

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of February 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

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

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

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

Township 26 South, Range 29 East, N.M.P.M.

Section 27: W/2

Section 34: Lots 7-10

Eddy County, New Mexico

Containing **457.78 acres**, and this agreement shall include only the **Wolfcamp Formation** underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Tap Rock Resources, LLC, 523 Park Point Drive Suite 200, Golden, Colorado 80401. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day,

such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is February 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their

successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

Tap Rock Resources, LLC
Operator, Working Interest Owner

By: _____
Clayton Sporich – VP Land & Legal

Date: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ___ day of _____, 2020, before me, a Notary Public for the State of _____ personally appeared **Clayton Sporich**, known to me to be the **Vice President – Land & Legal** of **Tap Rock Resources, LLC**, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

WPX Energy Permian, LLC
Operating Rights Owner

By: _____
Gregory J. Geist, Vice President of Land

Date: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of _____, personally appeared **Gregory J. Geist**, known to me to be the **Vice President of Land of WPX Energy Permian, LLC**, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST AND/OR LESSEES OF RECORD

COMMUNITIZATION AGREEMENT: _____

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Company Name, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

NAME: _____

DATE: _____

PRINTED: Aaron Byrd

TITLE: Executive Vice President of Operations

PHONE: (720) 772-3065

EMAIL: Abyrd@taprk.com

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2021,
by _____ as _____ of Tap
Rock Resources, LLC, a _____ on behalf of
same.

(SEAL)

My Commission Expires

Notary Public

EXHIBIT "A"

Plat of communitized area covering 457.78 acres in Township 26 South, Range 29 East, N.M.P.M. Section 27: W/2 and Section 34: Lots 7-10, Eddy County, New Mexico

Well Name/No.

