written notice by certified mail from the party or parties entitled to receive payment together with the written instruments (or certified copies) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the lease premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for the term and under the conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in the contract or regulatory orders.

4. This is a Paid-Up Lease and Lessee shall not be obligated during the primary term to commence or continue any operations of any character or to make any payments in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision of paragraph 3 above.

5. Lessee is granted the right and power, from time to time, to pool or combine this Lease, the land covered by it, or any part, subsurface depth, or horizon of the land with any other land, leases or mineral estates, for the production of oil or gas. Units pooled by the terms of this Lease shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which the land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the lease premises are located and the units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any unit shall be considered for all purposes, except the payment of royalty, as operations conducted on or production from the land subject to this Lease. There shall be allocated to the land covered by this Lease included in any unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in Lease or unit operations, which the net oil or gas acreage in the land covered by this Lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered

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for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the land covered by this Lease and included in a unit in the same manner as though produced from the land under the terms of this Lease. Any pooled unit designated by Lessee, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time.

6. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee is then engaged in actual drilling operations thereon, and is acting with reasonable diligence and dispatch as a prudent operator, then this Lease shall continue in force so long as operations are being continuously prosecuted to complete such well. If, after expiration of the primary term, production on this lease or on acreage pooled therewith should cease from any cause, this lease shall not terminate provided that Lessee commences drilling or reworking operations within ninety (90) days from such cessation and proceeds with reasonable diligence and dispatch, and if production and paying quantities results from such operations, this Lease shall continue in force so long as production in commercial quantities continues.

7. Lessee shall have free use of oil, gas and water from the land, except water from Lessor's wells and tanks, for all operations under this Lease, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on the land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on the land without Lessor's consent.

8. The rights of Lessor or Lessee to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to their respective heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division shall be binding on Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies of them constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of an owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to the deceased's estate or heirs, executor, or administrator until the time Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to the sums. An assignment of this Lease in whole or in part shall, to the extent of the assignment, relieve and discharge Lessee of any obligations under this Lease and, if Lessee or an assignee of a part or parts of this Lease shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from the Lessee or an assignee or fail to comply with any of the provisions of this Lease, the default shall not affect this Lease insofar as it covers a part of the lands on which Lessee or any assignee shall properly comply or make the payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this Lease, or from conducting drilling or reworking operations on this Lease, or from producing oil or gas by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duties under this Lease shall be suspended, and Lessee duly shall not be liable for failure to comply with the terms of this Lease; and, this Lease shall be extended while and so long as Lessee is prevented by any cause from conducting drilling or reworking operations or from producing oil or gas; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.

10. Lessor warrants and agrees to defend the title to the land and agrees that Lessee at its option may discharge any tax, mortgage or other lien on the land. In the event Lessee does so, it shall be subrogated to the lien with the right to enforce same and to apply royalties and shut-in royalties payable under the terms of this Lease toward satisfying same. Without impairment of Lessee's rights under the warranty, If this Lease covers a lesser interest in the oil or gas in all or any part of the land than the entire and undivided fee simple estate (whether Lessor's interest is specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than the full interest, shall be paid only in the proportion which the interest, if any, covered by this Lease, bears to the whole and undivided fee simple estate in the land. Should any one or more of the parties named above as Lessors fail to execute this Lease, it shall nevertheless be binding on the party or parties executing the Lease.

11. Lessee and Lessee's successors, heirs and assigns, shall have the right at any time to surrender this Lease, in whole or in part, to Lessor or Lessor's heirs, successors, and assigns by delivering or mailing a release to the Lessor, or by placing a release of record in the county in which the land is situated. Then, Lessee shall be relieved from all obligations, expressed or implied of this Lease as to acreage surrendered, and then the shut-in royalty payable under the terms of this Lease shall be reduced in the proportion that the acreage covered by this Lease is reduced by the release or releases.

