

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ OGRID Number: _____
 Well Name: _____ API: _____
 Pool: _____ Pool Code: _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Date

Phone Number

Signature

e-mail Address



Adam G. Rankin
Phone (505) 954-7294
Fax (505) 819-5579
 AGRankin@hollandhart.com

February 22, 2022

VIA ONLINE FILING

Adrienne Sandoval
 Director, Oil Conservation Division
 New Mexico Department of Energy,
 Minerals and Natural Resources
 1220 South Saint Francis Drive
 Santa Fe, New Mexico 87505

Re: Application of Tap Rock Operating, LLC for administrative approval to surface commingle (pool and lease commingle) oil and gas production at the Nailed It Tank Battery A and Nailed It Tank Battery B, each located in Section 36, Township 26 South, Range 30 East, Eddy County, and to add additional wells.

Dear Ms. Sandoval:

Tap Rock Operating, LLC (OGRID No. 372043), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (pool and lease commingle) diversely owned oil and gas production at the **Nailed It Tank Battery A** *insofar as all existing and future infill wells drilled in the following spacing units:*

(a) The 280-acre spacing unit comprised of the SE/4 of Section 25 and NE/4 of Section 36 in the WC 015 G06 S242630A; Bone Spring [98319]. The spacing unit is currently dedicated to the following horizontal wells: the **Nailed It Federal Com 123H well** (API. No. 30-015-46885), **Nailed It Federal Com 156H well** (API. No. 30-015-46845), **Nailed It Federal Com 124H well** (API. No. 30-015-46846), **Nailed It Federal Com 154H well** (API. No. 30-015-46876);

(b) The 288.4-acre spacing unit comprised of the SE/4 of Section 25 and NE/4 of Section 36 in the Purple Sage; Wolfcamp (Gas) [98220]. The spacing unit is currently dedicated to the following horizontal wells: the **Nailed It Federal Com 208H well** (API. No. 30-015-46879), **Nailed It Federal Com 214H well** (API. No. 30-015-46886), **Nailed It Federal Com 204H well** (API. No. 30-015-46859), **Nailed It Federal Com 224H well** (API. No. 30-025-46883), **Nailed It Federal Com 218H well** (API. No. 30-015-46924), **Nailed It Federal Com 234H well** (API. No. 30-015-46842);¹ and

(c) Pursuant to 19.15.12.10.C(4)(g), *future WC 015 G06 S242630A; Bone Spring [98319] and Purple Sage; Wolfcamp (Gas) [98220] spacing units within the SE/4 of*

¹ The **Nailed It Federal Com 207H well** (API. No. 30-015-46858) is also included in this spacing unit, but production therefrom shall be commingled at the Nailed It Tank Battery B.

Section 25 and NE/4 of Section 36 connected to the Nailed It Tank Battery A with notice provided only to the owners of interests to be added.

Oil and gas production from these spacing units will be commingled and sold at the *Nailed It Tank Battery A located in the NE/4 of Section 36.*

Tap Rock Operating, LLC also seeks administrative approval to surface commingle (pool and lease commingle) diversely owned oil and gas production at the **Nailed It Tank Battery B** insofar as the **Nailed It Federal Com 207H well** (API. No. 30-015-46858) and insofar as all existing and future infill wells drilled in the following spacing units:

(a) The 288-acre spacing unit comprised of the SW/4 of Section 25 and NW/4 of Section 36 in the WC 015 G06 S242630A; Bone Spring [98319]. The spacing unit is currently dedicated to the following horizontal wells: the **Nailed It Federal Com 151H well** (API. No. 30-015-46881), **Nailed It Federal Com 155H well** (API. No. 30-025-46923), **Nailed It Federal Com 152H well** (API. No. 30-015-46844), **Nailed It Federal Com 122H well** (API. No. 30-025-46843), **Nailed It Federal Com 121H well** (API. No. 30-015-46884);

(b) The 289.2-acre spacing unit comprised of the SW/4 of Section 25 and NW/4 of Section 36 in the Purple Sage; Wolfcamp (Gas) [98220]. The spacing unit is currently dedicated to the following horizontal wells: the **Nailed It Federal Com 211H well** (API. No. 30-015-46855), **Nailed It Federal Com 231H well** (API. No. 30-015-46891), **Nailed It Federal Com 215H well** (API. No. 30-015-46857), **Nailed It Federal Com 212H well** (API. No. 30-015-46854), **Nailed It Federal Com 222H well** (API. No. 30-015-46887), **Nailed It Federal Com 202H well** (API. No. 30-015-46874), **Nailed It Federal Com 232H well** (API. No. 30-015-46877); and

(c) Pursuant to 19.15.12.10.C(4)(g), *future WC 015 G06 S242630A; Bone Spring [98319] and Purple Sage; Wolfcamp (Gas) [98220] spacing units within the SW/4 of Section 25 and NW/4 of Section 36 connected to the Nailed It Tank Battery B* with notice provided only to the owners of interests to be added.

Oil and gas production from these spacing units will be commingled and sold at the *Nailed It Tank Battery B located in the NW/4 of Section 36.*

Each well will have its own test separator and production will be separately metered with a Coriolis flow meter for oil and orifice meter for gas manufactured to AGA specifications.

Exhibit 1 hereto is a completed Application for Surface Commingling (Diverse Ownership) Form C-107B, that includes a statement from Jeff Trlica, Regulatory Analyst with Tap Rock, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities, and a gas sample.

Exhibit 2 consists of various federal and state communitization agreements covering the relevant Bone Spring and Wolfcamp spacing units described above.

Exhibit 3 is (1) a list of wells and (2) corresponding plats identifying lease and spacing unit boundaries, as well as wellbore locations.

Ownership is diverse between the above-described spacing units. **Exhibit 4** is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing.

Thank you for your attention to this matter, and please feel free to call if you have any questions or require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Rankin', with a stylized flourish extending to the right.

Adam G. Rankin
ATTORNEY FOR
TAP ROCK OPERATING, LLC

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Tap Rock Operating
OPERATOR ADDRESS: 523 Park Point Dr. Suite 200. Golden, CO 80401
APPLICATION TYPE:

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
See Attached					

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☒ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: Regulatory Analyst DATE: 2/8/2022

TYPE OR PRINT NAME Jeff Trlica TELEPHONE NO.: 720-772-5910

E-MAIL ADDRESS: jtrlica@taprk.com

TAP ROCK RESOURCES, LLC

523 PARK POINT DRIVE, SUITE 200 - GOLDEN, COLORADO 80401



February 8, 2022

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Application of Tap Rock Operating, LLC for administrative approval for approval to surface commingle (pool and lease commingle) oil and gas production from the spacing units comprised of S/2 Section 25; and Section 36, Township 26S, Range 30E Eddy County, New Mexico (the "Lands")

To Whom This May Concern,

Tap Rock Operating, LLC ("Tap Rock"), OGRID No. 372043, requests to commingle current oil and gas production from twenty-three (23) distinct wells located on the Lands and future production from the Lands as described herein. The wells will be metered through individual liquid coriolis flow meters for oil and orifice meters for gas. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the gas gathering line. Each well on the Lands will have its own test separator with a coriolis flow meter for oil and orifice meter for gas manufactured and assembled in accordance with the American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third-party measurement company in accordance with industry specifications.

Gas samples are obtained at the time of the meter testing and calibration and the composition and heating value are determined by a laboratory in accordance with the American Petroleum Institute (API) specifications to ensure accurate volume and energy (MMBTU) determinations.

The oil is measured via the coriolis flow meter in accordance with API Chapter 5.6 on each individual well and is calibrated periodically by a third-party measurement company for accuracy. After the oil is individually metered by coriolis flow meters at each well it can be comingled into a heater treater then into the stock tanks or, each well can be isolated into its own individual tank for testing purposes. The gas is measured on a volume and MMBTU basis by an orifice meter on each individual well and supporting EFM equipment in accordance with API Chapter 21.1. The gas is then sent into a gathering line where it is comingled with each of the other well's metered gas. The gathering line is then metered by another orifice meter at the tank battery check meter to show the total volume of gas leaving the tank battery. The tank battery meter is tested and calibrated in accordance with industry specifications and volume and energy and determined on an hourly, daily and monthly basis. Once the gas exits the final tank battery sales check it travels directly into a third-party sales connect meter. The third-party gas gatherer has its

own meter that measures the gas for custody transfer and that meter is also calibrated periodically to ensure measurement accuracy.

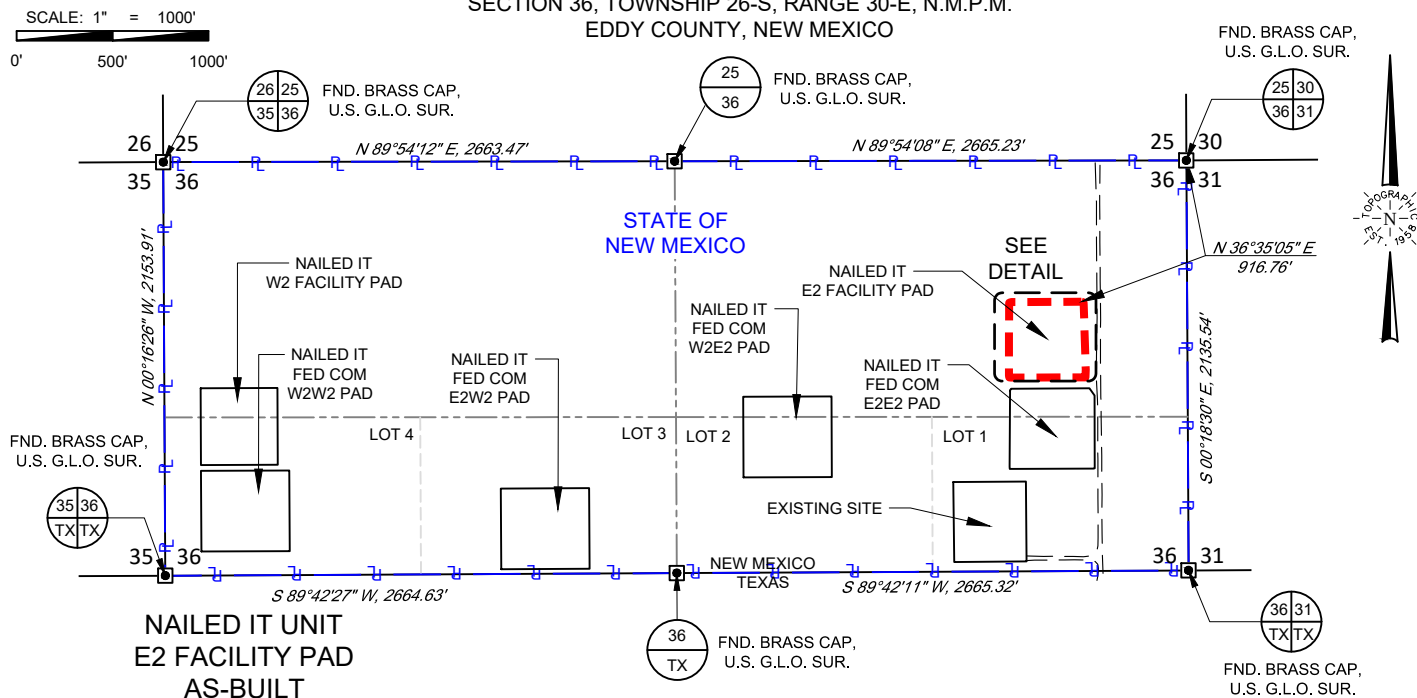
In conclusion, all the oil and gas produced on the Lands is and will be metered separately at each wellhead and allocated using accurate measurement equipment according to API specifications.

Regards,

TAP ROCK OPERATING, LLC

A handwritten signature in blue ink, appearing to be 'J. Trlica', with a stylized, cursive-like script.