WTG Fed Com #201H, #211H, #205H, #215H

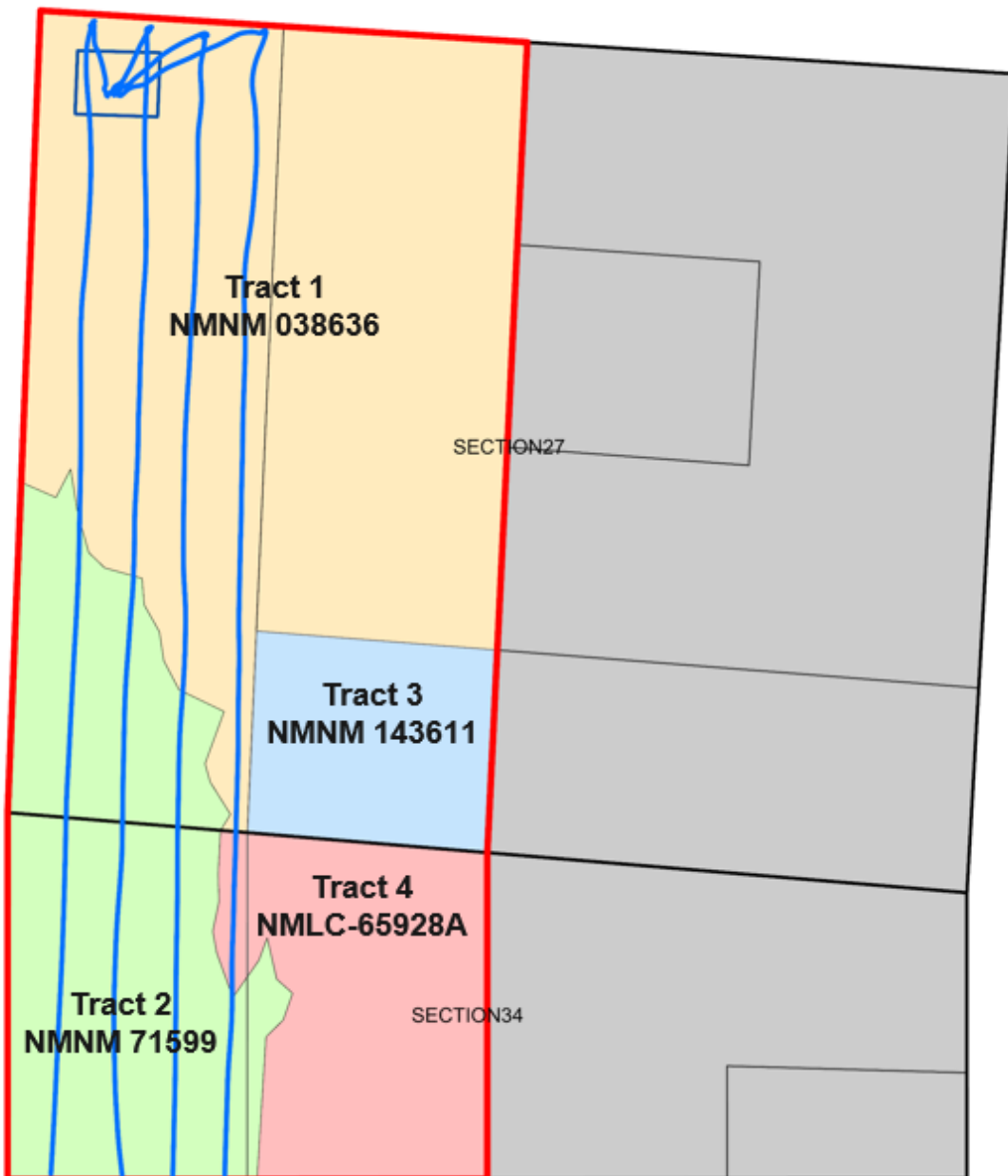


EXHIBIT "B"

To Communitization Agreement Dated February 1, 2020 embracing the following described land in Township 26 South, Range 29 East, N.M.P.M. Section 27: W/2 and Section 34: Lots 7-10, Eddy County, New Mexico.

Operator of Communitized Area: **Tap Rock Resources, LLC**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Federal Lease No.:	NMNM 038636
Lessor:	United States of America
Date:	February 1, 1980
Recording Information:	Book 212, Page 568
Legal Description:	Insofar and insofar only as the lease covers: <u>Township 26 South, Range 29 East</u> Section 27: NW, N2SW, SWSW, less and except Parcel 2 (38.50 acres) lying within the W2 of Section 27, Township 26 South, Range 29 East.
Number of Acres:	241.5 gross acres
Royalty Rate:	12.5%
Overriding Royalty Interest:	Tap Rock Minerals, LP (5%); Wing Resources III, LLC (2.5%); Mekusukey Oil Company, LLC (5%)
Record Title:	Occidental Permian Limited Partnership
Working Interest:	Tap Rock Resources, LLC – 100%

Tract No. 2

Federal Lease No.:	NMNM 071599
Lessor:	The United States of America
Date:	April 1, 1988
Recording Information:	Book 17, Page 936
Legal Description:	Insofar and insofar only as the lease covers: <u>Township 26 South, Range 29 East</u> Section 27: Parcel 2 (38.50 acres) Section 34: Parcel 1 (68.10 acres)
Number of Acres:	106.60 gross acres
Royalty Rate:	14%
Overriding Royalty Interest:	Red Bluff Water Power Control District (11%)

Record Title: Red Bluff Water Power Control District
Working Interest: Tap Rock Resources, LLC – 100%

Tract No. 3

Federal Lease No.: NMNM 143611
Lessor: The United States of America
Date: February 1, 1984
Recording Information: Book 816, Page 390
Legal Description: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East
Section 27: SESW
Number of Acres: 40.00 gross acres
Royalty Rate: Sliding scale royalty ranging from 12.5% to 25%; reduced to 11.7% by letter dated effective November 1, 1992
Overriding Royalty Interest: WPX Energy Permian, LLC (12.5%)
Record Title: Tap Rock Resources, LLC
Working Interest: Tap Rock Resources, LLC – 100%

Tract No. 4

Federal Lease No.: NMLC 0065928A
Lessor: The United States of America
Date: July 1, 1951
Recording Information: Unrecorded
Legal Description: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East
Section 34: Lots 7-10, less and except Parcel 1 (68.10 acres) lying within the W2 of Section 34, Township 26 South, Range 29 East.
Number of Acres: 69.68 gross acres
Royalty Rate: 12.5%
Overriding Royalty Interest: COG Operating, LLC (12.5%)
Record Title: COG Operating, LLC
Working Interest: Tap Rock Resources, LLC – 100%

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	241.5	52.7546%
2	106.60	23.2863%
3	40.00	8.7378%
4	69.68	15.2213%
Total	457.78	100.0000%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **January, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

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

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

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

Township 26 South, Range 29 East, N.M.P.M.