12. Notwithstanding any other provisions of this lease, at the end of the primary term, all acreage not included in a proration unit as designated by the New Mexico Oil Conservation Division, and depths one hundred feet (100') below the deepest depth drilled, will revert to Lessor, unless Lessee is drilling a well on the leased premises or on land pooled therewith, in which event the lease will be held in its entirety as long as not more than one-hundred eighty days elapses between the completion of one well and the commencement of another.

13. UNRELEASED OIL AND GAS LEASE(S): It is expressly acknowledged that certain oil and gas lease(s) currently burdening lessor's mineral interest in the above-described lands of record are unreleased of record, including, but not limited to the following oil and gas leases: (1) lease dated August 26, 2005, recorded in the Office of the County Clerk, Eddy County, New Mexico, in Book 610, at Page 890 (the "Existing Lease(s)"). To the extent the Existing Leases remain in effect as to all or any portion of the above-described lands, this lease covers Lessor's reversionary interest in the above-described lands and is hereby vested in interest, but is subordinate to the Existing Leases, and is to vest in possession upon (i) expiration, termination or release of said Existing Leases; or (ii) the date of this oil and gas lease, whichever is later.


14. Notwithstanding anything to the contrary herein provided, the primary term of this lease shall be extended by the number of days from this date to the date all Existing Leases are released or the date of the entry of a final unappealable order entered by a court of competent jurisdiction declaring the Existing Leases of no force and effect. Notwithstanding the foregoing, should Lessee assign this lease, in whole or in part, prior to the release or judicial determination declaring the Existing Leases of no force and effect, then notwithstanding anything to the contrary in this lease, the primary term of this lease shall be for three (3) years from and after the date of such assignment. However, in no event shall the primary term hereof exceed five (5) years from the execution date of this Lease.

15. The terms of this Lease are specifically subject to the terms and conditions set forth in that certain Letter Agreement, between Lessor and Lessee, dated March 23, 2020.

This Lease is executed by the Lessor as of the date of the acknowledgement below, but shall be deemed effective as of the Effective Date stated above.

Signed this 31 day of MARCH, 2020.

GRANTOR



Ronald Robbins

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was sworn to, subscribed and acknowledged before me on the _____ day of _____, 2020, by **Ronald Robbins**.

Notary Public

Commission Expires:

Return To:


SUGAR CREEK
RESOURCES
P.O. Box 5074
Edmond, OK 73083

See attached

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Sonoma)

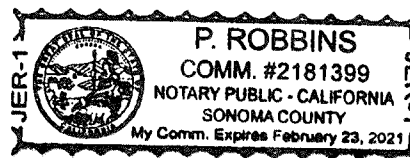
On March 31, 2020 before me, P. Robbins, notary public
(insert name and title of the officer)

personally appeared Ronald Robbins,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



**OIL & GAS LEASE
(Paid Up)**

THIS LEASE AGREEMENT (the "Lease") is made this **23rd day of March, 2020**, (the "Effective Date"), between **Christine Campos**, whose mailing address is 32772 Jonathan Circle, Dana Point, CA 92629, the "Lessor" (whether one or more), and **Sugar Creek Resources, LLC**, whose mailing address is P.O. Box 5074, Edmond, OK 73083, the "Lessee".

1. Lessor, in consideration of TEN DOLLARS and other consideration, the receipt of which is acknowledged, and of the royalties and agreements of the Lessee provided for in this Lease, grants, leases and lets exclusively to Lessee for the purpose of investigating, by geological, geophysical, seismic and other means, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things to produce, save, take care of, treat, process, store and transport said minerals, the following described land in **Eddy County, New Mexico**.

