

FEDERAL/FEE  
EXPLORATORY UNIT

UNIT AGREEMENT

FOR THE DEVELOPMENT AND OPERATION

OF THE

EAST HORSESHOE GALLUP UNIT AREA

SAN JUAN COUNTY, NEW MEXICO

NO. NMNM136440X

EXHIBIT 2

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FOR THE DEVELOPMENT AND OPERATION  
OF THE  
EAST HORSESHOE GALLUP UNIT AREA  
COUNTY OF SAN JUAN STATE OF NEW MEXICO  
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FEDERAL / FEE EXPLORATORY UNIT  
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COUNTY OF SAN JUAN STATE OF NEW MEXICO  
NO. NMNM136440X

THIS AGREEMENT, entered into as of the 14<sup>th</sup> day of December, 2012 ("Effective Date"), by and between the parties subscribing, ratifying, or consenting hereto and herein referred to as the "parties hereto".

THIS AGREEMENT, is limited in applicability to wells containing a lateral or laterals drilled, completed or recompleted so that horizontal component of the completion interval extends at least one thousand feet (1,000') in the objective formation ("Horizontal Well(s)"). All pre-existing and future vertical wells within the Unit boundary drilled and completed in the Mancos Group (see 3. UNITIZED LAND AND UNITIZED SUBSTANCES) are excluded from this Agreement.

WITNESSETH:

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

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Statute 437, as amended 30 U.S.C. Section 181 et. seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating a unit plan of development or operations of any oil and gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the Oil Conservation Division of the New Mexico Energy and Minerals Department, hereinafter referred to as "Division", is authorized by an act of the Legislature (Chapter 70 and 71, NM Statutes 1978 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the East Horseshoe Gallup Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

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

1. ENABLING ACT AND REGULATIONS. The Acts of March 3, 1909 and of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal and Indian trust lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal and non-Indian trust lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following described land is hereby designated and recognized as constituting the unit area:

See map attached hereto marked as Exhibit "A" is hereby designated and recognized as constituting the Unit Area containing,

4,762.57 acres more or less.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in Exhibits "A" and "B" shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the Exhibits as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or in the ownership interests in the individual tracts render such revision necessary, or when requested by the Authorized officer, hereinafter referred to as "AO", and not less than four (4) copies of the revised Exhibits shall be filed with the proper Bureau of Land Management office and one (1) copy with the New Mexico Oil Conservation Division of the Energy and Minerals Department, hereinafter referred to as "Division".

The above-described unit area shall, when practicable, be expanded to include therein any additional lands whenever such expansion is deemed to be necessary or advisable to conform with the purposes of this agreement. Such expansion shall be affected in the following manner:

(a) Unit Operator, on its own motion (after preliminary concurrence by the AO, or on demand of the AO (after preliminary concurrence by the AO) shall prepare a Notice of Proposed Expansion describing the contemplated changes in the boundaries of the unit area, the reasons therefor, any plans for additional drilling, and the proposed effective date of the expansion, preferably the first day of a month subsequent to the date of notice.

(b) Said notice shall be delivered to the proper Bureau of Land Management office and copies thereof mailed to the last known address of each working interest owner, lessee and lessor whose interest are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the AO and the Division, evidence of mailing of the Notice of Expansion and a copy of any objections thereto which have been filed with Unit Operator together with an application in triplicate, for approval of such expansion and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion shall, upon approval by the AO, become effective as of the date prescribed in the notice thereof or such other appropriate date.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in the Mancos Shale Group, including genetically related rocks below the stratigraphic equivalent of the top of the Mancos Shale (base of Mesa Verde Group) at a measured depth of 2,932 feet down to the stratigraphic equivalent of the base of the Greenhorn Limestone formation at a measured depth of 4,980 feet as shown in the Ute Mountain Tribal #35-D well in the SE/4 of Section 35, Township 31 North, Range 15 West, N.M.P.M. (API #30-045-33562), are unitized under the terms of this agreement and herein are called "unitized substances" (see type log attached as Exhibit "C").

4. UNIT OPERATOR. Robert L. Bayless, Producer LLC, hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in the capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest only when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of unitized production or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after notice of intention to resign has been served by Unit Operator on all working interest owners and the AO and the Division, and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the AO and the Division as to State lands unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time after a producing unit area established hereunder is in existence, but in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than thirty (30) days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the AO.

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, materials, and appurtenances used in conducting the unit operations to the newly qualified successor Unit Operator or to the common agent, if no such new Unit Operator is selected, elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment, or appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator as negotiated by the working interest owners, the owners of the working interests according to their respective acreage interest in all unitized land shall, pursuant to the approval of the parties requirements of the unit operating agreement, select a successor Unit Operator. Such selection shall not become effective until:

- (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and
- (b) the selection shall have been approved by the AO.