Section 27: E2E2

Section 34: Lot 5, Lot 12

Eddy County, New Mexico

Containing **218.85** acres, and this agreement shall include only the **Bone Spring Formation** underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **Tap Rock Operating, LLC, 523 Park Point Drive, Suite 200, Golden, CO, 80041**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator maybe designated by the owners of the working interest in the communitized area andfour (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue

from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized

area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

Operator:
Tap Rock Operating, LLC

Date: _____

By: _____
 Name: Clayton Sporich
 Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
 COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

 My Commission Expires:

 Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of **Tap Rock Operating, LLC**, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

Date: _____

By: _____

Name: Clayton Sporich

Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

_____ My Commission Expires:

_____ Notary Public

WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD

Tap Rock Resources, LLC

Date: _____

By: _____

Name: Clayton Sporich

Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Resources, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Occidental Permian Limited Partnership

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

WPX Energy Permian, LLC

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

COG Operating, LLC

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

EOG Resources, Inc

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

OXY Y-1 Co

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

EXHIBIT "A"

Plat of communitized area covering 218.85 acres in E2E2 of Section 27 and Lot 5, Lot 12 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.
WTG Federal Com #124H

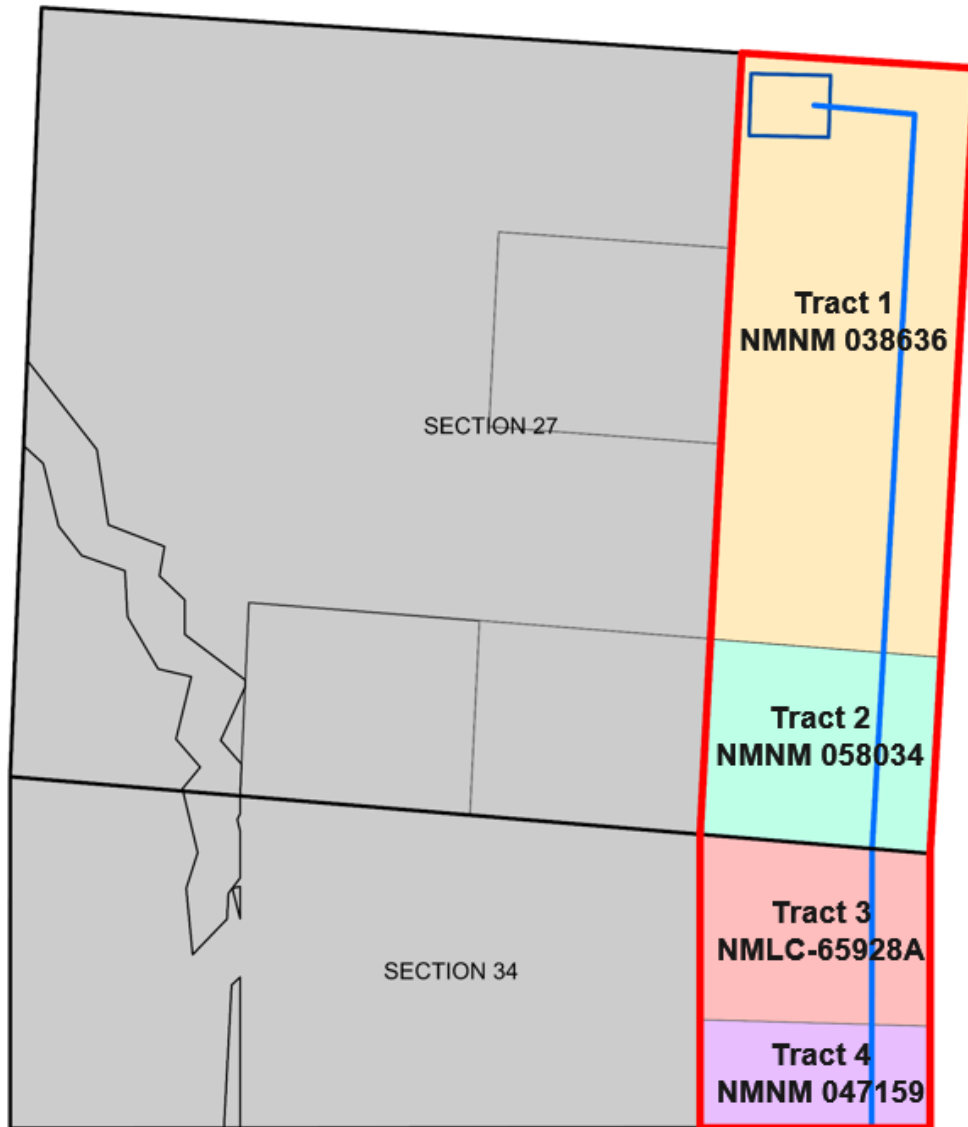


EXHIBIT "B"