**Township-23-South, Range-27-East, N.M.P.M. Section 8:
N/2 NE/4; SE/4 NE/4; NE/4 SE/4; S/2 SE/4**

2. It is hereby agreed that this lease shall remain in force for a term of three (3) years from this date (herein call primary term) and as long thereafter as oil or gas or either of them, is produced from said land by the lessee.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **25%** of that produced and saved from the land, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from the land and used off the lease premises or used in the manufacture of gasoline or other products, the market value at the well of **25%** of the gas used, provided that on gas sold on or off the lease premises, the royalties shall be **25%** of the amount realized from the sale; (c) and at any time when this Lease is not validated by other provisions and there is a gas and/or condensate well on the land, or land pooled with the land, and said gas is not being sold or used and the well is shut in, either before or after production, then on or before 90 days after the well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this Lease by the party making the payment or tender, and so long as the shut-in royalty is paid or tendered this Lease shall not terminate and it shall be considered under its terms that gas is being produced from the leased premises in paying quantities. Each payment shall be paid or tendered to the party or parties who at the time of the payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct the error within 30 days after Lessee has received written notice by certified mail from the party or parties entitled to receive payment together with the written instruments (or certified copies) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the lease premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for the term and under the conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in the contract or regulatory orders.

4. This is a Paid-Up Lease and Lessee shall not be obligated during the primary term to

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Eddy County, New Mexico ~ Robin Van Natta, County Clerk

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commence or continue any operations of any character or to make any payments in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision of paragraph 3 above.

5. Lessee is granted the right and power, from time to time, to pool or combine this Lease, the land covered by it, or any part, subsurface depth, or horizon of the land with any other land, leases or mineral estates, for the production of oil or gas. Units pooled by the terms of this Lease shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which the land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the lease premises are located and the units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any unit shall be considered for all purposes, except the payment of royalty, as operations conducted on or production from the land subject to this Lease. There shall be allocated to the land covered by this Lease included in any unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in Lease or unit operations, which the net oil or gas acreage in the land covered by this Lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the land covered by this Lease and included in a unit in the same manner as though produced from the land under the terms of this Lease. Any pooled unit designated by Lessee, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time.

6. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee is then engaged in actual drilling operations thereon, and is acting with reasonable diligence and dispatch as a prudent operator, then this Lease shall continue in force so long as operations are being continuously prosecuted to complete such well. If, after expiration of the primary term, production on this lease or on acreage pooled therewith should cease from any cause, this lease shall not terminate provided that Lessee commences drilling or reworking operations within ninety (90) days from such cessation and proceeds with reasonable diligence and dispatch, and if production and paying quantities results from such operations, this Lease shall continue in force so long as production in commercial quantities continues.

7. Lessee shall have free use of oil, gas and water from the land, except water from Lessor's wells and tanks, for all operations under this Lease, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on the land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on the land without Lessor's consent.

8. The rights of Lessor or Lessee to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to their respective heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division shall be binding on Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies of them constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of an owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to the deceased's estate or heirs, executor, or administrator until the time Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to the

sums. An assignment of this Lease in whole or in part shall, to the extent of the assignment, relieve and discharge Lessee of any obligations under this Lease and, if Lessee or an assignee of a part or parts of this Lease shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from the Lessee or an assignee or fail to comply with any of the provisions of this Lease, the default shall not affect this Lease insofar as it covers a part of the lands on which Lessee or any assignee shall properly comply or make the payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this Lease, or from conducting drilling or reworking operations on this Lease, or from producing oil or gas by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duties under this Lease shall be suspended, and Lessee duly shall not be liable for failure to comply with the terms of this Lease; and, this Lease shall be extended while and so long as Lessee is prevented by any cause from conducting drilling or reworking operations or from producing oil or gas; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.

10. Lessor warrants and agrees to defend the title to the land and agrees that Lessee at its option may discharge any tax, mortgage or other lien on the land. In the event Lessee does so, it shall be subrogated to the lien with the right to enforce same and to apply royalties and shut-in royalties payable under the terms of this Lease toward satisfying same. Without impairment of Lessee's rights under the warranty, If this Lease covers a lesser interest in the oil or gas in all or any part of the land than the entire and undivided fee simple estate (whether Lessor's interest is specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than the full interest, shall be paid only in the proportion which the interest, if any, covered by this Lease, bears to the whole and undivided fee simple estate in the land. Should any one or more of the parties named above as Lessors fail to execute this Lease, it shall nevertheless be binding on the party or parties executing the Lease.

