Page 1 of 277

Colgate Operating
300 N. Marienfeld Street, Suite 1000
Midland, Texas 79701

CERTIFIED MAIL

7021 2720 0003 1634 7397

FIRST-CLASS

PITNEY BOWES

US POSTAG

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0001212333 SEP 30 202
MAILED FROM ZIP CODE 7970

[redacted]

Dome Petroleum Corp.
c/o Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002

10/07/2022

Kelly
Coppins

Priority: 3
Envelope

45124
HOU140
372-6736
KellyBass@chevron.com

70212720000316347397

Exhibit A-9

Received by OCD: 5/7/2026 8:22:37 AM

Released to Imaging: 5/7/2026 12:00:26 PM

COLGATE ENERGY

September 30, 2022

Dome Petroleum Corp.
c/o Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002

Re: Proposal to Drill – Uluru 35 Fed & Uluru 35 Fed State Com
N/2 Sections 35 & 36, T19S-R28E
Eddy County, New Mexico

Dear Owner:

Enclosed for your review, please find copies of the State of New Mexico Oil Conservation Division Compulsory Pooling Order Nos. R-22219, R-22220, R-22228, and R-22229 (Case Nos. 22689, 22690, 22693, 22694) ("Pooling Order(s)"), effective August 29, 2022, for the Uluru 35 Fed #121H, Uluru 35 Fed #122H, Uluru 35 Fed State Com #131H, and the Uluru 35 Fed State Com #132H (the Well(s)"). Pursuant to the Pooling Orders, Colgate Operating, LLC ("Colgate") submits this letter to you seeking your election to participate in each Well.

Under Article 23 on page 2 of the Pooling Order, you have thirty (30) days following your receipt of this letter to elect to participate and subsequently pay your proportionate share of the well costs or elect to go non-consent in these Wells and be considered a "Non-Consenting Pooled Working Interest". After a preliminary review of title, Colgate shows you own an estimated interest in each Well referenced above. Please see the enclosed ballot for your estimated interest per Well.

Interest may be subject to change based upon final verification of title. In the event you elect to participate in any of the Wells, please indicate your election by signing and returning one copy of the enclosed ballot, AFE and insurance declaration to the undersigned, along with your full payment for each Well within thirty (30) days following your thirty (30) day election period. Failure to timely elect or remit payment will result in you being deemed non-consent.

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns. Also, the enclosed AFEs represent the Estimated Well Costs that will be incurred to drill and complete these Wells, but those electing to participate in the Wells are responsible for their share of the Actual Well Costs incurred.

If you have any questions or concerns regarding this proposal, please contact Mark Hajdik at (432) 257-3886 or at mhajdik@colgateenergy.com.

Sincerely,

COLGATE OPERATING, LLC

Jordan Ireton
Land Coordinator

Non-Operator hereby elects to:

✓ participate in the drilling and completion of the Uluru 35 Fed 121H with my estimated interest of 0.13735120

_____ non-consent the drilling and completion of the Uluru 35 Fed 121H

✓ participate in the drilling and completion of the Uluru 35 Fed 122H with my estimated interest of 0.13735120

_____ non-consent the drilling and completion of the Uluru 35 Fed 122H

✓ participate in the drilling and completion of the Uluru 35 Fed State Com 131H with my estimated interest of 0.06867560

_____ non-consent the drilling and completion of the Uluru 35 Fed State Com 131H

✓ participate in the drilling and completion of the Uluru 35 Fed State Com 132H with my estimated interest of 0.06867560

_____ non-consent the drilling and completion of the Uluru 35 Fed State Com 132H

Agreed this 3rd day of November, 2022 by:

Dome Petroleum Corp.

Evan Perlitz
Signature

Evan Perlitz
Printed Name

Reservoir Engineer
Title

Participate / Rejection Declaration

Please return this page to Colgate by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Colgate, then, to the extent that Colgate has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Colgate will be relieved of such obligation, and Colgate will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

☐ I hereby elect to participate in the insurance coverage arranged by Colgate Operating, LLC, and understand that I will be charged for such participation.

☑ I hereby elect to reject the insurance coverage arranged by Colgate Operating, LLC.

Agreed this 3rd day of November, 2022 by:

Dome Petroleum Corp.