To Communitization Agreement dated **January 1, 2022**, embracing the following described land in E2E2 of Section 27 and Lot 5, Lot 12 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Operator of Communitized Area: **Tap Rock Operating, LLC**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM 038636

Description of Land Committed: Insofar and only insofar as said lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 27: E2NE, NESE

Number of Acres: 120.00

Current Lessee of Record: Occidental Permian Limited Partnership

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: Tap Rock Minerals, LP
Wing Resources III, LLC
Mekusukey Oil Company, LLC

Tract No. 2

Lease Serial Number: NMNM 058034

Description of Land Committed: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 27: SESE

Number of Acres: 40.00

Current Lessee of Record: WPX Energy Permian, LLC

Name of Working Interest Owners: WPX Energy Permian, LLC

ORRI Owners: None

Tract No. 3

Lease Serial Number: NMLC 0065928A

Description of Land Committed: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 34: Lot 5

Number of Acres: 37.08

Current Lessee of Record: COG Operating, LLC

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: COG Operating, LLC

Tract No. 4

Lease Serial Number: NMNM 047159

Description of Land Committed: Township 26 South, Range 29 East, N.M.P.M.
Section 34: Lot 12

Number of Acres: 21.77

Current Lessee of Record: EOG Resources, Inc
OXY Y-1 CO

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: None

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	120.00	54.8321%
2	40.00	18.2774%
3	37.08	16.9431%
4	21.77	9.9474%
Total	218.85	100.0000%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **January, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

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

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

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

Township 26 South, Range 29 East, N.M.P.M.

Section 27: E2W2

Section 34: Lot 7, Lot 10

Eddy County, New Mexico

Containing **226.88** acres, and this agreement shall include only the **Bone Spring Formation** underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit “A”, a plat designating the communitized area and, Exhibit “B”, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **Tap Rock Operating, LLC, 523 Park Point Drive, Suite 200, Golden, CO, 80041**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator maybe designated by the owners of the working interest in the communitized area andfour (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit “B” attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue

from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized

area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

Operator:
Tap Rock Operating, LLC

Date: _____

By: _____
 Name: Clayton Sporich
 Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
 COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

 My Commission Expires:

 Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of **Tap Rock Operating, LLC**, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

Date: _____

By: _____
Name: Clayton Sporich
Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Tap Rock Resources, LLC

Date: _____

By: _____

Name: Clayton Sporich

Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Resources, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Occidental Permian Limited Partnership

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

COG Operating, LLC

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

EXHIBIT "A"

Plat of communitized area covering 226.88 acres in E2W2 of Section 27 and Lot 7, Lot 10 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.
WTG Federal Com #122H