11. Lessee and Lessee's successors, heirs and assigns, shall have the right at any time to surrender this Lease, in whole or in part, to Lessor or Lessor's heirs, successors, and assigns by delivering or mailing a release to the Lessor, or by placing a release of record in the county in which the land is situated. Then, Lessee shall be relieved from all obligations, expressed or implied of this Lease as to acreage surrendered, and then the shut-in royalty payable under the terms of this Lease shall be reduced in the proportion that the acreage covered by this Lease is reduced by the release or releases.

12. Notwithstanding any other provisions of this lease, at the end of the primary term, all acreage not included in a proration unit as designated by the New Mexico Oil Conservation Division, and depths one hundred feet (100') below the deepest depth drilled, will revert to Lessor, unless Lessee is drilling a well on the leased premises or on land pooled therewith, in which event the lease will be held in its entirety as long as not more than one-hundred eighty days elapses between the completion of one well and the commencement of another.

13. **UNRELEASED OIL AND GAS LEASE(S):** It is expressly acknowledged that certain oil and gas lease(s) currently burdening lessor's mineral interest in the above-described lands of record are unreleased of record, including, but not limited to the following oil and gas leases: (1) lease dated August 5, 2005, recorded in the Office of the County Clerk, Eddy County, New Mexico, in Book 610, at Page 887 (the "Existing Lease(s)"). To the extent the Existing Leases remain in effect as to all or any portion of the above-described lands, this lease covers Lessor's reversionary interest in the above-described lands and is hereby vested in interest, but is subordinate to the Existing Leases, and is to vest in possession upon (i) expiration, termination or release of said Existing Leases; or (ii) the date of this oil and gas lease, whichever is later.

14. Notwithstanding anything to the contrary herein provided, the primary term of this lease shall be extended by the number of days from this date to the date all Existing Leases are released or the date of the entry of a final unappealable order entered by a court of competent jurisdiction declaring the Existing Leases of no force and effect. Notwithstanding the foregoing, should Lessee assign this lease, in whole or in part, prior to the release or judicial determination declaring the Existing Leases of no force and effect, then notwithstanding anything to the contrary in this lease, the primary term of this lease shall be for three (3) years from and after the date of such assignment. However, in no event shall the primary term hereof exceed five (5) years from the execution date of this Lease.

15. The terms of this Lease are specifically subject to the terms and conditions set forth in that certain Letter Agreement, between Lessor and Lessee, dated March 23, 2020.

This Lease is executed by the Lessor as of the date of the acknowledgement below, but shall be deemed effective as of the Effective Date stated above.

Signed this 25 day of April, 2020.

GRANTOR

Christine Campos
Christine Campos

THE STATE OF California
COUNTY OF Orange

The foregoing instrument was sworn to, subscribed and acknowledged before me on the 25 day of April, 2020, by **Christine Campos**.

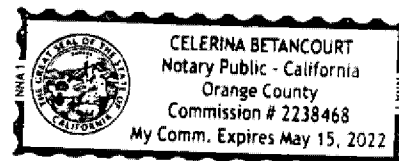
[Signature]
Notary Public

Commission Expires:

May 15, 2022

Return To:


SUGAR CREEK
RESOURCES
P.O. Box 5074
Edmond, OK 73083



**OIL & GAS LEASE
(Paid Up)**

THIS LEASE AGREEMENT (the "Lease") is made this **23rd day of March, 2020**, (the "Effective Date"), between **Stephanie Aldemir**, whose mailing address is 26 Ironwood, Mission Viejo CA 92692, the "Lessor" (whether one or more), and **Sugar Creek Resources, LLC**, whose mailing address is P.O. Box 5074, Edmond, OK 73083, the "Lessee".