Evan Perlitz
Signature

Evan Perlitz
Printed Name:

Reservoir Engineer
Title

Colgate Energy

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701
Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	2/4/2022	AFE NO.:	
WELL NAME:	Uluru 35 Fed Com 121H	FIELD:	Winchester; BONE SPRING
LOCATION:	Section 35, T19S-R28E	MD/TVD:	12809' MD / 7524' TVD
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	5,000
Colgate WI:		DRILLING DAYS:	11.1
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	12.8
REMARKS:	Drill a horizontal 2nd BS well and complete. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	$ 42,500	$	$	$ 42,500
2 Location, Surveys & Damages	204,739	13,000	25,000	242,739
4 Freight / Transportation	34,270	26,500		60,770
5 Rental - Surface Equipment	55,224	117,100	13,700	186,024
6 Rental - Downhole Equipment	145,281	15,000		160,281
7 Rental - Living Quarters	25,712	36,700		62,412
10 Directional Drilling, Surveys	225,581			225,581
11 Drilling	360,681			360,681
12 Drill Bits	72,080			72,080
13 Fuel & Power	81,567	145,000		226,567
14 Cementing & Float Equip	149,460			149,460
15 Completion Unit, Swab, CTU			20,000	-
16 Perforating, Wireline, Slickline	-	142,950	9,000	151,950
17 High Pressure Pump Truck	-	29,500		29,500
18 Completion Unit, Swab, CTU	-	41,000		41,000
20 Mud Circulation System	50,554			50,554
21 Mud Logging	7,099			7,099
22 Logging / Formation Evaluation	2,282	6,000		8,282
23 Mud & Chemicals	147,836	145,483		293,319
24 Water	31,270	221,000		252,270
25 Stimulation	-	241,575		241,575
26 Stimulation Flowback & Disp	-	89,000		89,000
28 Mud / Wastewater Disposal	138,945	38,000		176,945
30 Rig Supervision / Engineering	49,398	71,700	9,800	130,898
32 Drlg & Completion Overhead	4,500	-		4,500
35 Labor	103,986	35,000	20,000	158,986
54 Proppant		282,500		282,500
95 Insurance	6,790			6,790
97 Contingency	-	7,247	8,850	16,097
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	1,939,756	1,704,255	112,350	3,730,361

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	$ 21,818	$	$	$ 21,818
61 Intermediate Casing	126,995			126,995
62 Drilling Liner	-			-
63 Production Casing	319,991			319,991
64 Production Liner	-			-
65 Tubing	-		55,000	55,000
66 Wellhead	46,640		59,100	105,740
67 Packers, Liner Hangers	10,600	-	4,500	15,100
68 Tanks	-			-
69 Production Vessels	-		84,000	84,000
70 Flow Lines	-		24,800	24,800
71 Rod string	-			-
72 Artificial Lift Equipment	-		88,000	88,000
73 Compressor	-			-
74 Installation Costs	-		34,000	34,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-			-
77 Measurement & Meter Installation	-		12,500	12,500
78 Gas Conditioning / Dehydration				-
79 Interconnecting Facility Piping			15,400	15,400
80 Gathering / Bulk Lines				-
81 Valves, Dumps, Controllers			40,000	40,000
82 Tank / Facility Containment				-
83 Flare Stack				-
84 Electrical / Grounding			90,900	90,900
85 Communications / SCADA			15,000	15,000
86 Instrumentation / Safety				-
TOTAL TANGIBLES >	526,044	0	528,200	1,054,244
TOTAL COSTS >	2,465,800	1,704,255	640,550	4,784,605

PREPARED BY Colgate Energy:

Drilling Engineer:	SS/RM/PS
Completions Engineer:	BA/ML
Production Engineer:	Levi Harris

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name: Chevron USA & Chevron Midcontinent LP Working Interest (%): _____ Tax ID: _____

Signed by: Evan Perlitz Date: 3 Nov 2022

Title: Reservoir Engineer Approval: ☑ Yes ☐ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Timing installation approval under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, customs, regulatory brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participant shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

Colgate Energy

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701
Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	2/4/2022	AFE NO.:	
WELL NAME:	Uluru 35 Fed Com 122H	FIELD:	Winchester; BONE SPRING
LOCATION:	Section 35, T19S-R28E	MD/TVD:	12809' MD / 7524' TVD
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	5,000
Colgate WI:		DRILLING DAYS:	11.1
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	12.8
REMARKS:	Drill a horizontal 2nd BS well and complete. AFE includes drilling, completions, flowback and Initial AL install cost		