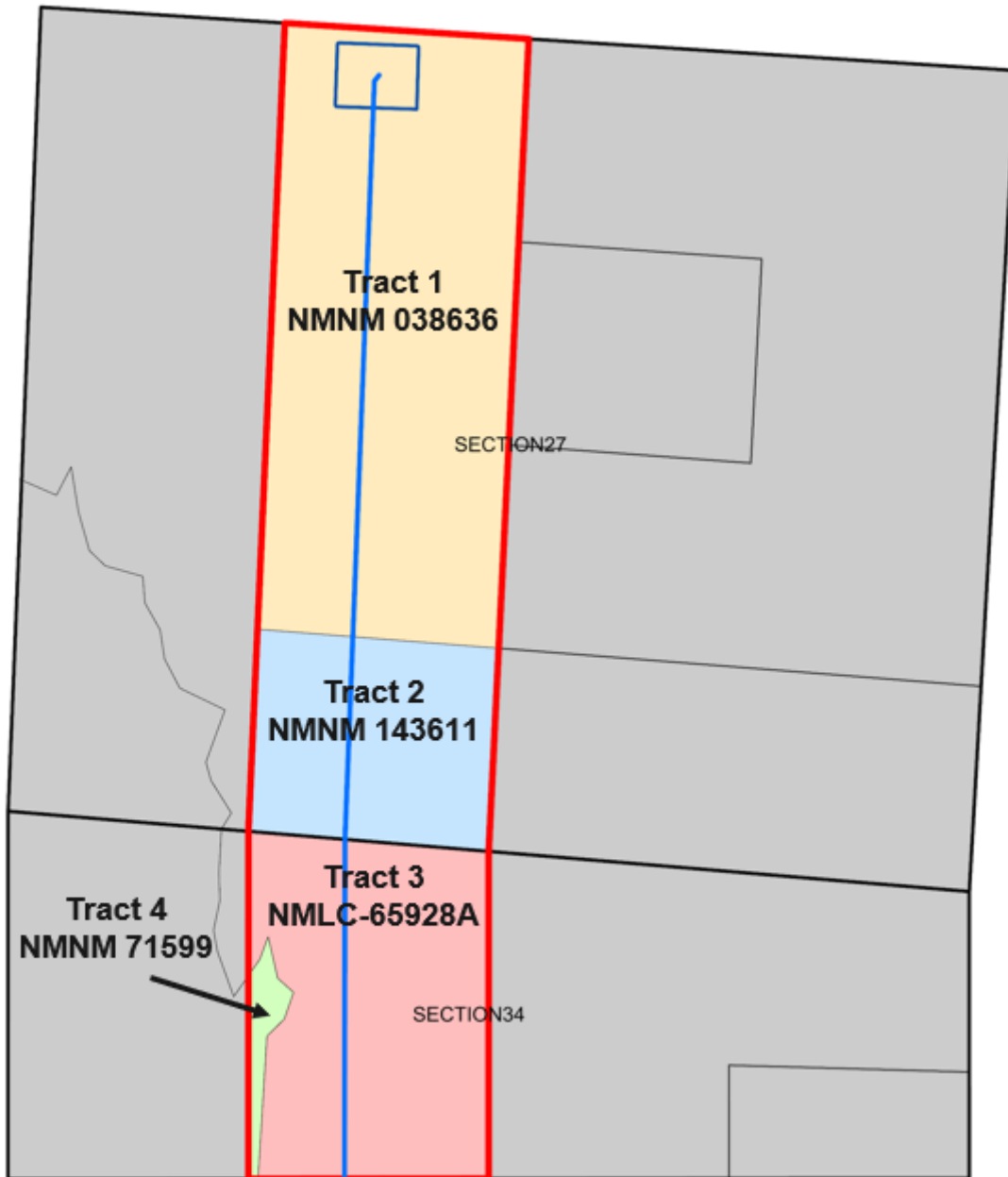


EXHIBIT “B”

To Communitization Agreement dated **January 1, 2022**, embracing the following described land in E2W2 of Section 27 and Lot 7, Lot 10 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Operator of Communitized Area: **Tap Rock Operating, LLC**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number:	NMNM 038636
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 26 South, Range 29 East, N.M.P.M.</u> Section 27: E2NW, NESW
Number of Acres:	120.00
Current Lessee of Record:	Occidental Permian Limited Partnership
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Wing Resources III, LLC Mekusukey Oil Company, LLC

Tract No. 2

Lease Serial Number:	NMNM 143611
Description of Land Committed:	<u>Township 26 South, Range 29 East, N.M.P.M.</u> Section 27: SESW
Number of Acres:	40.00
Current Lessee of Record:	Tap Rock Resources, LLC
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	None

Tract No. 3

Lease Serial Number: NMLC 0065928A

Description of Land Committed: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 34: Lot 7: less and except 3 acres lying within the Red Bluff Reservoir
Lot 10: less and except 0.7 acres lying within the Red Bluff Reservoir

Number of Acres: 63.18

Current Lessee of Record: COG Operating, LLC

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: COG Operating, LLC

Tract No. 4

Lease Serial Number: NMNM 071599

Description of Land Committed: Insofar and only insofar as said lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 34: Parcel 1 lying within Lot 7 & Lot 10 within the Red Bluff Reservoir

Number of Acres: 3.70

Current Lessee of Record: Red Bluff Water Power Control District

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: Red Bluff Water Power Control District

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	120.00	52.8914%
2	40.00	17.6305%
3	63.18	29.8473%
4	3.70	1.6308%
Total	226.88	100.0000%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **January, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

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

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

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

Township 26 South, Range 29 East, N.M.P.M.