If no successor Unit Operator is selected and qualified as herein provided, the AO at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this agreement and the unit operating agreement, this agreement shall govern. Two copies of any unit operating agreement executed pursuant to this section shall be filed in the proper Bureau of Land Management office and one true copy with the Division prior to approval of this unit agreement.

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

9. DRILLING TO DISCOVERY. For the purposes of this Unit Agreement, the Robert L. Bayless, Producer I.L.C. **Horseshoe Gallup 18-8H** well (API # 30-045-35373) with a surface location in the SE4NE4 of Section 18, Township 30 North, Range 18 West, N.M.P.M., and a 3,851 foot horizontal lateral in the Mancos Group located in ALL of said Section 18, which Unit Operator commenced on September 2, 2012 and completed on December 10, 2012, shall hereby be approved by the AO as the obligation well necessary to validate this Unit Agreement (Initial Well). Within six (6) months after final approval of this Unit Agreement, the Unit Operator shall submit a paying well determination report for the Initial Well to the AO to determine if the Initial Well can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit). If the Initial Well is not capable of producing in paying quantities, then, Unit Operator shall continue drilling one well at a time, allowing not more than one (1) year between the completion of one well and the commencement of drilling operations for the next well, the first of which shall commence within one (1) year from non-paying determination by AO of the Initial Well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

The AO may modify any of the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to commence any well as provided for in this section within the time allowed including any extension of time granted by the AO this agreement will automatically terminate. Upon failure to continue drilling diligently any well commenced hereunder, the AO may, after fifteen (15) days notice to the Unit Operator, declare this unit agreement terminated. The parties to this agreement may not initiate a request to voluntarily terminate this agreement during the first six (6) months of its term unless at least one obligation well has been drilled in accordance with the provisions of this section. The failure to commence a well subsequent to the drilling of the initial obligation well, or in the case of multiple well requirements, if specified, subsequent to the drilling of those multiple wells, as provided for in this (these) section(s), within the time allowed including any extension of time granted by the AO, shall cause this agreement to terminate automatically. Upon failure to continue drilling diligently any well other than the obligation well(s) commenced hereunder, the AO may, after 15 days notice to the Unit Operator, declare this unit agreement terminated. Failure to commence drilling the initial obligation well, or the first of multiple obligation wells, on time and to drill it diligently shall result in the unit agreement approval being declared invalid ab initio by the AO. In the case of multiple well requirements, failure to commence drilling the required multiple wells beyond the first well, and to drill them diligently, may result in the unit agreement approval being declared invalid ab initio by the AO.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within twelve (12) months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the AO, an acceptable plan of development and operation for the unitized land which, when approved by the AO and the Division, shall constitute the further drilling and development obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the AO, a plan for an additional specified period for the development and operation of the unitized land. Subsequent plans should normally be filed on a calendar year basis not later than March 1 each year. Any proposed modification or addition to the existing plan should be filed as a supplement to the plan.

Any plan submitted pursuant to this section shall provide for the timely exploration of the unitized area, and for the diligent drilling necessary for determination of the area or areas capable of producing unitized substances in paying quantities. This plan shall be as complete and adequate as the AO and the Division, may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

- (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and
- (b) provide a summary of operations and production for the previous year.

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development and operation. The AO and the Division are authorized to grant a reasonable extension of the 12-month period herein prescribed for submission of an initial plan of development and on operation where such action is justified because of unusual conditions or circumstances.

After completion of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement and such as may be specifically approved by the AO and the Division shall be drilled except in accordance with an approved plan of development and operation.

11. ALLOCATION OF PRODUCTION. All unitized substances produced under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, and other production or development purposes, or for repressuring or recycling in accordance with a plan of development and operations that has been approved by the AO, or unavoidably lost shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land, unleased Federal and Indian trust land, if any. Each such tract shall have allocated to it such percentage of said production as the number of acres of such tract bears to the total acres of unitized land, unleased Federal and Indian trust land, if any. There shall be allocated to the working interest owner(s) of each tract of unitized land, in addition, such percentage of the production attributable to the unleased Federal and Indian trust land within the unitized area as the number of acres of such unitized tract included in said unitized area bears to the total acres of unitized land in said unitized area, for the payment of the compensatory royalty specified in section 15 of this agreement. Allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, including compensatory royalty obligations under section 15, shall be prescribed as set forth in the unit operating agreement or as otherwise mutually agreed by the affected parties.