Jeff Trlica
Regulatory Analyst

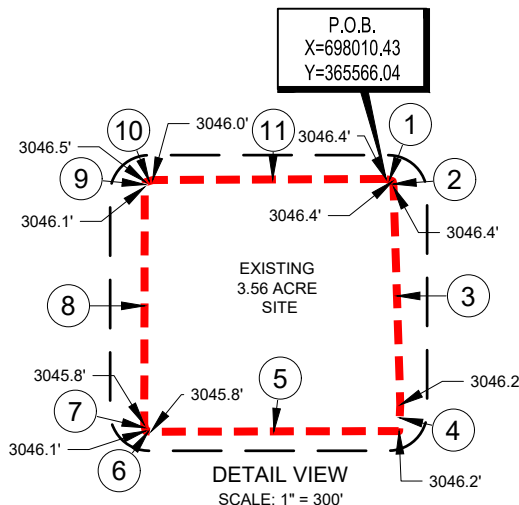
SECTION 36, TOWNSHIP 26-S, RANGE 30-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO

LEGEND

	SECTION LINE
	TRACT BORDER
	QUARTER SECTION LINE
	LOT LINE
	ROAD WAY
	AS-BUILT SITE MONUMENT

LINE TABLE

LINE	BEARING	DISTANCE
1	S 71°48'47" E	10.96'
2	S 07°04'43" E	9.17'
3	S 01°47'03" E	340.44'
4	S 02°38'35" W	40.98'
5	S 89°50'15" W	387.57'
6	N 82°32'33" W	8.55'
7	N 12°03'34" W	10.19'
8	N 00°07'36" E	371.28'
9	N 09°53'29" E	7.68'
10	N 73°36'58" E	11.66'
11	N 89°44'49" E	364.60'



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2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
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WWW.TOPOGRAPHIC.COM



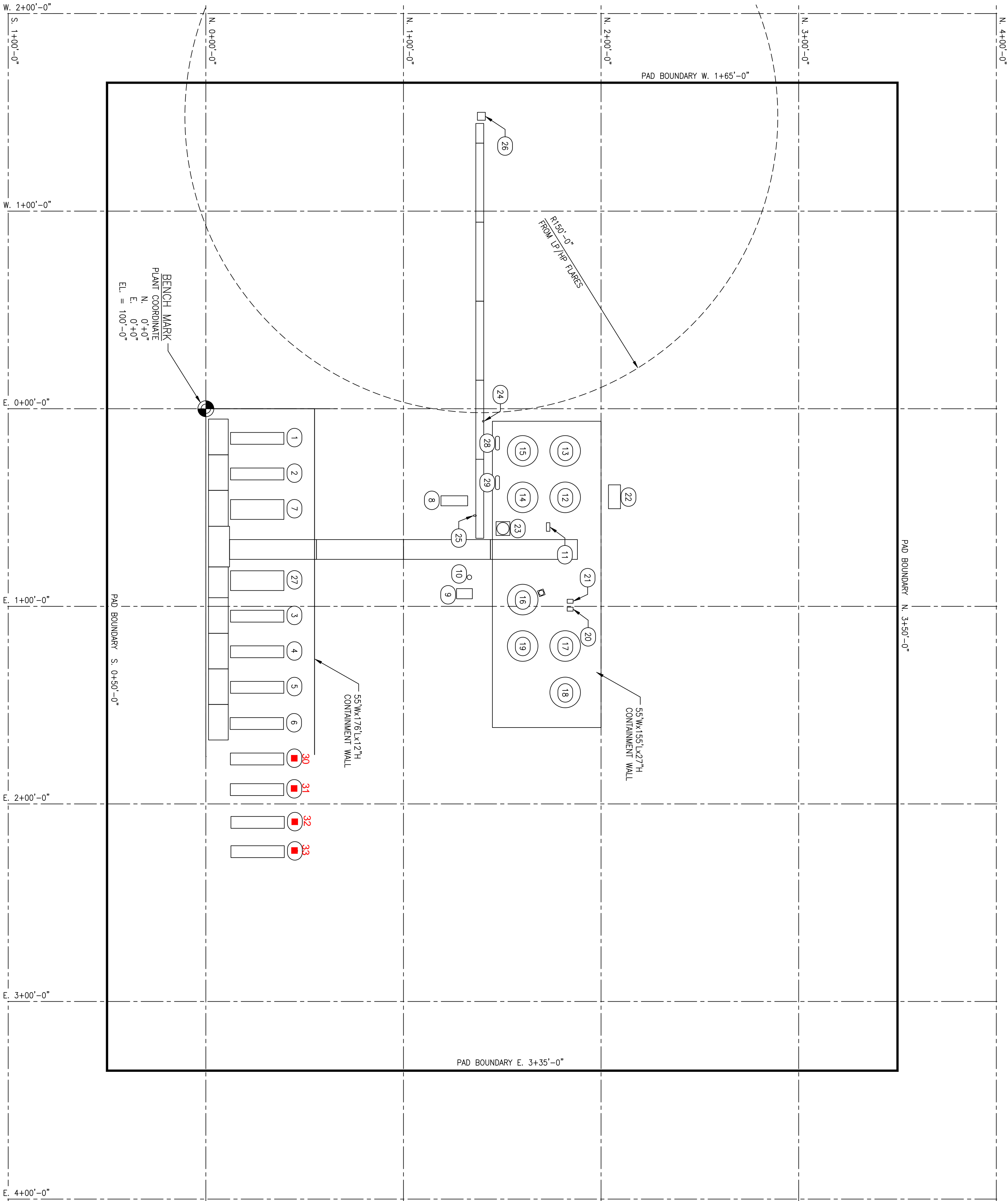
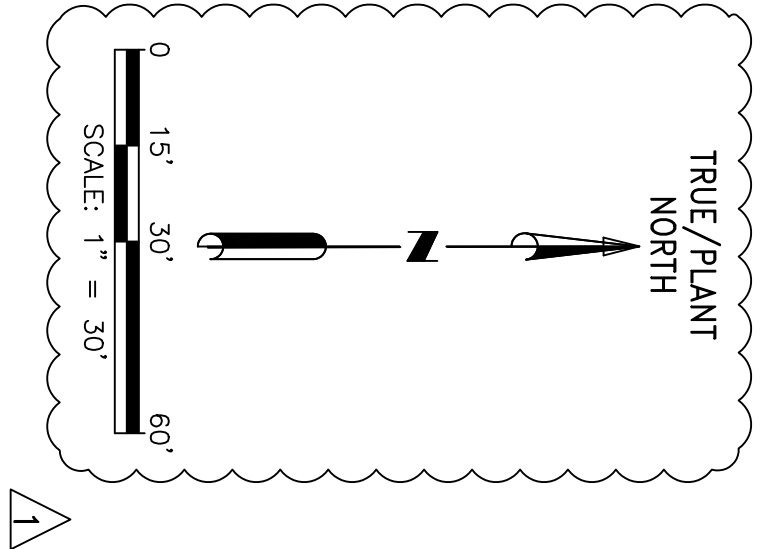
Angel M. Baeza, P.S. No. 25116
MAY 18, 2020

**TAP
ROCK**

NAILED IT UNIT E2 FACILITY PAD AS-BUILT	REVISION:		NOTES:
	INT	DATE	
DATE: 05/18/2020			<p>1. ORIGINAL DOCUMENT SIZE: 8.5" X 11"</p> <p>2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.</p> <p>3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY TAP ROCK OPERATING, LLC. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.</p> <p>4. P.O.B. = POINT OF BEGINNING</p>
FILE:BO_NAILED_IT_UNIT_E2_FACILITY_AB			
DRAWN BY: GJU			
SHEET: 1 OF 1			

S:\SURVEY\TAPROCK\NAILED_IT_UNIT\FINAL_PRODUCTS\BO_NAILED_IT_UNIT_E2_FACILITY_AB.DWG 5/19/2020 2:25:28 PM abaeza





FACILITY EQUIPMENT LIST				
1	TEST SEPARATOR V-101H (72'x20')	FMP	15	OIL TANK TK-302 (1000 BBL)
2	TEST SEPARATOR V-101G (72'x20')	FMP	16	GUN BARREL WATER TANK TK-401
3	TEST SEPARATOR V-102F (48'x20')	FMP	17	PRODUCED WATER TANK TK-412 (1000 BBL)
4	TEST SEPARATOR V-102E (48'x20')	FMP	18	PRODUCED WATER TANK TK-413 (1000 BBL)
5	TEST SEPARATOR V-102D (48'x20')	FMP	19	PRODUCED WATER TANK TK-402 (1000 BBL)
6	TEST SEPARATOR V-102C (48'x20')	FMP	20	WATER TRANSFER PUMP 1 P-431
7	HEATER TREATER V-201 (72'x20')		21	WATER TRANSFER PUMP 2 P-432
8	VAPOR RECOVERY UNIT C-711		22	PIPELINE LAOCT SKID X-321
9	AIR COMPRESSOR C-601		23	VAPOR RECOVERY TOWER V-251 (48" O.D. x 40')
10	AIR RECEIVER V-601		24	LP/HP FLARE FUEL GAS SCRUBBER V-761
11	REGROULATION PUMP P-301		25	DRIP LEG BLOWCASE BC-701
12	OIL TANK TK-311 (1000 BBL)		26	LP / HP FLARE FL-802
13	OIL TANK TK-312 (1000 BBL)		27	GAS KNOCKOUT V-801 (72'x20')
14	REFLECT OIL TANK TK-301 (1000 BBL)		28	TANK VAPOR KNOCKOUT V-701

NOTES:



PLOT PLAN
TAP ROCK RESOURCES
NAILED IT PRODUCTION PAD

DRAWN BY:	REVIEWED BY:	SCALE:
FR	EST	1"=30'-0"
CHECKED BY:	APPROVED BY:	DRAWING NUMBER
EB	ZM	NLT-PP-1001

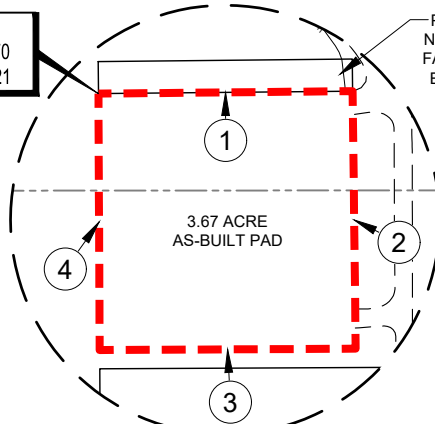
SCALE: 1" = 1000'

0' 500' 1000'

SECTION 36, TOWNSHIP 26-S, RANGE 30-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO

P.O.B.
X=693422.70
Y=365115.21

PROPOSED
NAILED IT W2
FACILITY PAD
EXPANSION



DETAIL VIEW A
SCALE: 1" = 300'

NAILED IT UNIT W2 FACILITY PAD
AS-BUILT

Metes and Bounds Description of an as-built 3.67 acre pad site located within Section 36, Township 26 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico.

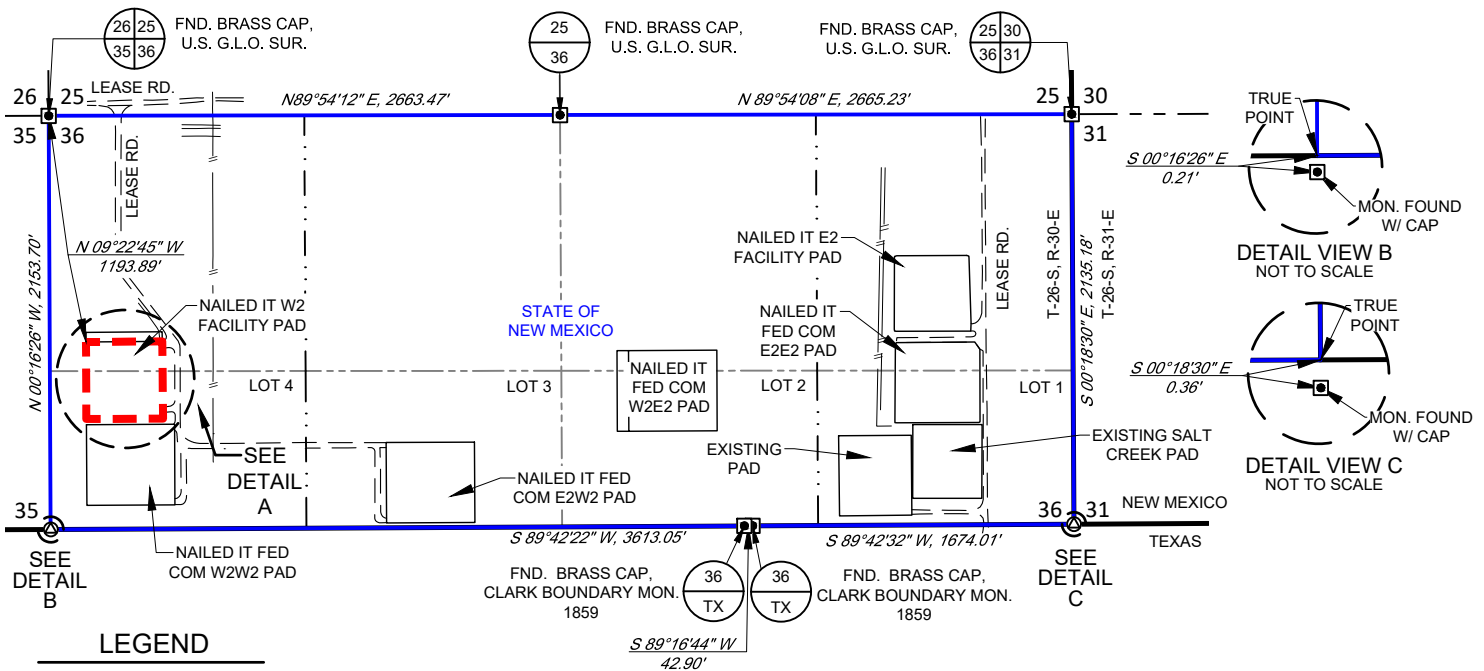
BEGINNING at the Northwest corner of this site, from whence a brass cap found for the Northwest corner of said Section 36, bears:
N 09°22'45" W, a distance of 1,193.89 feet;

Thence N 89°25'48" E, a distance of 397.10 feet to the Northeast corner of this site;

Thence S 00°41'05" E, a distance of 402.47 feet to the Southeast corner of this site;

Thence S 89°41'52" W, a distance of 400.03 feet to the Southwest corner of this site;

Thence N 00°16'03" W, a distance of 400.60 feet to the Point of Beginning.