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2 Location, Surveys & Damages	204,739	13,000	25,000	242,739
4 Freight / Transportation	34,270	26,500		60,770
5 Rental - Surface Equipment	55,224	117,103	13,700	186,024
6 Rental - Downhole Equipment	145,281	15,000		160,281
7 Rental - Living Quarters	25,712	36,700		62,412
10 Directional Drilling, Surveys	225,581			225,581
11 Drilling	360,681			360,681
12 Drill Bits	72,080			72,080
13 Fuel & Power	81,567	145,000		226,567
14 Cementing & Float Equip	149,460			149,460
15 Completion Unit, Swab, CTU			26,000	-
16 Perforating, Wireline, Slickline	-	142,950	9,000	151,950
17 High Pressure Pump Truck	-	29,500		29,500
18 Completion Unit, Swab, CTU	-	41,000		41,000
20 Mud Circulation System	50,554			50,554
21 Mud Logging	7,099			7,099
22 Logging / Formation Evaluation	2,282	6,000		8,282
23 Mud & Chemicals	147,836	145,483		293,319
24 Water	31,270	221,000		252,270
25 Stimulation	-	241,575		241,575
26 Stimulation Flowback & Disp	-	89,000		89,000
28 Mud / Wastewater Disposal	138,945	38,000		176,945
30 Rig Supervision / Engineering	49,398	71,700	9,800	130,898
32 Drlg & Completion Overhead	4,500	-		4,500
35 Labor	103,986	35,000	20,000	158,986
54 Proppant		282,500		282,500
95 Insurance	6,790			6,790
97 Contingency	-	7,247	8,850	16,097
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	1,939,756	1,704,255	112,350	3,730,361

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	$ 21,818	$	$	$ 21,818
61 Intermediate Casing	126,995			126,995
62 Drilling Liner	-			-
63 Production Casing	319,991			319,991
64 Production Liner	-			-
65 Tubing	-		55,000	55,000
66 Wellhead	46,640		59,100	105,740
67 Packers, Liner Hangers	10,600	-	4,500	15,100
68 Tanks	-			-
69 Production Vessels	-		84,000	84,000
70 Flow Lines	-		24,800	24,800
71 Rod string	-			-
72 Artificial Lift Equipment	-		88,000	88,000
73 Compressor	-			-
74 Installation Costs	-		34,000	34,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-			-
77 Measurement & Meter Installation	-		12,500	12,500
78 Gas Conditioning / Dehydration				-
79 Interconnecting Facility Piping			15,400	15,400
80 Gathering / Bulk Lines				-
81 Valves, Dumps, Controllers			40,000	40,000
82 Tank / Facility Containment				-
83 Flare Stack				-
84 Electrical / Grounding			90,900	90,900
85 Communications / SCADA			15,000	15,000
86 Instrumentation / Safety				-
TOTAL TANGIBLES >	526,044	0	528,200	1,054,244
TOTAL COSTS >	2,465,800	1,704,255	640,550	4,784,605

PREPARED BY Colgate Energy:

Drilling Engineer:	SS/RM/PS
Completions Engineer:	BA/ML
Production Engineer:	Levi Harris

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	RG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name: Chevron USA & Chevron Midcontinent LP Working Interest (%): _____ Tax ID: _____

Signed by: Evan Perlitz Date: 3 Nov 2022

Title: Reservoir Engineer Approval: ☑ Yes ☐ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, curative, regulatory, bonding-up and well cost under the terms of the applicable joint operating agreement, regulatory order or other agreement governing this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

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ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	2/4/2022	AFE NO.:	
WELL NAME:	Uluru 35 Fed State Com 131H	FIELD:	Winchester; BONE SPRING
LOCATION:	Sections 35 & 36, T19S-R28E	MD/TVD:	18947' MD / 8662' TVD
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000
Colgate WI:		DRILLING DAYS:	20.2
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	18.6

REMARKS: Drill a horizontal 3rd BS well and complete. AFE includes drilling, completions, flowback and Initial AL install cost

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	$ 42,500	$	$	$ 42,500
2 Location, Surveys & Damages	207,601	13,000	25,000	245,601
4 Freight / Transportation	34,270	30,250		64,520
5 Rental - Surface Equipment	89,457	153,700	13,700	256,857
6 Rental - Downhole Equipment	147,810	26,250		174,060
7 Rental - Living Quarters	35,644	43,450		79,094
10 Directional Drilling, Surveys	314,709			314,709
11 Drilling	566,364			566,364
12 Drill Bits	72,080			72,080
13 Fuel & Power	142,742	290,000		432,742
14 Cementing & Float Equip	149,460			149,460
15 Completion Unit, Swab, CTU			20,000	
16 Perforating, Wireline, Slickline	-	282,875	9,000	291,875
17 High Pressure Pump Truck	-	46,000		46,000
18 Completion Unit, Swab, CTU	-	73,950		73,950
20 Mud Circulation System	77,302			77,302
21 Mud Logging	13,417			13,417
22 Logging / Formation Evaluation	6,912	6,000		12,912
23 Mud & Chemicals	259,987	305,488		565,475
24 Water	31,270	469,400		500,670
25 Stimulation	-	543,543		543,543
26 Stimulation Flowback & Disp	-	102,125		102,125
28 Mud / Wastewater Disposal	138,945	44,000		182,945
30 Rig Supervision / Engineering	89,758	102,075	9,800	201,633
32 Drlg & Completion Overhead	7,875	-		7,875
35 Labor	103,986	50,000	20,000	173,986
54 Proppant		633,625		633,625
95 Insurance	10,042			10,042
97 Contingency	-	16,306	8,850	25,156
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	2,544,131	3,236,037	112,350	5,874,468