12. ROYALTY SETTLEMENT. The United States and any royalty owner who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be entitled to the right to take in kind its share of the unitized substances, and Unit Operator, or the working interest owner in case of the operation of a well by a working interest owner as herein provided for in special cases, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefore under existing contracts, laws and regulations, or by the Unit Operator on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing in this section shall operate to relieve the responsible parties of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into the unit area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery in conformity with a plan of development and operation approved by the AO and the Division, a like amount of gas, after settlement as herein provided for any gas transferred from any other area and with appropriate deduction for loss from any cause, may be withdrawn from the formation into which the gas is introduced, royalty free as to dry gas, but not as to any products which may be extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved plan of development and operation or as may otherwise be consented to by the AO, and the Division as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this Unit Agreement.

Royalty due on United States and Indian trust lands shall be computed as provided in 30 CFR Group 200 and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized land as provided in Section 11 at the rates specified in the respective lease, or at such other rate or rates as may be authorized by law or regulation and approved by the AO; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though the unitized area were a single consolidated lease.

13. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by appropriate working interest owners under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty due under their leases. Rental or minimum royalty for lands of the United States and Indian trust lands subject to this agreement shall be paid at the rate specified in the respective leases from the United States, and Indian trust lands, unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

With respect to any lease on non-federal or non-Indian trust land containing provisions which would terminate such lease unless drilling operations are commenced upon the land covered thereby within the time therein specified or rentals are paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and until the required drilling operations are commenced upon the land covered thereby, or until the unit area establishes production.

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

15. DRAINAGE. The Unit Operator shall take such measures as the AO deems appropriate and adequate to prevent drainage of unitized substances for unitized land by wells on land not subject to this agreement, which shall include the drilling of protective wells and which may include the payment of a fair and reasonable compensatory royalty, as determined by the AO.

16. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary, as to Federal, each by his approval hereof, or by the approval hereof by his duly authorized representative, shall and does hereby establish, alter, change, or revoke the drilling, producing, rental minimum royalty, and royalty requirements of Federal, State committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every separately owned tract subject to this agreement, regardless of whether there is any development of any particular tract of this unit area.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(b) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the AO or his duly authorized representative shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land. A suspension of drilling or producing operations limited to specified lands shall be applicable only to such lands.

(d) Each lease, sublease or contract relating to the exploration, drilling, development, or operation for oil or gas of lands other than those of the United States committed to this agreement which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such terms so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that a well capable of production of unitized substances in paying quantities is established in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such Federal lease shall be extended for two years, and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Act of February 25, 1920, as amended. Any Indian lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of Unitized Substances in paying quantities is established under this Unit Agreement prior to the expiration date of the term of such lease and such lease shall be extended for so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the acts governing the leasing of Indian lands.

(f) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term herein extended.

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Section 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960, (74 Stat. 781-784) (30 U.S.C. 226 (m)): "Any (Federal) lease heretofore or hereafter committed to any such (Unit) plan embracing lands that are in part within and in part outside the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization. Provided, however that any such lease as to non-unitized portion shall continue in force and effect for the term thereof, but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

17. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or lease subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photo static, or certified copy of the instrument or transfer.

18. EFFECTIVE DATE AND TERM. This agreement shall become effective on December 10, 2012, when approved by the AO and shall automatically terminate five (5) years from said effective date unless:

(a) Upon application by the Unit Operator such date of expiration is extended by the AO; or

(b) it is reasonably determined prior to the expiration of the fixed terms or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder, and after notice of intention to terminate this agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, this agreement is terminated, with approval of the AO; or

(c) a valuable discovery of unitized substances in paying quantities has been made or accepted on unitized land during said initial term or any extension thereof, in which event this agreement shall remain in effect for such term and so long thereafter as unitized substances can be produced as to Federal or Indian trust lands and are being produced as to State lands in quantities sufficient to pay for the cost of producing same from wells on unitized land. Should production cease and diligent drilling or re-working operations to restore production or new production are not in progress or reworking within sixty (60) days and production is not restored or should new production not be obtained in paying quantities on committed lands within this unit area, this agreement will automatically terminate effective the last day of the month in which the last unitized production occurred; or

(d) it is voluntarily terminated as provided in this agreement. Except as noted herein this agreement may be terminated at any time prior to the discovery of unitized substances which can be produced in paying quantities by not less than 75 per centum, on an acreage basis, of the working interest owners signatory hereto, with the approval of the AO. The Unit Operator shall give notice of any such approval to all parties hereto. Voluntary termination may not occur during the first six (6) months of this agreement unless at least one obligation well shall have been drilled in conformance with Section 9.

19. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The AO is hereby vested with authority to alter or modify from time to time, in his discretion, the quantity and rate of production under this agreement when such quantity and rate are not fixed pursuant to Federal or State law, or do not conform to any State-wide voluntary conservation or allocation program which is established, recognized, and generally adhered to by the majority of operators in such State. The above authority is hereby limited to alteration or modifications which are in the public interest. The public interest to be served and the purpose thereof must be stated in the order of alteration or modification. Without regard to the foregoing, the AO is also hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law.