1. Lessor, in consideration of TEN DOLLARS and other consideration, the receipt of which is acknowledged, and of the royalties and agreements of the Lessee provided for in this Lease, grants, leases and lets exclusively to Lessee for the purpose of investigating, by geological, geophysical, seismic and other means, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things to produce, save, take care of, treat, process, store and transport said minerals, the following described land in **Eddy County, New Mexico**.

**Township-23-South, Range-27-East, N.M.P.M. Section 8:
N/2 NE/4; SE/4 NE/4; NE/4 SE/4; S/2 SE/4**

2. It is hereby agreed that this lease shall remain in force for a term of three (3) years from this date (herein call primary term) and as long thereafter as oil or gas or either of them, is produced from said land by the lessee.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **25%** of that produced and saved from the land, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from the land and used off the lease premises or used in the manufacture of gasoline or other products, the market value at the well of **25%** of the gas used, provided that on gas sold on or off the lease premises, the royalties shall be **25%** of the amount realized from the sale; (c) and at any time when this Lease is not validated by other provisions and there is a gas and/or condensate well on the land, or land pooled with the land, and said gas is not being sold or used and the well is shut in, either before or after production, then on or before 90 days after the well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this Lease by the party making the payment or tender, and so long as the shut-in royalty is paid or tendered this Lease shall not terminate and it shall be considered under its terms that gas is being produced from the leased premises in paying quantities. Each payment shall be paid or tendered to the party or parties who at the time of the payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct the error within 30 days after Lessee has received written notice by certified mail from the party or parties entitled to receive payment together with the written instruments (or certified copies) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the lease premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for the term and under the conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in the contract or regulatory orders.

4. This is a Paid-Up Lease and Lessee shall not be obligated during the primary term to

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commence or continue any operations of any character or to make any payments in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision of paragraph 3 above.

5. Lessee is granted the right and power, from time to time, to pool or combine this Lease, the land covered by it, or any part, subsurface depth, or horizon of the land with any other land, leases or mineral estates, for the production of oil or gas. Units pooled by the terms of this Lease shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which the land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the lease premises are located and the units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any unit shall be considered for all purposes, except the payment of royalty, as operations conducted on or production from the land subject to this Lease. There shall be allocated to the land covered by this Lease included in any unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in Lease or unit operations, which the net oil or gas acreage in the land covered by this Lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the land covered by this Lease and included in a unit in the same manner as though produced from the land under the terms of this Lease. Any pooled unit designated by Lessee, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time.

6. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee is then engaged in actual drilling operations thereon, and is acting with reasonable diligence and dispatch as a prudent operator, then this Lease shall continue in force so long as operations are being continuously prosecuted to complete such well. If, after expiration of the primary term, production on this lease or on acreage pooled therewith should cease from any cause, this lease shall not terminate provided that Lessee commences drilling or reworking operations within ninety (90) days from such cessation and proceeds with reasonable diligence and dispatch, and if production and paying quantities results from such operations, this Lease shall continue in force so long as production in commercial quantities continues.

7. Lessee shall have free use of oil, gas and water from the land, except water from Lessor's wells and tanks, for all operations under this Lease, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on the land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on the land without Lessor's consent.

8. The rights of Lessor or Lessee to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to their respective heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division shall be binding on Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies of them constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of an owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to the deceased's estate or heirs, executor, or administrator until the time Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to the

sums. An assignment of this Lease in whole or in part shall, to the extent of the assignment, relieve and discharge Lessee of any obligations under this Lease and, if Lessee or an assignee of a part or parts of this Lease shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from the Lessee or an assignee or fail to comply with any of the provisions of this Lease, the default shall not affect this Lease insofar as it covers a part of the lands on which Lessee or any assignee shall properly comply or make the payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this Lease, or from conducting drilling or reworking operations on this Lease, or from producing oil or gas by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duties under this Lease shall be suspended, and Lessee duly shall not be liable for failure to comply with the terms of this Lease; and, this Lease shall be extended while and so long as Lessee is prevented by any cause from conducting drilling or reworking operations or from producing oil or gas; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.