LEGEND

- TOWNSHIP/RANGE LINE
- SECTION LINE
- QUARTER SECTION LINE
- SIXTEENTH SECTION LINE
- PROPOSED SITE
- TRACT BORDER
- ROAD WAY
- EXISTING PIPELINE
- MONUMENT
- CALCULATED CORNER

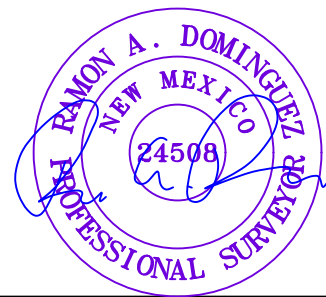
LINE TABLE

LINE	BEARING	DISTANCE
1	N 89°25'48" E	397.10'
2	S 00°41'05" E	402.47'
3	S 89°41'52" W	400.03'
4	N 00°16'03" W	400.60'



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WWW.TOPOGRAPHIC.COM



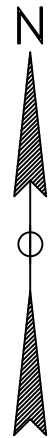
Ramon A. Dominguez, P.S. No. 24508

**TAP
ROCK**

NAILED IT UNIT W2 FACILITY PAD AS-BUILT	REVISION:		NOTES:
	INT	DATE	
DATE: 08/11/21			<p>1. ORIGINAL DOCUMENT SIZE: 8.5" X 11"</p> <p>2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.</p> <p>3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY TAP ROCK OPERATING, LLC. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.</p> <p>4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING</p> <p>5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT</p> <p>6. ADJOINER INFORMATION SHOWN FOR INFORMATIONAL PURPOSES ONLY.</p>
FILE: BO_NAILED_IT_UNIT_W2_FACILITY_PAD_AB			
DRAWN BY: MML			
SHEET: 1 OF 1			

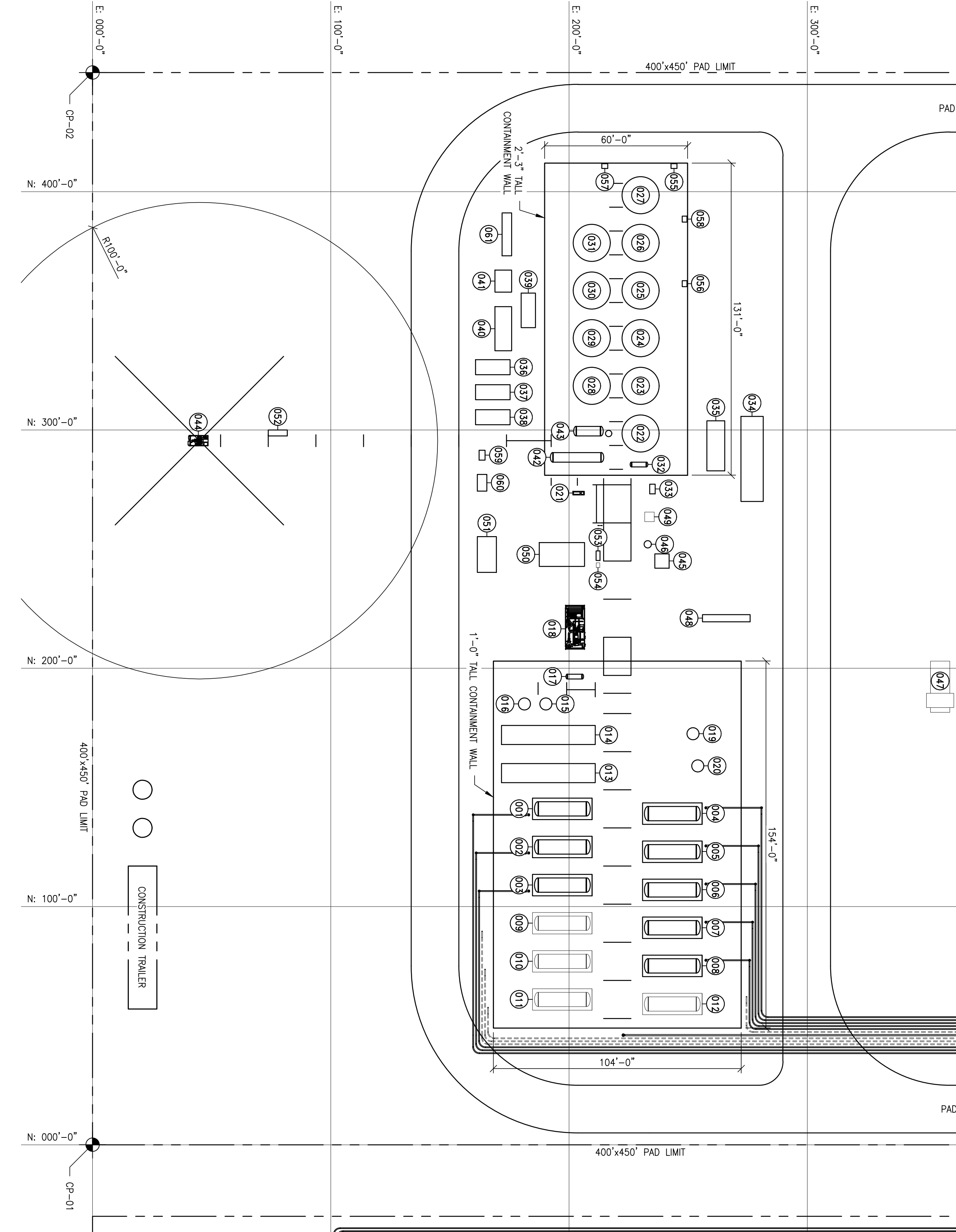
S:\SURVEY\TAPROCK\NAILED_IT_UNIT\FINAL_PRODUCTS\BO_NAILED_IT_UNIT_W2_FACILITY_PAD_AB.DWG 8/12/2021 9:32:11 AM kmatheny





NOTES:
1. CONTROL POINTS IN THE SURVEY CONTROL SUMMARY ARE BASED ON THE PROJECT SURVEY COMPLETED BY TOPOGRAPHIC.

SURVEY CONTROL SUMMARY				
POINT	PLANT NORTHING	PLANT EASTING	PLANT ELEVATION	STATE PLANE NORTHING
CP-01	0'-0"	0'-0"	100'-0"	364715.21'
CP-02	450'-0"	0'-0"	100'-0"	365165.21'
CP-03	450'-0"	400'-0"	100'-0"	365165.21'
CP-04	0'-0"	400'-0"	100'-0"	364715.21'



ENLARGED PLOT PLAN 1
SCALE: 1"=30'-0"

REFERENCE DRAWINGS		DRAWING REVISIONS			
DRAWING NUMBER	TITLE	REV	DESCRIPTION	BY	CHK
759106-G01-1000	OVERALL SITE PLAN	0	ISSUED FOR CONSTRUCTION	DMK	JRE
		1	ISSUED FOR CONSTRUCTION	DMK	JRE

THIS DRAWING HAS NOT BEEN PUBLISHED BUT RATHER HAS BEEN PREPARED BY ZAP ENGINEERING & CONSTRUCTION SERVICES, INC. FOR USE BY THE CLIENT NAMED IN THE TITLE BLOCK SOLELY IN RESPECT OF THE CONSTRUCTION, OPERATION AND MAINTENANCE OF THE FACILITY NAMED IN THE TITLE BLOCK AND SHALL NOT BE USED FOR ANY OTHER PURPOSE OR FURNISHED TO ANY OTHER PARTY WITHOUT THE EXPRESS CONSENT OF ZAP ENGINEERING & CONSTRUCTION SERVICES, INC.

CTB – NAILED IT B
GENERAL ARRANGEMENT
PLOT PLAN

JOB NO: 21149
DRAWING NO: 759106-G01-1001
PLOT SIZE: ANSI D

REV: 1
SCALE: AS NOTED



Certificate of Analysis

Number: 6030-21110306-003A

Artesia Laboratory

200 E Main St.

Artesia, NM 88210

Phone 575-746-3481

Alex Batista
Taprock
602 Park Point Drive
Ste. 200
Golden, CO 80401

Dec. 07, 2021

Station Name: Nailed it Fed Com 215H
Station Number: 7060408
Sample Point: Meter run
Formation: Spot
County:
Type of Sample: Spot-Cylinder
Heat Trace Used: N/A
Sampling Method: Fill and Purge
Sampling Company: SPL

Sampled By: James Hill
Sample Of: Gas Spot
Sample Date: 11/29/2021 11:00
Sample Conditions: 95.3 psig Ambient: 70 °F
Effective Date: 11/29/2021 11:00
Method: GPA-2261M
Cylinder No: 5030-01953
Instrument: 70142339 (Inficon GC-MicroFusion)
Last Inst. Cal.: 11/15/2021 0:00 AM
Analyzed: 12/07/2021 07:50:12 by ERG

Analytical Data

Components	Un-normalized Mol %	Mol. %	Wt. %	GPM at 14.73 psia
Hydrogen Sulfide	NIL	NIL	NIL	
Nitrogen	0.593	0.59579	0.750	
Carbon Dioxide	0.112	0.11199	0.222	
Methane	75.922	76.25336	54.993	
Ethane	11.938	11.99018	16.208	3.219
Propane	5.714	5.73918	11.377	1.587
Iso-Butane	0.924	0.92844	2.426	0.305
n-Butane	2.114	2.12354	5.549	0.672
Iso-Pentane	0.540	0.54206	1.758	0.199
n-Pentane	0.668	0.67112	2.177	0.244
Hexanes	0.495	0.49666	1.924	0.205
Heptanes	0.343	0.34420	1.551	0.159
Octanes	0.172	0.17245	0.886	0.089
Nonanes Plus	0.031	0.03103	0.179	0.018
	99.566	100.0000	100.000	6.697

Calculated Physical Properties

Calculated Molecular Weight	Total	C9+
Compressibility Factor	22.24	128.26
Relative Density Real Gas	0.9958	
	0.7709	4.4283

GPA 2172 Calculation:

Calculated Gross BTU per ft³ @ 14.73 psia & 60°F

Real Gas Dry BTU	1339.0	7012.5
Water Sat. Gas Base BTU	1316.2	6890.4
Ideal, Gross HV - Dry at 14.73 psia	1333.4	7012.5
Ideal, Gross HV - Wet	1310.2	6890.4

Comments: H₂S Field Content 0 ppm

Hydrocarbon Laboratory Manager

Quality Assurance: The above analyses are performed in accordance with ASTM, UOP, GPA guidelines for quality assurance, unless otherwise stated.