Powers in the section vested in the AO shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

20. APPEARANCES. Unit Operators shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interest affected hereby before the Department of the Interior and the Division and to appeal from orders issued under the regulations of said Department and the Division or to apply for relief from any of said regulations, or in any proceedings relative to operations before the Department and the Division or any other legally constituted authority; provided, however, that any other interested party shall also have the right at its own expense to be heard in any such proceeding.

21. NOTICES. All notices, demands, or statements required hereunder to be given or rendered to the parties hereto shall be in writing and shall be personally delivered to the party or parties, or sent by postpaid registered or certified mail, to the last known address of the party or parties.

22. NO WAIVER OF CERTAIN RIGHTS. Nothing contained in this agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State where unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

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

24. NONDISCRIMINATION. In connection with the performance of work under this agreement the Unit Operator agrees to comply with all the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), as amended which are hereby incorporated by reference in this agreement.

25. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement such tract shall be automatically regarded as not committed hereto, and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that as to Federal and State lands or leases, no payments of funds due the

United should be withheld, but such funds shall be deposited as directed by the AO, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

26. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written notice delivered to the proper Bureau of Land Management office, the Division, and the Unit Operator prior to the approval of this agreement by the AO. Any oil or gas interests in lands within the unit area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement and, if the interest is a working interest, by the owner of such interest only subscribing to the unit operating agreement.

After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. A non-working interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement in order for the interest to be regarded as committed to this agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO and the Division of duly executed counterparts of all or any papers necessary to establish effective commitment of any interest and/or tract to this agreement.

27. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

28. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If, as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operation hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If, as a result of any such surrender or forfeiture, working interest rights become vested in the fee owner of the unitized substances, such owner may:

- (a) accept those working interest rights subject to this agreement and the unit operating agreement; or
- (b) lease the portion of such land subject to this agreement and the unit operating agreement; or
- (c) provide for the independent operation of any part of such land.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six (6) months after the surrender or forfeited working interest rights become vested in the fee owner, the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interest subsequent to the date of surrender or forfeiture, and payment of any monies found to be owing by such an accounting shall be made as between the parties within thirty (30) days.

The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

29. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land covered by this agreement after its effective date, or upon the proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to royalty owners having interest in said tract, and may currently retain and deduct a sufficient amount of the unitized substances or derivative products, or net proceeds thereof, from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

30. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing contained in this agreement, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

31. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATIONS. Nothing in this agreement shall modify or change either the special Federal lease stipulations relating to surface management or such special Federal lease stipulations relating to surface and environmental protection, attached to and made a part of, Oil and Gas Leases covering lands within the Unit Area.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

Robert L. Bayless, Producer LLC

By: \_\_\_\_\_  
Robert L. Bayless, Jr.  
Executive Manager

Date of Execution \_\_\_\_\_

Address 621 17<sup>th</sup> Street, Suite 2300  
Denver, CO 80239

STATE OF \_\_\_\_\_ )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Robert L. Bayless, Jr. as Executive Manager of ROBERT L. BAYLESS, PRODUCER LLC