10. Lessor warrants and agrees to defend the title to the land and agrees that Lessee at its option may discharge any tax, mortgage or other lien on the land. In the event Lessee does so, it shall be subrogated to the lien with the right to enforce same and to apply royalties and shut-in royalties payable under the terms of this Lease toward satisfying same. Without impairment of Lessee's rights under the warranty, If this Lease covers a lesser interest in the oil or gas in all or any part of the land than the entire and undivided fee simple estate (whether Lessor's interest is specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than the full interest, shall be paid only in the proportion which the interest, if any, covered by this Lease, bears to the whole and undivided fee simple estate in the land. Should any one or more of the parties named above as Lessors fail to execute this Lease, it shall nevertheless be binding on the party or parties executing the Lease.

11. Lessee and Lessee's successors, heirs and assigns, shall have the right at any time to surrender this Lease, in whole or in part, to Lessor or Lessor's heirs, successors, and assigns by delivering or mailing a release to the Lessor, or by placing a release of record in the county in which the land is situated. Then, Lessee shall be relieved from all obligations, expressed or implied of this Lease as to acreage surrendered, and then the shut-in royalty payable under the terms of this Lease shall be reduced in the proportion that the acreage covered by this Lease is reduced by the release or releases.

12. Notwithstanding any other provisions of this lease, at the end of the primary term, all acreage not included in a proration unit as designated by the New Mexico Oil Conservation Division, and depths one hundred feet (100') below the deepest depth drilled, will revert to Lessor, unless Lessee is drilling a well on the leased premises or on land pooled therewith, in which event the lease will be held in its entirety as long as not more than one-hundred eighty days elapses between the completion of one well and the commencement of another.

13. **UNRELEASED OIL AND GAS LEASE(S):** It is expressly acknowledged that certain oil and gas lease(s) currently burdening lessor's mineral interest in the above-described lands of record are unreleased of record, including, but not limited to the following oil and gas leases: (1) lease dated August 26, 2005, recorded in the Office of the County Clerk, Eddy County, New Mexico, in Book 610, at Page 892 (the "Existing Lease(s)"). To the extent the Existing Leases remain in effect as to all or any portion of the above-described lands, this lease covers Lessor's reversionary interest in the above-described lands and is hereby vested in interest, but is subordinate to the Existing Leases, and is to vest in possession upon (i) expiration, termination or release of said Existing Leases; or (ii) the date of this oil and gas lease, whichever is later.

14. Notwithstanding anything to the contrary herein provided, the primary term of this lease shall be extended by the number of days from this date to the date all Existing Leases are released or the date of the entry of a final unappealable order entered by a court of competent jurisdiction declaring the Existing Leases of no force and effect. Notwithstanding the foregoing, should Lessee assign this lease, in whole or in part, prior to the release or judicial determination declaring the Existing Leases of no force and effect, then notwithstanding anything to the contrary in this lease, the primary term of this lease shall be for three (3) years from and after the date of such assignment. However, in no event shall the primary term hereof exceed five (5) years from the execution date of this Lease.

15. The terms of this Lease are specifically subject to the terms and conditions set forth in that certain Letter Agreement, between Lessor and Lessee, dated March 23, 2020.

This Lease is executed by the Lessor as of the date of the acknowledgement below, but shall be deemed effective as of the Effective Date stated above.

Signed this 13 day of MAY, 2020.

GRANTOR


Stephanie Aldemir

THE STATE OF California

COUNTY OF Orange

The foregoing instrument was sworn to, subscribed and acknowledged before me on the 13th day of May, 2020, by **Stephanie Aldemir**.


Notary Public

Commission Expires: 9/25/2020

Return To:


SUGAR CREEK
RESOURCES
P.O. Box 5074
Edmond, OK 73083