LABORATORY SERVICES
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

For:	Mewbourne Oil Company Attention: Ken Moore P. O. Box 5270 Hobbs, New Mexico 88241	Sample: Sta# 62608-000 Identification: Hoss 2/11 B2BO Fed. Com. #2H Company: Mewbourne Lease: Plant:
Sample Data:	Sample Date: 11/6/2017 Analysis Date: 11/7/2017 Sample Temp: 106 F Sample Press.: 189 PSIA	Sampled by: Ken Moore Analysis by: Vicki McDaniel Atmos Temp: 82 F Sample Time: 10:00 AM

H2S =

Press. Base: 14.73

Component Analysis

		Mol Percent	GPM Real	GPM Ideal
Hydrogen Sulfide	H2S			
Nitrogen	N2	1.854		
Methane	C1	74.513		
Carbon Dioxide	CO2	0.122		
Ethane	C2	13.099	3.502	3.494
Propane	C3	6.177	1.701	1.697
I-Butane	IC4	0.770	0.252	0.251
N-Butane	NC4	1.758	0.554	0.553
I-Pentane	IC5	0.393	0.142	0.143
N-Pentane	NC5	0.431	0.187	0.156
Hexanes Plus	C6+	<u>0.883</u>	<u>0.383</u>	<u>0.382</u>
		100.000	6.721	6.676

REAL BTU/CU.FT.

At 14.65	1301.0 Dry
	1279.7 Wet
At 14.696	1305.1 Dry
	1283.7 Wet
At 14.73	1308.1 Dry
	1286.7 Wet ✓

Specific Gravity:

Calculated	(Real)	0.765
	(Ideal)	0.762

Remarks:

POP A Btu ✓ S

Exhibit 2

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **September, 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 30 East, N.M.P.M.

Section 25: SE

Section 36: N2NE, Lot 1 & Lot 2 (S2NE)

Eddy County, New Mexico

Containing **288.4** 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 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 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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 1/2 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 **September 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.

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

Tap Rock Resources, LLC

By: _____

Title: EVP – Land & Legal

[illegible]

(SEAL)

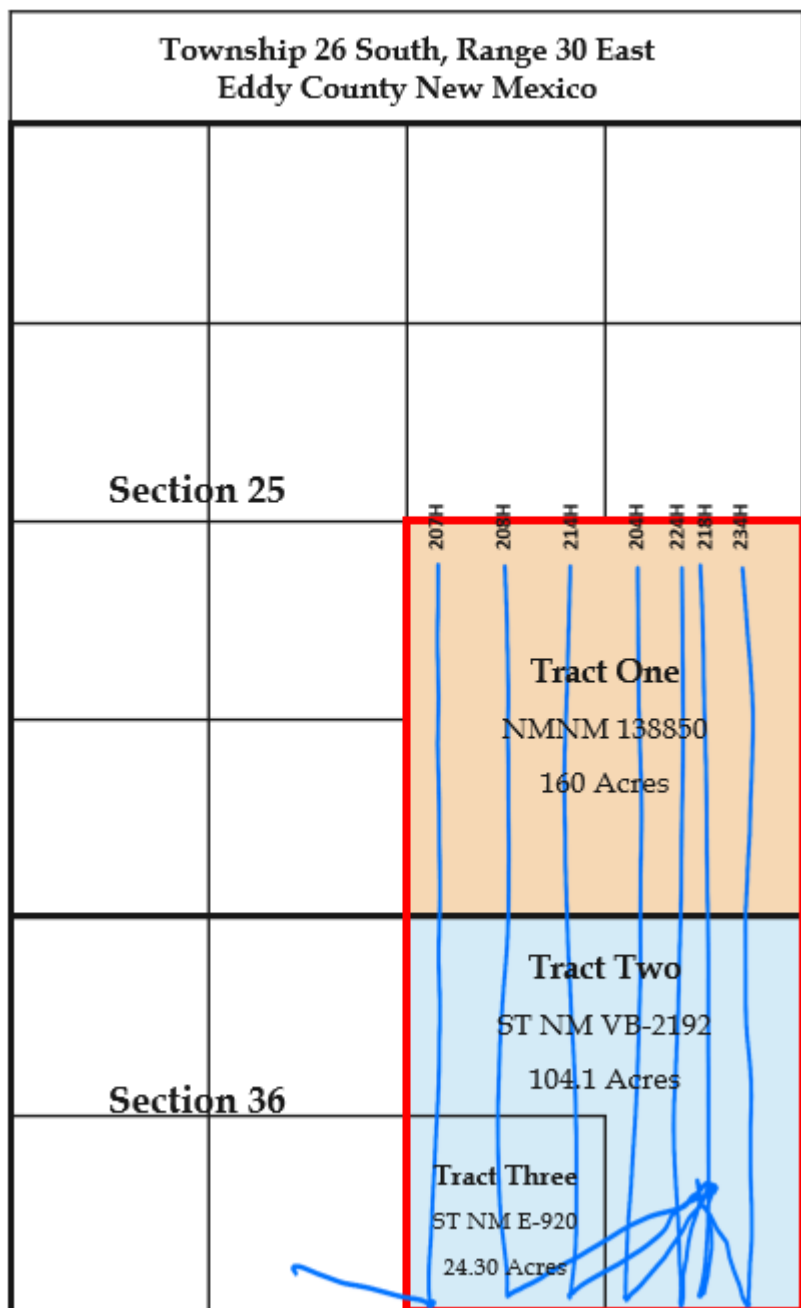
Notary Public

EXHIBIT "A"

Plat of communitized area covering 288.40 acres in SE of Section 25 and N2NE, Lot 1, Lot 2 of Section 36, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.

Nailed It Fed Com #204H, #207H, #208H, #214H, #218H, #224H, #234H



Federal Acreage



State Acreage



Nailed It E2 Wolfcamp Unit



Nailed It Wolfcamp Wells

EXHIBIT "B"

To Communitization Agreement dated **September 1, 2020**, embracing the following described land in SE of Section 25 and N2NE, Lot 1, Lot 2 of Section 36, Township 26 South, Range 30 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:	NMMN 138850
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 25: SE
Number of Acres:	160.00
Current Lessee of Record:	Tap Rock Resources, LLC
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP

Tract No. 2

Lease Serial Number:	ST NM VB-2192
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: N2NE, Lot 1 (SENE)
Number of Acres:	104.1
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Patrick J. Tower Randall S. Cate

Tract No. 3

Lease Serial Number:	ST NM E-920
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: Lot 2 (SWNE)
Number of Acres:	24.30
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Chevron U.S.A. Inc.

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	160.00	55.4785%
2	104.10	36.0957%
3	24.30	8.4258%
Total	288.40	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 30 East, N.M.P.M.

Section 25: SE

Section 36: N2NE, Lot 1 & Lot 2 (S2NE)

Eddy County, New Mexico

Containing **288.4** 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 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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 1/2 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

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.

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

[illegible]

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.

Notary Public

Tap Rock Resources, LLC

By: _____

Title: EVP – Land & Legal

[illegible]

(SEAL)

Notary Public

EXHIBIT "A"

Plat of communitized area covering 288.40 acres in SE of Section 25 and N2NE, Lot 1, Lot 2 of Section 36, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.

Nailed It Fed Com #123H, #124H, #154H, #156H



Federal Acreage



State Acreage



Nailed It E2 Bone Spring Unit



Nailed It 123H, 124H



Nailed It 154H, 156H

EXHIBIT "B"

To Communitization Agreement dated **January 1, 2022**, embracing the following described land in SE of Section 25 and N2NE, Lot 1, Lot 2 of Section 36, Township 26 South, Range 30 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 138850
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 25: SE
Number of Acres:	160.00
Current Lessee of Record:	Tap Rock Resources, LLC
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP

Tract No. 2

Lease Serial Number:	ST NM VB-2192
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: N2NE, Lot 1 (SENE)
Number of Acres:	104.1
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Patrick J. Tower Randall S. Cate

Tract No. 3

Lease Serial Number:	ST NM E-920
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: Lot 2 (SWNE)
Number of Acres:	24.30
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Chevron U.S.A. Inc.

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	160.00	55.4785%
2	104.10	36.0957%
3	24.30	8.4258%
Total	288.40	100.0000%

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

**ONLINE Version
COMMUNITIZATION AGREEMENT**

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof 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 portions 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such 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 land 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 the 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:

Subdivisions _____,

Sect _____, T _____, R _____, NMPM _____ County NM

containing _____ acres, more or less, and this agreement shall include only the

_____ Formation

underlying said lands and the _____ (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is 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. All matters of operation 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 three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, 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 and the State of New Mexico, 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
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 is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is _____ Month _____ Day, _____ Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-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; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, 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 the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
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 interest 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 lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of 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.

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

Operator _____ Lessees of Record _____

By _____
Print name of person

Type of authority

Attach additional page(s) if needed.

[\[Acknowledgments are on following page.\]](#)

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated _____, 20____

Plat of communitized area covering the:

Subdivisions _____,

of Sect. _____, T_____, R_____, NMPM, _____ County, NM.

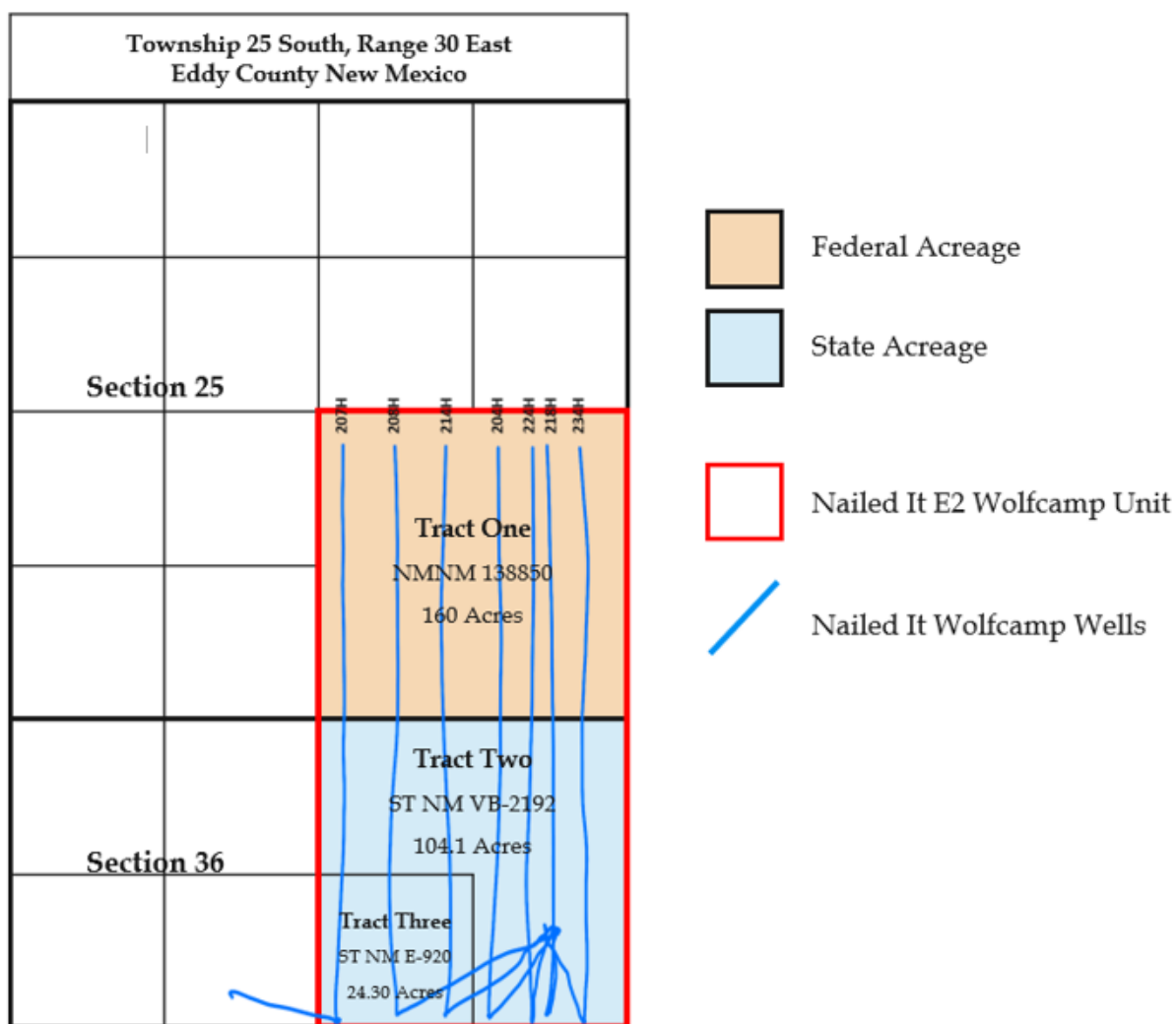


EXHIBIT B

To Communitization Agreement dated _____ 20____, embracing the
 Subdivisions _____
 of Section _____, T_____, R_____, N.M.P.M., _____ County, NM

Operator of Communitized Area: _____

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp_____, Rng _____ NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 2

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp_____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 3

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp _____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 4

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp _____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	_____	_____
Tract No.2	_____	_____
Tract No.3	_____	_____
Tract No.4	_____	_____

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

**ONLINE Version
COMMUNITIZATION AGREEMENT**

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof 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 portions 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such 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 land 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 the 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:

Subdivisions _____,

Sect _____, T _____, R _____, NMPM _____ County NM

containing _____ acres, more or less, and this agreement shall include only the

_____ Formation

underlying said lands and the _____ (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is 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. All matters of operation 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 three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, 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 and the State of New Mexico, 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
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 is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is _____ Month _____ Day, _____ Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-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; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, 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 the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
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 interest 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 lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of 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.