(Seal, if any) \_\_\_\_\_

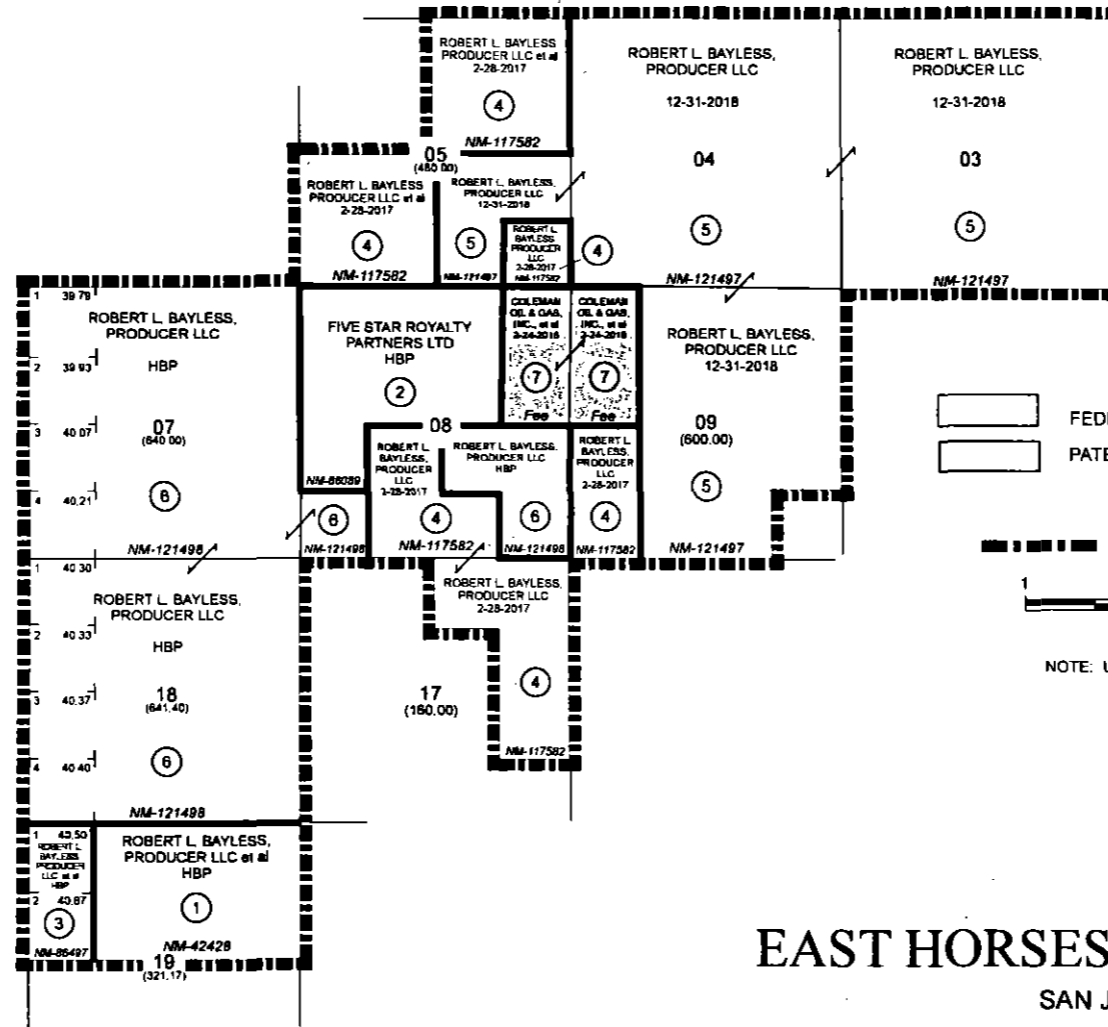
Title (and Rank) \_\_\_\_\_

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



R 15 W

T 30 N



	ACREAGE	PERCENTAGE
FEDERAL LANDS	4,602.57	96.64%
PATENTED LANDS	160.00	3.36%
<b>TOTALS</b>	<b>4,762.57</b>	<b>100.00%</b>



NOTE: UNLESS OTHERWISE NOTED HEREIN THE SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES

**EXHIBIT "A"**  
**EAST HORSESHOE GALLUP UNIT AREA**  
 SAN JUAN COUNTY, NEW MEXICO

ROBERT L. BAYLESS, PRODUCER LLC  
 DENVER, COLORADO

**EXHIBIT "B"**  
**SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS**  
**EAST HORSESHOE GALLUP UNIT AREA**  
**SAN JUAN COUNTY, NEW MEXICO**

Ownership reflected herein covers those formations lying below the stratigraphic equivalent of the top of the Mancos Shale Formation at a measured depth of 2,932 feet down to the stratigraphic equivalent of the base of the Greenhorn Limestone Formation at a measured depth of 4,980 feet as encountered in the Ute Mountain Tribal #35-D well in the SE/4 of Section 35, Township 31 North, Range 15 West, N.M.P.M. API #30-045-33562

12-12-2016

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
<b>FEDERAL LANDS:</b>							
1.	<u>T30N-R15W, NMPM</u> Sec. 19: NE/4, E/2NW/4	240.00	NM-42428 Effective 2-1-1981  HBP	U.S.A. - All (16 2/3% royalty)	Burlington Resources Oil & Gas LP 83.7500% Wildcat Mountain Energy LLC 16.2500% TOTAL 100.0000%	<u>As to Sec. 19: NE/4NW/4, N/2NE/4:</u> Nancy L. Cook 1.7500% Kent A. Johnson 1.7500% David S. Dudzik 0.4000% Barry R. Gager 0.0953% TOTAL 3.9953%  <u>As to the balance of the lands:</u> ConocoPhillips 3.9018% Nancy Cook 1.7500% Kent Johnson, et ux 1.7500% Wildcat Mountain Energy LLC 0.7520% David S. Dudzik 0.4375% TOTAL 8.5911%	<u>As to Sec. 19: NE/4NW/4, N/2NE/4:</u> Burlington Resources Oil & Gas LP 83.7500% Wildcat Mountain Energy LLC 13.5736% Passport Energy Inc. 2.6764% TOTAL 100.0000%  <u>As to the balance of the lands:</u> Robert L. Bayless, Producer LLC 91.7835% Wildcat Mountain Energy LLC 5.5401% Passport Energy Inc. 2.6764% TOTAL 100.0000%
2.	<u>T30N-R15W, NMPM</u> Sec. 8: W/2NE/4, NW/4, NW/4SW/4	280.00	NM-86089 Effective 4-1-1991  HBP	U.S.A. - All (16 2/3% royalty)	Five Star Royalty Partners LTD 100.0000%	To be determined	Five Star Royalty Partners LTD 100.0000%
3.	<u>T30N-R15W, NMPM</u> Sec. 19: Lots 1, 2	81.17	NM-86497 Effective 6-1-1991  HBP	U.S.A. - All (16 2/3% royalty)	Burlington Resources Oil & Gas LP 100.0000%	<u>As to Sec. 19: Lot 1:</u> None  <u>As to the balance of the lands:</u> ConocoPhillips 9.5000%	<u>As to Sec. 19: Lot 1:</u> Burlington Resources Oil & Gas LP 100.0000%  <u>As to the balance of the lands:</u> Robert L. Bayless, Producer LLC 100.0000%