Section 27: W2E2

Section 34: Lot 6, Lot 11

Eddy County, New Mexico

Containing **222.86** acres, and this agreement shall include only the **Bone Spring Formation** underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **Tap Rock Operating, LLC, 523 Park Point Drive, Suite 200, Golden, CO, 80041**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator maybe designated by the owners of the working interest in the communitized area andfour (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue

from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized

area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

Operator:
Tap Rock Operating, LLC

Date: _____

By: _____
 Name: Clayton Sporich
 Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
 COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

 My Commission Expires:

 Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of **Tap Rock Operating, LLC**, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

Date: _____

By: _____
Name: Clayton Sporich
Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this ____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Tap Rock Resources, LLC

Date: _____

By: _____

Name: Clayton Sporich

Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this ____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Resources, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

WPX Energy Permian, LLC

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

EXHIBIT "A"

Plat of communitized area covering 222.86 acres in W2E2 of Section 27 and Lot 6, Lot 11 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.
WTG Federal Com #123H

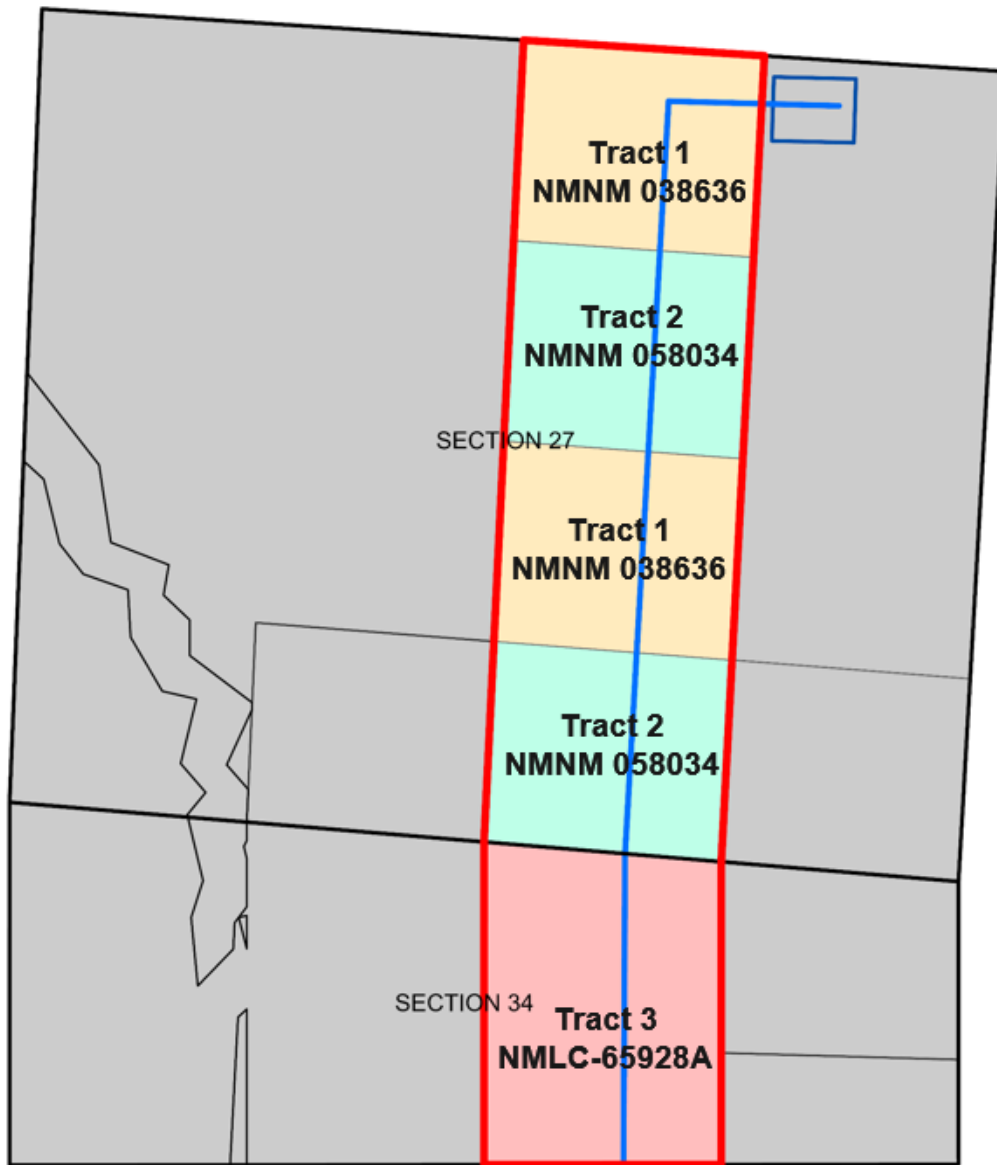


EXHIBIT “B”