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

Operator _____ Lessees of Record _____

By _____
Print name of person

Type of authority

Attach additional page(s) if needed.

[\[Acknowledgments are on following page.\]](#)

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

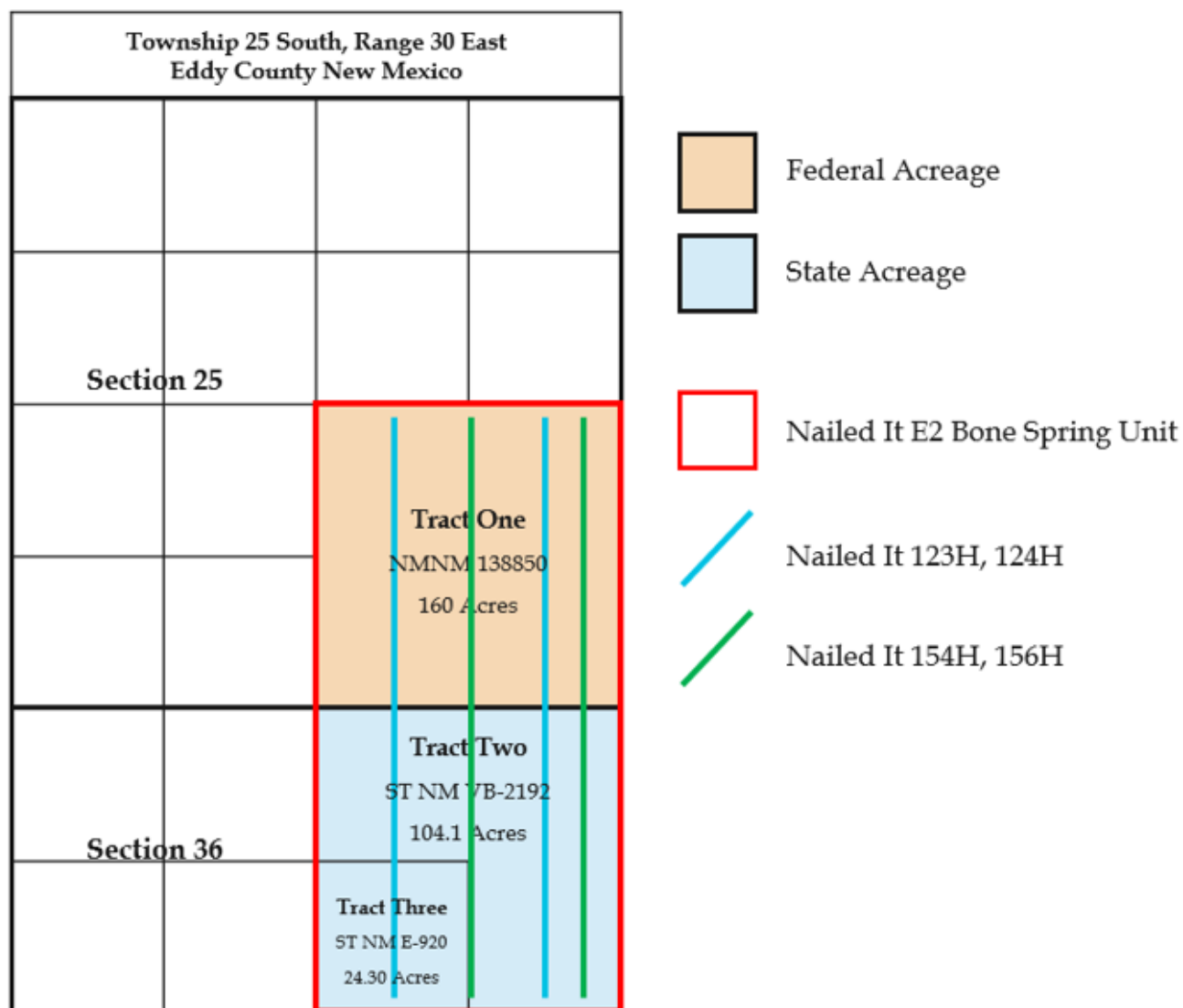
EXHIBIT A

To Communitization Agreement dated _____, 20____

Plat of communitized area covering the:

Subdivisions _____,

of Sect. _____, T _____, R _____, NMPM, _____ County, NM.



Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **September, 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 30 East, N.M.P.M.

Section 25: SW

Section 36: N2NW, Lot 3 & Lot 4 (S2NW)

Eddy County, New Mexico

Containing **289.2** 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 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 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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 1/2 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 **September 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.

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

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.

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

[illegible]

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.

Notary Public

Tap Rock Resources, LLC

By: _____

Title: EVP – Land & Legal

[illegible]

(SEAL)

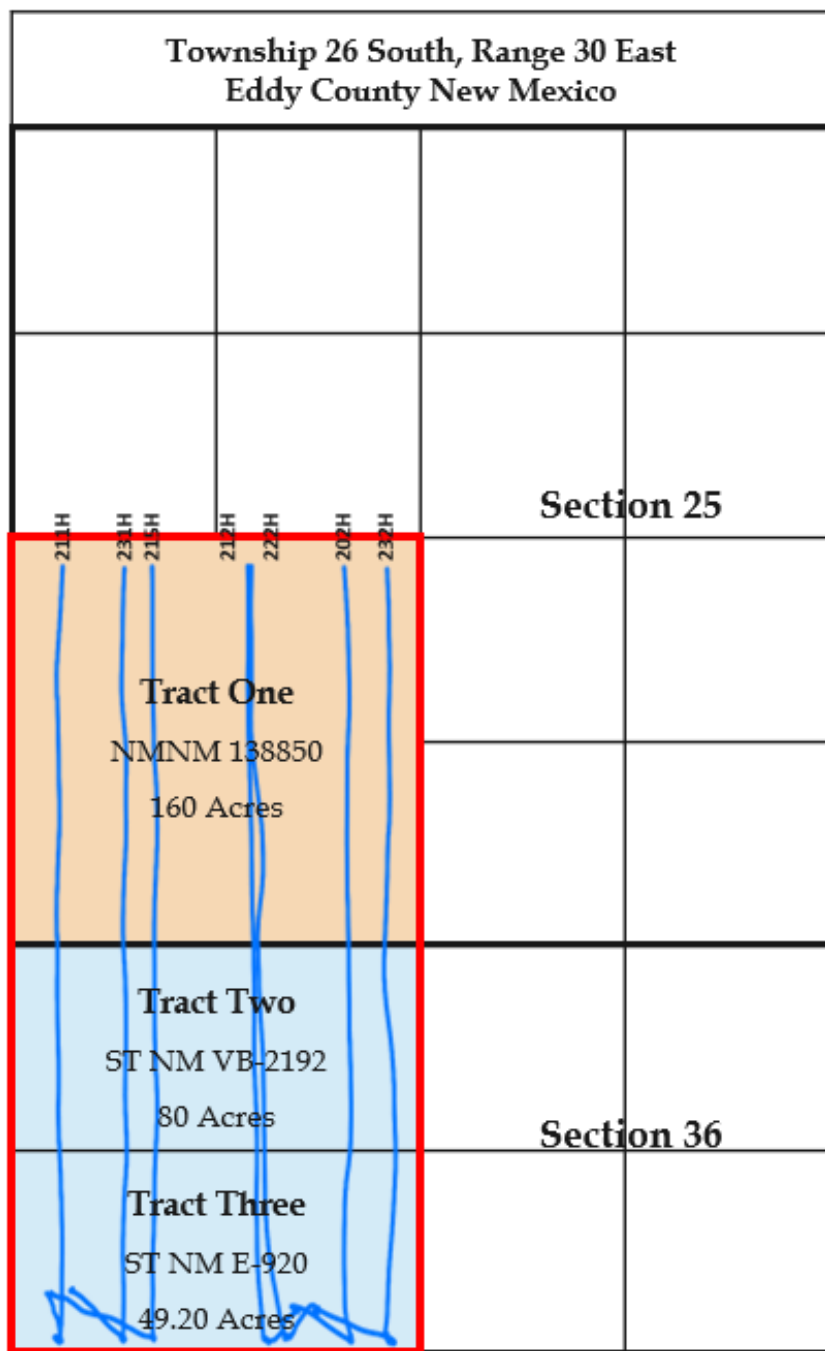
Notary Public

EXHIBIT "A"

Plat of communitized area covering 289.20 acres in SW of Section 25 and N2NW, Lot 3, Lot 4 of Section 36, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.

Nailed It Fed Com #202H, #211H, #212H, #215H, #222H, #231H, #232H



Federal Acreage



State Acreage



Nailed It W2 Wolfcamp Unit



Nailed It Wolfcamp Wells

EXHIBIT "B"

To Communitization Agreement dated **September 1, 2020**, embracing the following described land in SW of Section 25 and N2NW, Lot 3, Lot 4 of Section 36, Township 26 South, Range 30 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:	NMMN 138850
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 25: SW
Number of Acres:	160.00
Current Lessee of Record:	Tap Rock Resources, LLC
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP

Tract No. 2

Lease Serial Number:	ST NM VB-2192
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: N2NW
Number of Acres:	80.00
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Patrick J. Tower Randall S. Cate

Tract No. 3

Lease Serial Number:	ST NM E-920
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: Lot 3 & Lot 4
Number of Acres:	49.2
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Chevron U.S.A. Inc.

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	160.00	55.3250%
2	80.00	27.6625%
3	49.20	17.0124%
Total	289.20	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 30 East, N.M.P.M.

Section 25: SW

Section 36: N2NW, Lot 3 & Lot 4 (S2NW)

Eddy County, New Mexico

Containing **289.2** 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 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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 1/2 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

Tap Rock Resources, LLC

By: _____

Title: EVP – Land & Legal

[illegible]

(SEAL)

Notary Public

EXHIBIT "A"

Plat of communitized area covering 289.20 acres in SW of Section 25 and N2NW, Lot 3, Lot 4 of Section 36, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Well Name/No.
Nailed It Fed Com #121H, #122H, #151H, #155H