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
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4.	<u>T30N-R15W, NMPM</u> Sec. 5: NE/4, SW/4, SE/4SE/4 Sec. 8: E/2SW/4, SW/4SE/4 Sec. 9: W/2SW/4 Sec. 17: N/2NE/4, SE/4NE/4, NE/4SE/4	720.00	NM-117582 Effective 3-1-2007 Expires 2-28-2017	U.S.A. - All (12.5% royalty)	Harvey Mineral Partners LP	100.0000% <u>As to Sec. 5: NE/4, SW/4:</u> Harvey Mineral Partners LP 7.5000% <u>As to the balance of the lands:</u> Harvey Mineral Partners LP 5.0000%	Robert L. Bayless, Producer LLC 100.0000%
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5.	<u>T30N-R15W, NMPM</u> Sec. 3: All Sec. 4: All Sec. 5: N/2SE/4, SW/4SE/4 Sec. 9: NE/4, E/2W/2, NE/4SE/4, W/2SE/4	1,840.00	NM-121487 Effective 1-1-2009 Expires 12-31-2018	U.S.A. - All (12.5% royalty)	Robert L. Bayless, Producer LLC	100.0000% None	Robert L. Bayless, Producer LLC 100.0000%
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6.	<u>T30N-R15W, NMPM</u> Sec. 7: Lots 1, 2, 3, 4, E/2, E/2W/2 Sec. 8: SW/4SW/4, N/2SE/4, SE/4SE/4 Sec. 18: Lots 1, 2, 3, 4, E/2, E/2W/2	1,441.40	NM-121488 Effective 1-1-2009 HBP	U.S.A. - All (12.5% royalty)	Robert L. Bayless, Producer LLC	100.0000% None	Robert L. Bayless, Producer LLC 100.0000%
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6	FEDERAL TRACTS	TOTALING	4,602.57	ACRES	OR	98.84%	OF	UNIT	AREA
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PATENTED LANDS:

7.	<u>T30N-R15W, NMPM</u> Sec. 8: E/2NE/4 Sec. 9: W/2NW/4	160.00	2-24-2018	Kavanagh Shiershke Family Trust, Nancy Kavanagh-Shiershke, TTEE	50.0000%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	30.0000% 7.5000% 7.5000% 5.0000%
			Unleased	Mary Hodgson Living Trust	9.0909%	Unleased	100.0000%	None	Mary Hodgson Living Trust	9.0909%

EAST HORSESHOE GALLUP UNIT AREA

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE			
7.	<u>Continued.</u>		9-11-2018	Vera Mae Hamilton	4.5455%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	2.7273% 0.6818% 0.6818% 0.4545%
			Unleased	Helen Hayes Living Trust	4.5455%	Unleased	100.0000%	None	Helen Hayes Living Trust	4.5455%
			Unleased	Benson-Montin-Greer Drilling Co.	4.5455%	Unleased	100.0000%	None	Benson-Montin-Greer Drilling Co.	4.5455%
			6-5-2018	Estate of Frederick Jack Head & Estate of Opal Naomi Head	2.2727%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	1.3636% 0.3409% 0.3409% 0.2273%
			9-4-2018	Silla Von Faulk Trueworthy	2.2727%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	1.3636% 0.3409% 0.3409% 0.2273%
			9-17-2018	Deborah E. Faulk	2.2727%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	1.3636% 0.3409% 0.3409% 0.2273%
			Unleased	Guilherme Alberto Marcelino	1.5152%	Unleased	100.0000%	None	Guilherme Alberto Marcelino	1.5152%
			Unleased	Dorothy Clifton Maloy	1.5152%	Unleased	100.0000%	None	Dorothy Clifton Maloy	1.5152%
			Unleased	Douglas Foutz and Mildred Foutz Revocable Trust	1.5152%	Unleased	100.0000%	None	Douglas Foutz and Mildred Foutz Revocable Trust	1.5152%
			6-5-2018	Agnes Head Palmer	0.7578%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	0.4545% 0.1136% 0.1136% 0.0758%