To Communitization Agreement dated **January 1, 2022**, embracing the following described land in W2E2 of Section 27 and Lot 6, Lot 11 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Operator of Communitized Area: **Tap Rock Operating, LLC**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM 038636

Description of Land Committed: Insofar and only insofar as said lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 27: NWNE, NWSE

Number of Acres: 80.00

Current Lessee of Record: Occidental Permian Limited Partnership

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: Tap Rock Minerals, LP
Wing Resources III, LLC
Mekusukey Oil Company, LLC

Tract No. 2

Lease Serial Number: NMNM 058034

Description of Land Committed: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 27: SWNE, SWSE

Number of Acres: 80.00

Current Lessee of Record: WPX Energy Permian, LLC

Name of Working Interest Owners: WPX Energy Permian, LLC

ORRI Owners: None

Tract No. 3

Lease Serial Number: NMLC 0065928A

Description of Land Committed: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 34: Lot 6, Lot 11

Number of Acres: 62.86

Current Lessee of Record: COG Operating, LLC

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: COG Operating, LLC

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	80.00	35.8970%
2	80.00	35.8970%
3	62.86	28.2060%
Total	222.86	100.0000%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **January, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

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

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

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

Township 26 South, Range 29 East, N.M.P.M.

Section 27: W2W2

Section 34: Lot 8, Lot 9

Eddy County, New Mexico

Containing **230.90** acres, and this agreement shall include only the **Bone Spring Formation** underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit “A”, a plat designating the communitized area and, Exhibit “B”, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **Tap Rock Operating, LLC, 523 Park Point Drive, Suite 200, Golden, CO, 80041**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator maybe designated by the owners of the working interest in the communitized area andfour (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit “B” attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue

from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized

area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

- 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

Operator:
Tap Rock Operating, LLC

Date: _____

By: _____
Name: Clayton Sporich
Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this ____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of **Tap Rock Operating, LLC**, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

Date: _____

By: _____
Name: Clayton Sporich
Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Operating, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Tap Rock Resources, LLC

Date: _____

By: _____

Name: Clayton Sporich

Title: EVP – Land & Legal

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On this _____ day of _____, 2021, before me, a Notary Public for the State of Colorado, personally appeared Clayton Sporich, known to me to be the EVP-Land & Legal of **Tap Rock Resources, LLC**, a Delaware limited liability company, the limited liability company that executed the foregoing instrument and acknowledged to me such company executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Occidental Permian Limited Partnership

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

COG Operating, LLC

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Red Bluff Water Power Control District

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2021, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____, the _____ that executed the foregoing instrument and acknowledged to me such _____ executed the same.

(SEAL)

My Commission Expires:

Notary Public

EXHIBIT "A"

Plat of communitized area covering 230.90 acres in W2W2 of Section 27 and Lot 8, Lot 9 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.
WTG Federal Com #121H