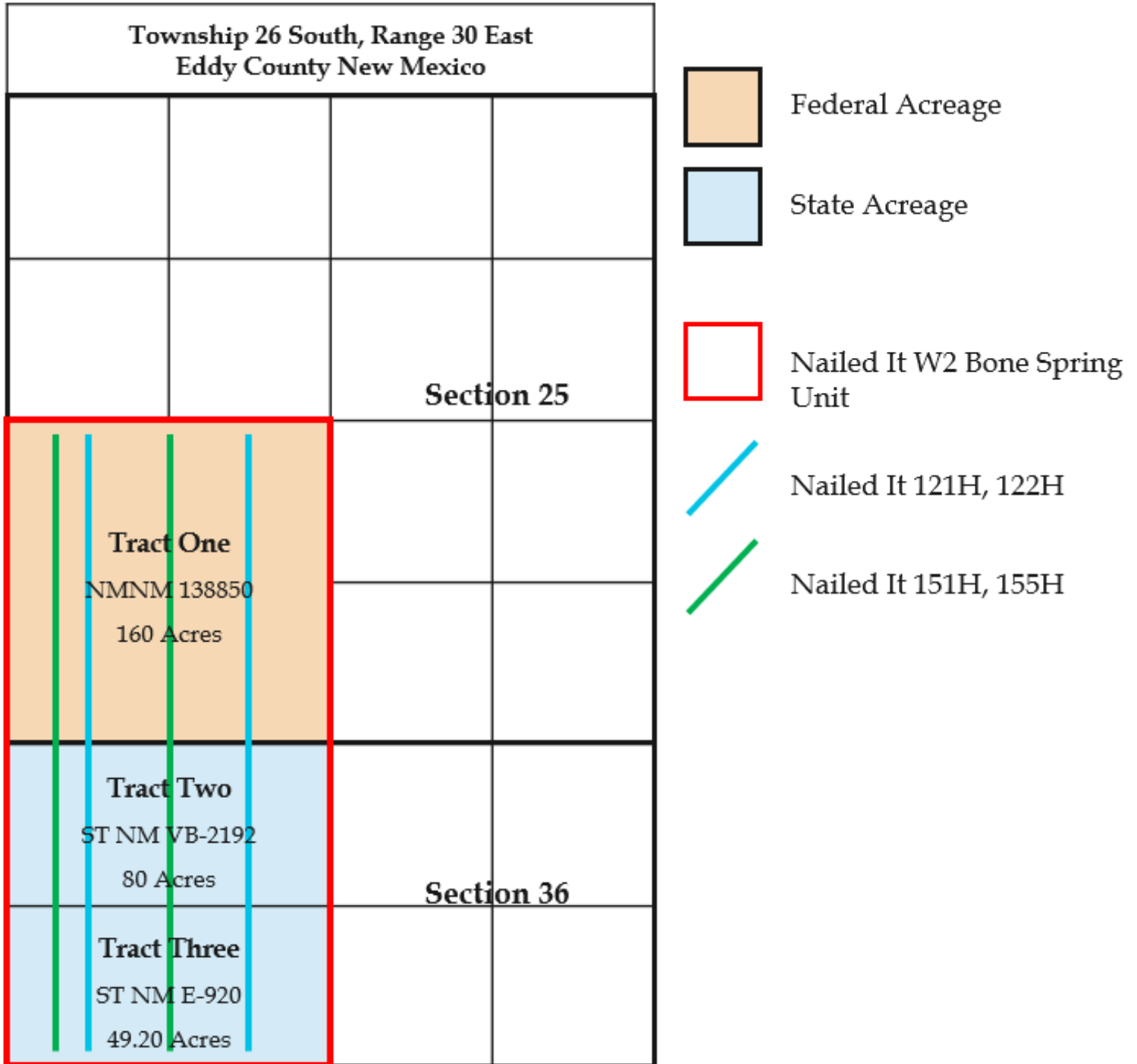


EXHIBIT "B"

To Communitization Agreement dated **January 1, 2022**, embracing the following described land in SW of Section 25 and N2NW, Lot 3, Lot 4 of Section 36, Township 26 South, Range 30 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:	NMMN 138850
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 25: SW
Number of Acres:	160.00
Current Lessee of Record:	Tap Rock Resources, LLC
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP

Tract No. 2

Lease Serial Number:	ST NM VB-2192
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: N2NW
Number of Acres:	80.00
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Patrick J. Tower Randall S. Cate

Tract No. 3

Lease Serial Number:	ST NM E-920
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 30 East, N.M.P.M. Section 36: Lot 3 & Lot 4
Number of Acres:	49.2
Name of Working Interest Owners:	Tap Rock Resources, LLC
ORRI Owners:	Tap Rock Minerals, LP Chevron U.S.A. Inc.

RECAPITULATION

<u>No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest Tract in Communitized Area</u>
1	160.00	55.3250%
2	80.00	27.6625%
3	49.20	17.0124%
Total	289.20	100.0000%

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

**ONLINE Version
COMMUNITIZATION AGREEMENT**

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof 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 portions 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such 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 land 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 the 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:

Subdivisions _____,

Sect _____, T _____, R _____, NMPM _____ County NM

containing _____ acres, more or less, and this agreement shall include only the

_____ Formation

underlying said lands and the _____ (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is 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. All matters of operation 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 three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, 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 and the State of New Mexico, 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
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 is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is _____ Month _____ Day, _____ Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-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; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, 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 the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
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 interest 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 lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of 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.

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

Operator _____ Lessees of Record _____

By _____
Print name of person

Type of authority

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated _____, 20____

Plat of communitized area covering the:

Subdivisions _____,

of Sect. _____, T_____, R_____, NMPM, _____ County, NM.

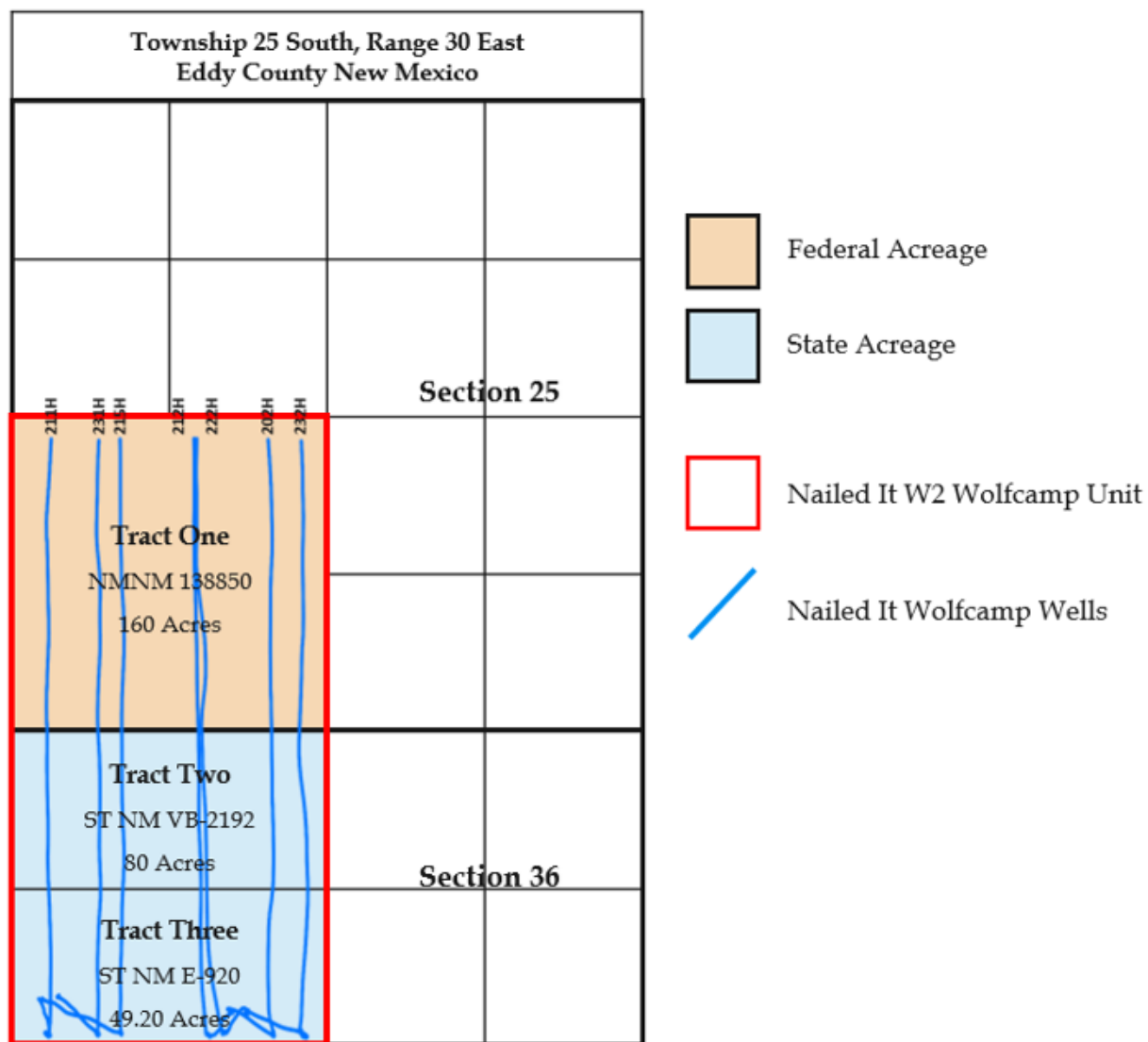


EXHIBIT B

To Communitization Agreement dated _____ 20____, embracing the
 Subdivisions _____
 of Section _____, T_____, R_____, N.M.P.M., _____ County, NM

Operator of Communitized Area: _____

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp_____, Rng _____ NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 2

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp_____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 3

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp _____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 4

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp _____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	_____	_____
Tract No.2	_____	_____
Tract No.3	_____	_____
Tract No.4	_____	_____

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

**ONLINE Version
COMMUNITIZATION AGREEMENT**

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof 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 portions 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such 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 land 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 the 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:

Subdivisions _____,

Sect _____, T _____, R _____, NMPM _____ County NM

containing _____ acres, more or less, and this agreement shall include only the

_____ Formation

underlying said lands and the _____ (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is 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. All matters of operation 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 three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, 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 and the State of New Mexico, 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
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 is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is _____ Month _____ Day, _____ Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-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; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, 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 the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
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 interest 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 lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of 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.

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

Operator _____ Lessees of Record _____

By _____
Print name of person

Type of authority

Attach additional page(s) if needed.

[\[Acknowledgments are on following page.\]](#)

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated _____, 20____

Plat of communitized area covering the:

Subdivisions _____,

of Sect. _____, T _____, R _____, NMPM, _____ County, NM.

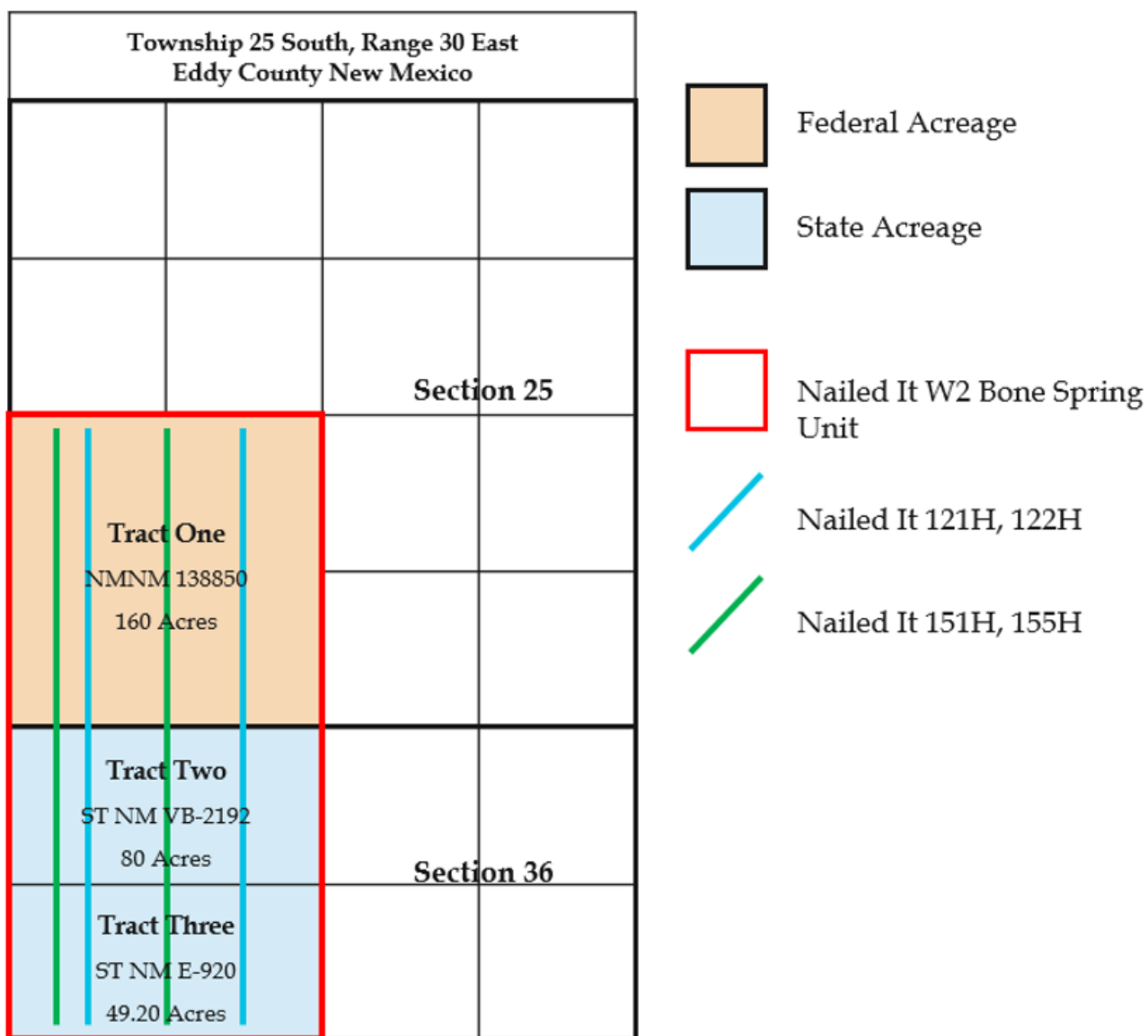


EXHIBIT B

To Communitization Agreement dated _____ 20____, embracing the
 Subdivisions _____
 of Section _____, T_____, R_____, N.M.P.M., _____ County, NM