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7.	<u>Continued</u>		6-5-2018	Charlene H. Thompson	0.7576%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.4545% JMJ Land and Minerals Co. 0.1136% Aventine Investment, LLC 0.1136% 10-4-1 Partners LP 0.0758%
			6-5-2018	Otis W. Head	0.7576%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.4545% JMJ Land and Minerals Co. 0.1136% Aventine Investment, LLC 0.1136% 10-4-1 Partners LP 0.0758%
			Unleased	Mable Head Living Trust	2.2727%	Unleased 100.0000%	None Mable Head Living Trust 2.2727%
			6-17-2018	Joan D. Couture	0.7576%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.4545% JMJ Land and Minerals Co. 0.1136% Aventine Investment, LLC 0.1136% 10-4-1 Partners LP 0.0758%
			6-17-2018	Laurier P. Couture,	0.7576%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.4545% JMJ Land and Minerals Co. 0.1136% Aventine Investment, LLC 0.1136% 10-4-1 Partners LP 0.0758%
			6-17-2018	Cara N. Couture Traverso	0.7576%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.4545% JMJ Land and Minerals Co. 0.1136% Aventine Investment, LLC 0.1136% 10-4-1 Partners LP 0.0758%
			Unleased	Betty Clifton	0.7576%	Unleased 100.0000%	None Betty Clifton 0.7576%
			Unleased	Douglas Clifton	0.7576%	Unleased 100.0000%	None Douglas Clifton 0.7576%
			2-24-2018	Evelyn L. Ferguson	0.5051%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.3030% JMJ Land and Minerals Co. 0.0758% Aventine Investment, LLC 0.0758% 10-4-1 Partners LP 0.0505%

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7.	<u>Continued.</u>		6-11-2018	Estate of Shirley S. Roberts	0.5051%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.3030% JMJ Land and Minerals Co. 0.0758% Aventine Investment, LLC 0.0758% 10-4-1 Partners LP 0.0505%
			6-10-2018	Joan M. Winters	0.5051%	Coleman Oil and Gas, Inc. 60.0000% JMJ Land and Minerals Co. 15.0000% Aventine Investment, LLC 15.0000% 10-4-1 Partners LP 10.0000% TOTAL 100.0000%	None Coleman Oil and Gas, Inc. 0.3030% JMJ Land and Minerals Co. 0.0758% Aventine Investment, LLC 0.0758% 10-4-1 Partners LP 0.0505%
			Unleased	Patricia Klipsch	0.5051%	Unleased 100.0000%	None Patricia Klipsch 0.5051%
			Unleased	Martha A. Head	0.5051%	Unleased 100.0000%	None Martha A. Head 0.5051%
			Unleased	Harry P. Head, Jr.	0.5051%	Unleased 100.0000%	None Harry P. Head, Jr. 0.5051%
			Unleased	Elizabeth Giron	0.5051%	Unleased 100.0000%	None Elizabeth Giron 0.5051%
			Unleased	Mana Lucia Peralta Moleirinho	0.5051%	Unleased 100.0000%	None Mana Lucia Peralta Moleirinho 0.5051%
			Unleased	Jose Peralta	0.5051%	Unleased 100.0000%	None Jose Peralta 0.5051%
			Unleased	Walter Peralta	0.5051%	Unleased 100.0000%	None Walter Peralta 0.5051%
			Unleased	Maria Soares Ribiero Marcelino	0.1515%	Unleased 100.0000%	None Maria Soares Ribiero Marcelino 0.1515%
			Unleased	Manoel Marcelino Netto	0.1515%	Unleased 100.0000%	None Manoel Marcelino Netto 0.1515%
			Unleased	Iracema Marcelino Cordeiro	0.1515%	Unleased 100.0000%	None Iracema Marcelino Cordeiro 0.1515%
			Unleased	Dorothy May Marcelino	0.1515%	Unleased 100.0000%	None Dorothy May Marcelino 0.1515%
			Unleased	Anderson George Marcelino	0.1515%	Unleased 100.0000%	None Anderson George Marcelino 0.1515%
			Unleased	Dalva Marcelino	0.1515%	Unleased 100.0000%	None Dalva Marcelino 0.1515%
			Unleased	Maria Lucia Marcelino	0.1515%	Unleased 100.0000%	None Maria Lucia Marcelino 0.1515%
			Unleased	Edson Roberto Marcelino	0.1515%	Unleased 100.0000%	None Edson Roberto Marcelino 0.1515%