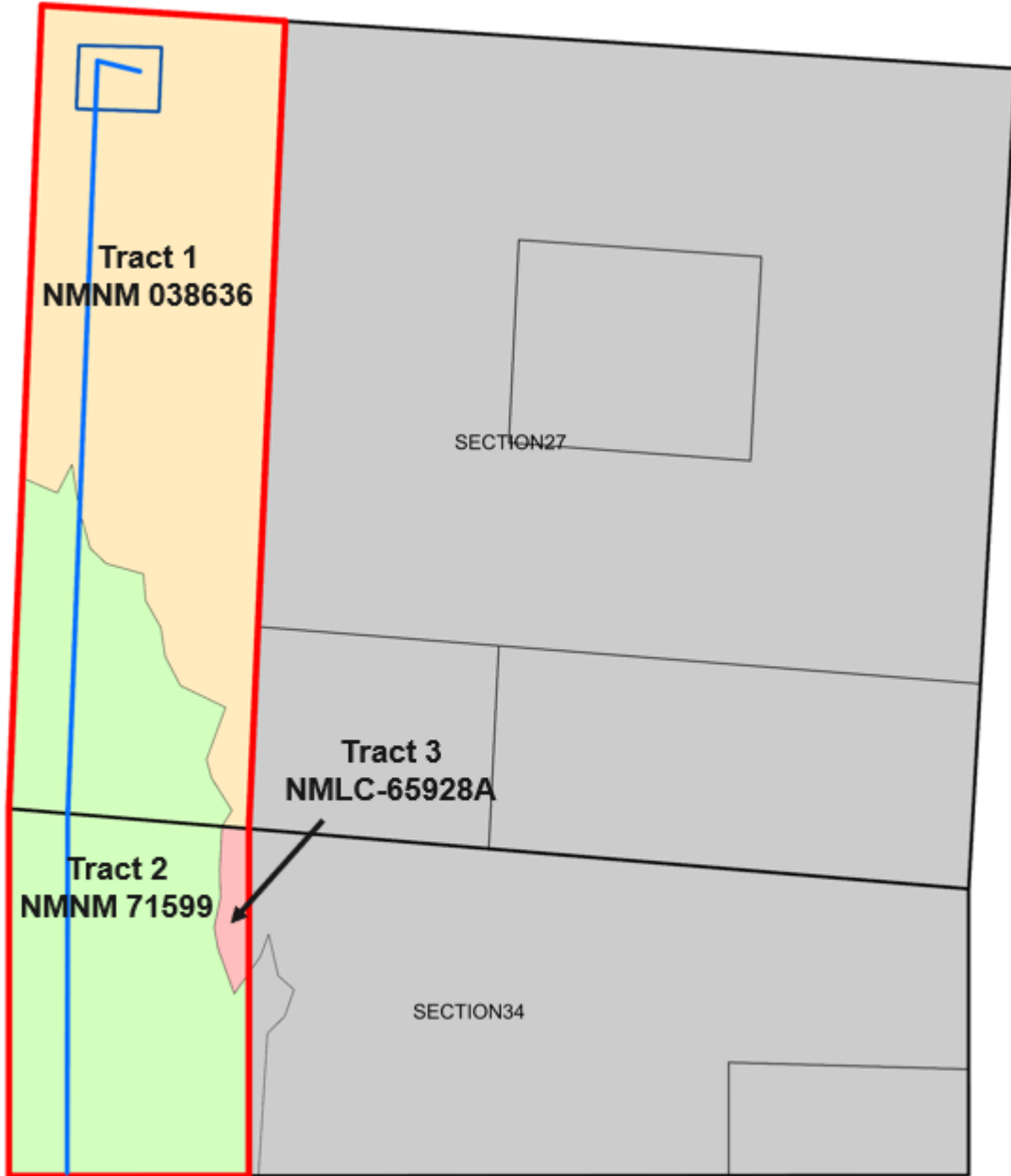


EXHIBIT "B"

To Communitization Agreement dated **January 1, 2022**, embracing the following described land in W2W2 of Section 27 and Lot 8, Lot 9 of Section 34, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Operator of Communitized Area: **Tap Rock Operating, LLC**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM 038636

Description of Land Committed: Insofar and only insofar as said lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 27: W2NW, NWSW, SWSW, less and except Parcel 2 (38.50 acres) lying within the W2 of Section 27, Township 26 South, Range 29 East

Number of Acres: 121.50

Current Lessee of Record: Occidental Permian Limited Partnership

Name of Working Interest Owners: Tap Rock Resources, LLC

ORRI Owners: Tap Rock Minerals, LP
Wing Resources III, LLC
Mekusukey Oil Company, LLC

Tract No. 2

Lease Serial Number: NMNM 071599

Description of Land Committed: Insofar and only insofar as said lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 27: Parcel 2 (38.50 acres)
Section 34: Parcel 1 (64.40 acres)

Number of Acres: 102.90

Current Lessee of Record: Red Bluff Water Power Control District
Name of Working Interest Owners: Tap Rock Resources, LLC
ORRI Owners: Red Bluff Water Power Control District

Tract No. 3

Lease Serial Number: NMLC 0065928A
Description of Land Committed: Insofar and insofar only as the lease covers:
Township 26 South, Range 29 East, N.M.P.M.
Section 34: Lot 8 less and except 41.3 acres lying
within the Red Bluff Reservoir
Lot 9 less and except less and except 25.5 acres
lying within the Red Bluff Reservoir
Number of Acres: 6.50
Current Lessee of Record: COG Operating, LLC
Name of Working Interest Owners: Tap Rock Resources, LLC
ORRI Owners: COG Operating, LLC

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	121.50	52.6202%
2	102.90	44.5647%
3	6.50	2.8151%
Total	230.90	100.0000%