Operator of Communitized Area: _____

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp_____, Rng _____ NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 2

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp_____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 3

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp _____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

TRACT NO. 4

Lease Serial No.: _____

Lease Date: _____

Lease Term: _____

Lessor: _____

Original Lessee: _____

Present Lessee: _____

Description of Land Committed: Subdivisions _____,

Sect _____, Twp _____, Rng _____, NMPM, _____ County, NM

Number of Acres: _____

Royalty Rate: _____

Name and Percent ORRI Owners: _____

Name and Percent WI Owners: _____

RECAPITULATION

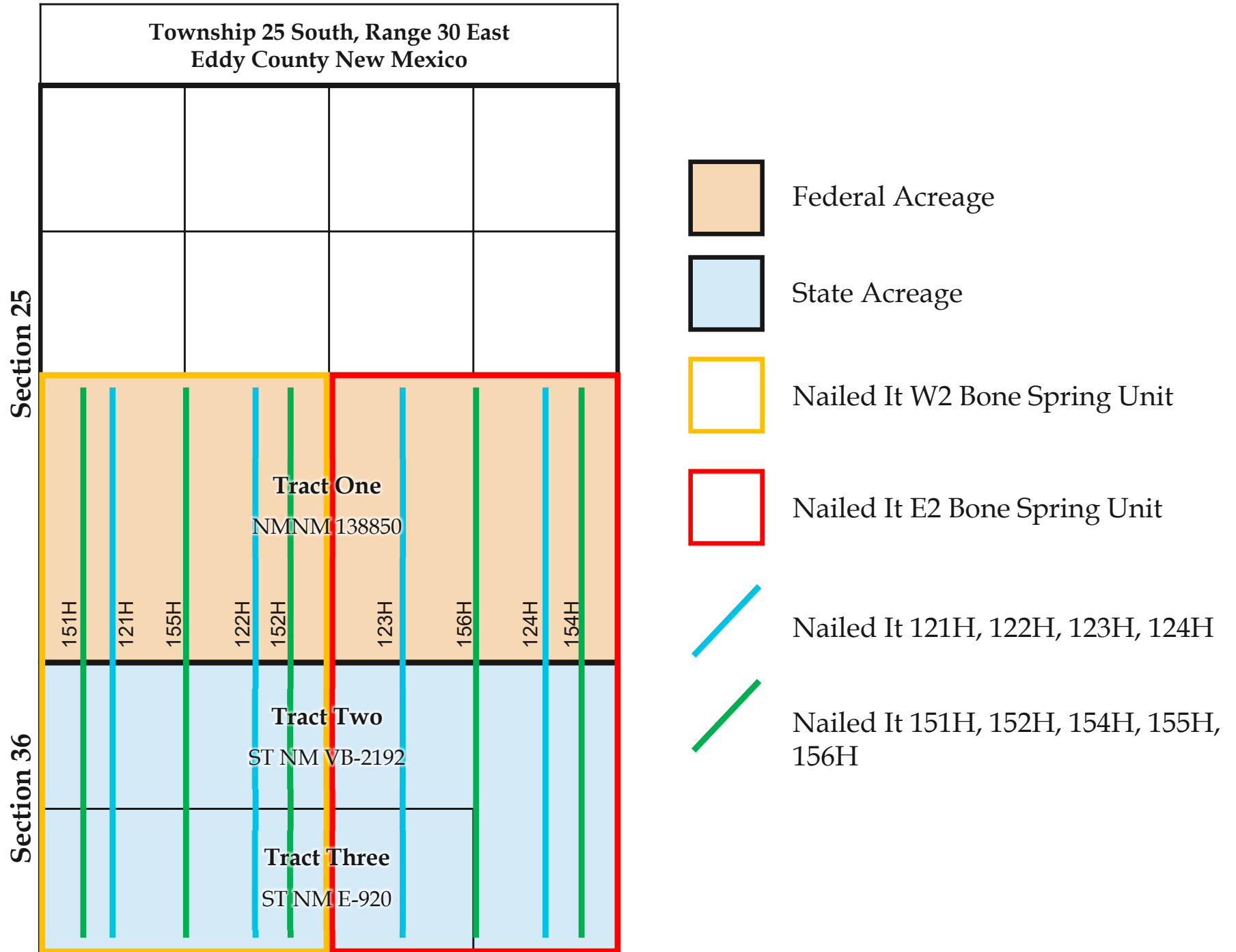
Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	_____	_____
Tract No.2	_____	_____
Tract No.3	_____	_____
Tract No.4	_____	_____

Exhibit 3

APPLICATION TO POOL COMMINGLE, STORAGE AND SALES FOR OIL AND GAS PRODUCTION AT NAILED IT CTB-A and CTB-B

Pool	API	Well Name	Well Number	OCD Unit Letter	Section	Township	Range	Date Online	Anticipated Production Type	Oil (BOD)	GAS (MCFD)	Gravity	BTU/cf
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46884	NAILED IT FEDERAL COM	#121H	E	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46843	NAILED IT FEDERAL COM	#122H	F	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46885	NAILED IT FEDERAL COM	#123H	G	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46846	NAILED IT FEDERAL COM	#124H	G	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46881	NAILED IT FEDERAL COM	#151H	E	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46844	NAILED IT FEDERAL COM	#152H	F	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46876	NAILED IT FEDERAL COM	#154H	G	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46923	NAILED IT FEDERAL COM	#155H	E	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98319] WC 015 G06 S242630A BONE SPRING	30-015-46845	NAILED IT FEDERAL COM	#156H	G	36	26S	30E	4/1/2022	Oil, Gas, Produced Water	440	3500	49.19	1350
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46874	NAILED IT FEDERAL COM	#202H	F	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	430	2301	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46859	NAILED IT FEDERAL COM	#204H	H	36	26S	30E	10/15/2020	Oil, Gas, Produced Water	84	1031	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46858	NAILED IT FEDERAL COM	#207H	F	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	387	2152	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46879	NAILED IT FEDERAL COM	#208H	H	36	26S	30E	10/1/2020	Oil, Gas, Produced Water	25	420	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46855	NAILED IT FEDERAL COM	#211H	E	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	590	3029	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46854	NAILED IT FEDERAL COM	#212H	F	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	484	2449	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46886	NAILED IT FEDERAL COM	#214H	H	36	26S	30E	10/1/2020	Oil, Gas, Produced Water	48	835	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46857	NAILED IT FEDERAL COM	#215H	E	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	654	3432	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46924	NAILED IT FEDERAL COM	#218H	H	36	26S	30E	10/1/2020	Oil, Gas, Produced Water	154	1523	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46887	NAILED IT FEDERAL COM	#222H	F	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	95	4960	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46883	NAILED IT FEDERAL COM	#224H	H	36	26S	30E	10/15/2020	Oil, Gas, Produced Water	180	3341	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46891	NAILED IT FEDERAL COM	#231H	E	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	345	3228	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46877	NAILED IT FEDERAL COM	#232H	F	36	26S	30E	11/20/2021	Oil, Gas, Produced Water	229	3150	49.8	1331.7
[98220] PURPLE SAGE; WOLF CAMP (GAS)	30-015-46842	NAILED IT FEDERAL COM	#234H	H	36	26S	30E	4/15/2020	Oil, Gas, Produced Water	78	1566	49.8	1331.7

Nailed It E2 Unit Bone Spring



Nailed It E2 Unit Wolfcamp

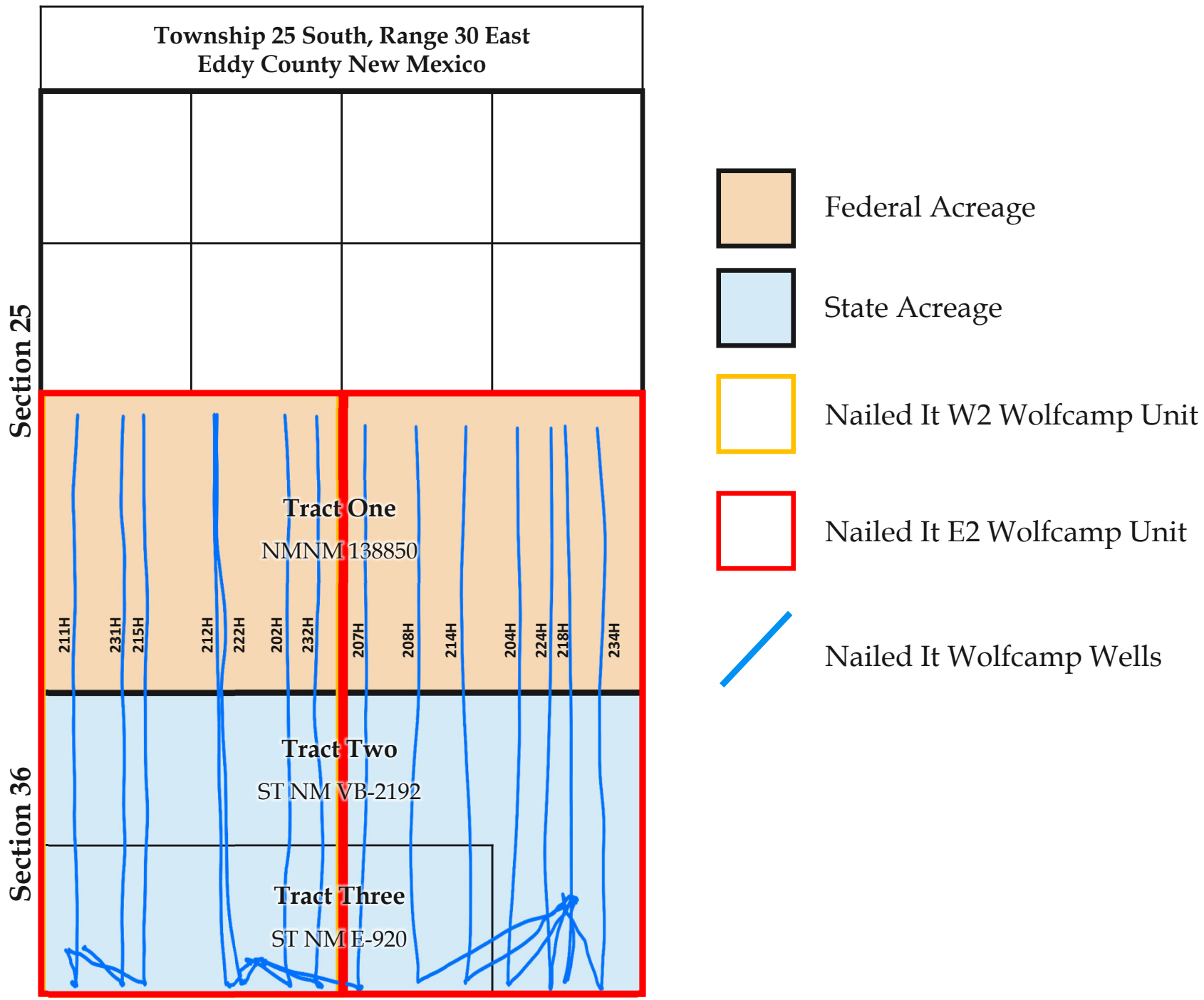


Exhibit 4

ADDR1	ADDR2	ADDR3	ADDR4	ADDR5	ADDR6
Tap Rock Resources LLC	523 PARK POINT DRIVE	SUITE 200	GOLDEN	CO	80401
Tap Rock Minerals LP	523 PARK POINT DR STE 200		GOLDEN	CO	80401
Office of Natural Resources Revenue	PO BOX 25627		DENVER	CO	80225-0627
Commission of Public Lands	PO BOX 1148		SANTA FE	NM	87504-1148
Chevron USA Inc	P.O. BOX 1635		HOUSTON	TX	77251
Randall S Cate	PO BOX 8329		HORSESHOE BAY	TX	78657
Patrick J Tower	1904 WESTERN DRIVE		MIDLAND	TX	79705
Bureau of Land Management	301 Dinosaur Trail		Santa Fe	NM	87508
Bureau of Land Management	620 E Greene St.		Carlsbad	NM	88220



Adam G. Rankin
Phone (505) 954-7294
Fax (505) 819-5579
AGRankin@hollandhart.com

February 17, 2022

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Tap Rock Operating, LLC for administrative approval to surface commingle (pool and lease commingle) oil and gas production at the Nailed It Tank Battery A and Nailed It Tank Battery B, each located in Section 36, Township 26 South, Range 30 East, Eddy County, and to add additional wells.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Jeff Trlica
Regulatory Analyst
Tap Rock Operating, LLC
(720) 772-5910

Sincerely,

A handwritten signature in blue ink, appearing to read "A.G. Rankin", with a long horizontal flourish extending to the right.