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7.	<u>Continued.</u>		Unleased	Edna Iracy Marcelino Daquana	0.1515%	Unleased	100.0000%	None	Edna Iracy Marcelino Daquana	0.1515%
			Unleased	Michelly Marcelino	0.1515%	Unleased	100.0000%	None	Michelly Marcelino	0.1515%
			6-11-2018	Nicholas A. Head	0.0631%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	0.0379% 0.0095% 0.0095% 0.0063%
			6-10-2018	Julie A. Head	0.2525%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	0.1515% 0.0379% 0.0379% 0.0253%
			6-11-2018	Jonathan A. Head	0.0631%	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP TOTAL	60.0000% 15.0000% 15.0000% 10.0000% 100.0000%	None	Coleman Oil and Gas, Inc. JMJ Land and Minerals Co. Aventine Investment, LLC 10-4-1 Partners LP	0.0379% 0.0095% 0.0095% 0.0063%
			Unleased	Jamey R. Head	0.0631%	Unleased	100.0000%	None	Jamey R. Head	0.0631%
			Unleased	Michael A. Head	0.0631%	Unleased	100.0000%	None	Michael A. Head	0.0631%
			Unleased	Sherlynn Williams	0.0842%	Unleased	100.0000%	None	Sherlynn Williams	0.0842%
			Unleased	Donald W. Head	0.0842%	Unleased	100.0000%	None	Donald W. Head	0.0842%
			Unleased	Sandra Sappington	0.0842%	Unleased	100.0000%	None	Sandra Sappington	0.0842%
			Unleased	Kevan Head	0.0842%	Unleased	100.0000%	None	Kevan Head	0.0842%
			Unleased	Richard Head	0.0842%	Unleased	100.0000%	None	Richard Head	0.0842%
			Unleased	Lori Jackson TOTAL	0.0842% 100.0000%	Unleased	100.0000%	None	Lori Jackson TOTAL	0.0842% 100.0000%

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
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1	PATENTED TRACTS	TOTALING	160.00	ACRES	OR	3.36%	OF UNIT AREA
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7	TRACTS	TOTALING	4,762.57	IN	UNIT	AREA	
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MD 2932

TOP MANCOS SHALE



Robert L. Bayless, Producer LLC

### Exhibit C

Horseshoe Gallup Unit

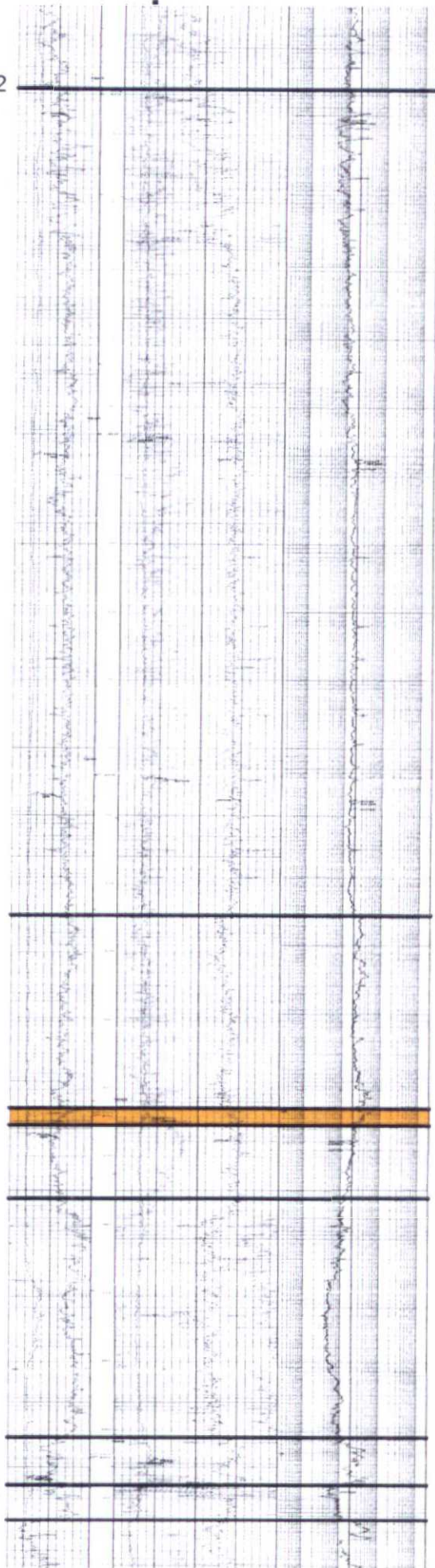
Type Log

Ute Mountain Tribal 35-D

SE Section 35  
T31N - R15W  
San Juan County  
New Mexico

API No. 30045335620000

By: G.Coryell 10-19-2016



Mn-Gallup

Gallup Pay

Juana Lopez

Greenhorn

MD 4980

BASE GREENHORN LIMESTONE

Dakota