Adam G. Rankin
ATTORNEY FOR
TAP ROCK OPERATING, LLC

Parent ID	Mail Date	Name	Address 1	City	ST	Zip	MailClass	TrackingNo	Well
31309	02/15/2022	Tap Rock Resources LLC	523 Park Point Dr Ste 200	Golden	CO	80401-9387	Certified with Return Receipt (Signature)	94148118987 65847563026	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 1
31309	02/15/2022	Tap Rock Minerals LP	523 Park Point Dr Ste 200	Golden	CO	80401-9387	Certified with Return Receipt (Signature)	94148118987 65847563002	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 2
31309	02/15/2022	Office of Natural Resources Revenue	PO Box 25627	Denver	CO	80225-0627	Certified with Return Receipt (Signature)	94148118987 65847563095	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 3
31309	02/15/2022	Commission of Public Lands	PO Box 1148	Santa Fe	NM	87504-1148	Certified with Return Receipt (Signature)	94148118987 65847563040	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 4
31309	02/15/2022	Chevron USA Inc	PO Box 1635	Houston	TX	77251-1635	Certified with Return Receipt (Signature)	94148118987 65847563088	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 5
31309	02/15/2022	Randall S Cate	PO Box 8329	Horseshoe Bay	TX	78657-8329	Certified with Return Receipt (Signature)	94148118987 65847563033	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 6
31309	02/15/2022	Patrick J Tower	1904 Western Dr	Midland	TX	79705-8753	Certified with Return Receipt (Signature)	94148118987 65847563071	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 7
31309	02/15/2022	Bureau of Land Management	301 Dinosaur Trl	Santa Fe	NM	87508-1560	Certified with Return Receipt (Signature)	94148118987 65847563415	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 8

Parent ID	Mail Date	Name	Address 1	City	ST	Zip	MailClass	TrackingNo	Well
31309	02/15/2022	Bureau of Land Management	620 E Greene St	Carlsbad	NM	88220-6292	Certified with Return Receipt (Signature)	94148118987 65847563453	71872 - Exhibit 4 - Nailed It Commingling Notice List 18257684v1 - 9

From: [Engineer, OCD, EMNRD](#)
To: [Adam Rankin](#)
Cc: [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#); [Dawson, Scott](#)
Subject: Approved Administrative Order PLC-816
Date: Monday, April 25, 2022 10:35:23 AM
Attachments: [PLC816 Order.pdf](#)

NMOCD has issued Administrative Order PLC-816 which authorizes Tap Rock Operating, LLC (372043) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-46885	Nailed It Federal Com #123H	SE/4 NE/4	25-26S-30E 36-26S-30E	98319
30-015-46845	Nailed It Federal Com #156H	SE/4 NE/4	25-26S-30E 36-26S-30E	98319
30-015-46846	Nailed It Federal Com #124H	SE/4 NE/4	25-26S-30E 36-26S-30E	98319
30-015-46876	Nailed It Federal Com #154H	SE/4 NE/4	25-26S-30E 36-26S-30E	98319
30-015-46879	Nailed It Federal Com #208H	SE/4 NE/4	25-26S-30E 36-26S-30E	98220
30-015-46886	Nailed It Federal Com #214H	SE/4 NE/4	25-26S-30E 36-26S-30E	98220
30-015-46859	Nailed It Federal Com #204H	SE/4 NE/4	25-26S-30E 36-26S-30E	98220
30-015-46883	Nailed It Federal Com #224H	SE/4 NE/4	25-26S-30E 36-26S-30E	98220
30-015-46924	Nailed It Federal Com #218H	SE/4 NE/4	25-26S-30E 36-26S-30E	98220
30-015-46842	Nailed It Federal Com #234H	SE/4 NE/4	25-26S-30E 36-26S-30E	98220
30-015-46858	Nailed It Federal Com #207H	SE/4 NE/4	25-26S-30E 36-26S-30E	98220
30-015-46881	Nailed It Federal Com #151H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46923	Nailed It Federal Com #155H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46844	Nailed It Federal Com #152H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46843	Nailed It Federal Com #122H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46884	Nailed It Federal Com #121H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46855	Nailed It Federal Com #211H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46891	Nailed It Federal Com #231H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46857	Nailed It Federal Com #215H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46854	Nailed It Federal Com #212H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220

30-015-46887	Nailed It Federal Com #222H	SW/4	25-26S-30E	98220
		NW/4	36-26S-30E	
30-015-46874	Nailed It Federal Com #202H	SW/4	25-26S-30E	98220
		NW/4	36-26S-30E	
30-015-46877	Nailed It Federal Com #232H	SW/4	25-26S-30E	98220
		NW/4	36-26S-30E	

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY TAP ROCK OPERATING, LLC**

ORDER NO. PLC-816

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Tap Rock Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. Applicant stated that it intends to keep the oil and gas production from one or more group(s) of wells identified in Exhibit C segregated from the oil and gas production from all other wells prior to measuring that production with an allocation meter.
4. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
5. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
6. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
7. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
8. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
9. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

10. Applicant submitted or intends to submit one or more proposed communitization agreement(s) ("Proposed Agreement(s)") to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area ("Pooled Area"), as described in Exhibit B.

CONCLUSIONS OF LAW

11. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
12. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
13. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
14. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
15. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
16. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
17. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If

Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The allocation of oil and gas production to each group of wells identified in Exhibit C shall be determined by separating and metering the production from each group as described by Train in Exhibit C prior to commingling that production with production from any other well.
5. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
6. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
7. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.

8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
10. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
11. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil and gas production to it.
12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
13. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
14. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE E. SANDOVAL
DIRECTOR

DATE: 4/22/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-816**

Operator: **Tap Rock Operating, LLC (372043)**

Central Tank Battery: **Nailed It Tank Battery A**

Central Tank Battery Location: **UL A, Section 36, Township 26 South, Range 30 East**

Central Tank Battery: **Nailed It Tank Battery B**

Central Tank Battery Location: **UL D E, Section 36, Township 26 South, Range 30 East**

Gas Title Transfer Meter Location: **UL A, Section 36, Township 26 South, Range 30 East**

Gas Title Transfer Meter Location: **UL D E, Section 36, Township 26 South, Range 30 East**

Pools

Pool Name	Pool Code
PURPLE SAGE; WOLFCAMP (GAS)	98220
WC 015 G06 S242630A BONE SPRING	98319

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 138850	S/2	25-26S-30E
VB 21920001	A B C D L1	36-26S-30E
EO 09200000	L2 L3 L4	36-26S-30E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-46885	Nailed It Federal Com #123H	SE/4	25-26S-30E	98319
		NE/4	36-26S-30E	
30-015-46845	Nailed It Federal Com #156H	SE/4	25-26S-30E	98319
		NE/4	36-26S-30E	
30-015-46846	Nailed It Federal Com #124H	SE/4	25-26S-30E	98319
		NE/4	36-26S-30E	
30-015-46876	Nailed It Federal Com #154H	SE/4	25-26S-30E	98319
		NE/4	36-26S-30E	
30-015-46879	Nailed It Federal Com #208H	SE/4	25-26S-30E	98220
		NE/4	36-26S-30E	
30-015-46886	Nailed It Federal Com #214H	SE/4	25-26S-30E	98220
		NE/4	36-26S-30E	
30-015-46859	Nailed It Federal Com #204H	SE/4	25-26S-30E	98220
		NE/4	36-26S-30E	
30-015-46883	Nailed It Federal Com #224H	SE/4	25-26S-30E	98220
		NE/4	36-26S-30E	
30-015-46924	Nailed It Federal Com #218H	SE/4	25-26S-30E	98220
		NE/4	36-26S-30E	
30-015-46842	Nailed It Federal Com #234H	SE/4	25-26S-30E	98220
		NE/4	36-26S-30E	
30-015-46858	Nailed It Federal Com #207H	SE/4	25-26S-30E	98220
		NE/4	36-26S-30E	

30-015-46881	Nailed It Federal Com #151H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46923	Nailed It Federal Com #155H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46844	Nailed It Federal Com #152H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46843	Nailed It Federal Com #122H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46884	Nailed It Federal Com #121H	SW/4 NW/4	25-26S-30E 36-26S-30E	98319
30-015-46855	Nailed It Federal Com #211H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46891	Nailed It Federal Com #231H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46857	Nailed It Federal Com #215H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46854	Nailed It Federal Com #212H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46887	Nailed It Federal Com #222H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46874	Nailed It Federal Com #202H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220
30-015-46877	Nailed It Federal Com #232H	SW/4 NW/4	25-26S-30E 36-26S-30E	98220

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **PLC-816**
Operator: **Tap Rock Operating, LLC (372043)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring NMNM 144255	SE/4 NE/4	25-26S-30E 36-26S-30E	288.4	A
CA Wolfcamp NMNM 144259	SE/4 NE/4	25-26S-30E 36-26S-30E	288.4	B
CA Bone Spring NMNM 144258	SW/4 NW/4	25-26S-30E 36-26S-30E	289.2	C
CA Wolfcamp NMNM 144260	SW/4 NW/4	25-26S-30E 36-26S-30E	289.2	D

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 138850	SE/4	25-26S-30E	160	A
VB 21920001	A B L1	36-26S-30E	104.1	A
EO 09200000	L2	36-26S-30E	24.3	A
NMNM 138850	SE/4	25-26S-30E	160	B
VB 21920001	A B L1	36-26S-30E	104.1	B
EO 09200000	L2	36-26S-30E	24.3	B
NMNM 138850	SW/4	25-26S-30E	160	C
VB 21920001	C D	36-26S-30E	80	C
EO 09200000	L3 L4	36-26S-30E	49.2	C
NMNM 138850	SW/4	25-26S-30E	160	D
VB 21920001	C D	36-26S-30E	80	D
EO 09200000	L3 L4	36-26S-30E	49.2	D

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit C

Order: PLC-816
Operator: Tap Rock Operating, LLC (372043)

Wells				
Well API	Well Name	UL or Q/Q	S-T-R	Train
30-015-46885	Nailed It Federal Com #123H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46845	Nailed It Federal Com #156H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46846	Nailed It Federal Com #124H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46876	Nailed It Federal Com #154H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46879	Nailed It Federal Com #208H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46886	Nailed It Federal Com #214H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46859	Nailed It Federal Com #204H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46883	Nailed It Federal Com #224H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46924	Nailed It Federal Com #218H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46842	Nailed It Federal Com #234H	SE/4 NE/4	25-26S-30E 36-26S-30E	A1
30-015-46858	Nailed It Federal Com #207H	SE/4 NE/4	25-26S-30E 36-26S-30E	B1
30-015-46881	Nailed It Federal Com #151H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46923	Nailed It Federal Com #155H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46844	Nailed It Federal Com #152H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46843	Nailed It Federal Com #122H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46884	Nailed It Federal Com #121H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46855	Nailed It Federal Com #211H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46891	Nailed It Federal Com #231H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46857	Nailed It Federal Com #215H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46854	Nailed It Federal Com #212H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1

30-015-46887	Nailed It Federal Com #222H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46874	Nailed It Federal Com #202H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1
30-015-46877	Nailed It Federal Com #232H	SW/4 NW/4	25-26S-30E 36-26S-30E	B1

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 83195

CONDITIONS

Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401	OGRID: 372043
	Action Number: 83195
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	4/25/2022