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	$ 21,818	$	$	$ 21,818
61 Intermediate Casing	126,995			126,995
62 Drilling Liner	-			-
63 Production Casing	470,863			470,863
64 Production Liner	-			-
65 Tubing	-		55,000	55,000
66 Wellhead	46,640		59,100	105,740
67 Packers, Liner Hangers	10,600	-	4,500	15,100
68 Tanks	-			-
69 Production Vessels	-		84,000	84,000
70 Flow Lines	-		24,800	24,800
71 Rod string	-			-
72 Artificial Lift Equipment	-		88,000	88,000
73 Compressor	-			-
74 Installation Costs	-		34,000	34,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-			-
77 Measurement & Meter Installation	-		12,500	12,500
78 Gas Conditioning / Dehydration				-
79 Interconnecting Facility Piping			15,400	15,400
80 Gathering / Bulk Lines				-
81 Valves, Dumps, Controllers			40,000	40,000
82 Tank / Facility Containment				-
83 Flare Stack				-
84 Electrical / Grounding			90,900	90,900
85 Communications / SCADA			15,000	15,000
86 Instrumentation / Safety				-
TOTAL TANGIBLES >	676,916	0	528,200	1,205,116
TOTAL COSTS >	3,221,047	3,236,037	640,550	7,080,076

PREPARED BY Colgate Energy:

Drilling Engineer:	SS/RM/PS
Completions Engineer:	BA/ML
Production Engineer:	Levi Harris

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name: Chevron USA & Chevron Midcontinent LP Working Interest (%): _____ Tax ID: _____

Signed by: Evan Perlitz Date: 3 Nov 2022

Title: Reservoir Engineer Approval: ☑ Yes ☐ No (mark one)

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15 Completion Unit, Swab, CTU			26,000	
16 Perforating, Wireline, Slickline	-	282,875	9,000	291,875
17 High Pressure Pump Truck	-	46,000		46,000
18 Completion Unit, Swab, CTU	-	75,950		75,950
20 Mud Circulation System	77,302			77,302
21 Mud Logging	15,417			15,417
22 Logging / Formation Evaluation	6,912	6,000		12,912
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TOTAL INTANGIBLES >	2,544,131	3,236,037	112,350	5,874,468

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
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61 Intermediate Casing	126,995			126,995
62 Drilling Liner	-			-
63 Production Casing	470,863			470,863
64 Production Liner	-			-
65 Tubing	-		55,000	55,000
66 Wellhead	46,640		59,100	105,740
67 Packers, Liner Hangers	10,600	-	4,500	15,100
68 Tanks	-			-
69 Production Vessels	-		84,000	84,000
70 Flow Lines	-		24,800	24,800
71 Rod string	-			-
72 Artificial Lift Equipment	-		88,000	88,000
73 Compressor	-			-
74 Installation Costs	-		34,000	34,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-			-
77 Measurement & Meter Installation	-		12,500	12,500
78 Gas Conditioning / Dehydration				-
79 Interconnecting Facility Piping			15,400	15,400
80 Gathering / Bulk Lines				-
81 Valves, Dumps, Controllers			40,000	40,000
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TOTAL COSTS >	3,221,047	3,236,037	640,550	7,080,076

PREPARED BY Colgate Energy:

Drilling Engineer:	SS/RM/PS
Completions Engineer:	BA/ML
Production Engineer:	Levi Harris

Colgate Energy APPROVAL:

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NON OPERATING PARTNER APPROVAL:

Company Name: Chevron USA & Chevron Midcontinent LP Working Interest (%): _____ Tax ID: _____

Signed by: Evan Perlitz Date: 3 Nov 2022

Title: Reservoir Engineer Approval: ☑ Yes ☐ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installations approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, corrective, regulatory, bankruptcy and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be governed by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COLGATE OPERATING, LLC

CASE NO. 22689
ORDER NO. R-22219

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 19, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Colgate Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Date: 8/29/2022

ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case No.:	**22689**
Hearing Date:	**5/19/2022**
Applicant	Colgate Operating, LLC
Designated Operator & OGRID	371449
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Uluru
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Winchester; Bone Spring (65010)
Well Location Setback Rules	Statewide
Spacing Unit Size	160-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acre
Building Blocks	quarter-quarter
Orientation	Laydown
Description: TRS/County	N/2N/2 of Section 35, Township 19 South, Range 28 East, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	To address other development in the Bone Spring formation, Applicant seeks to pool all uncommitted interests within each Unit from the top of the Bone Spring formation at a stratigraphic equivalent of approximately 4,320' MD to approximately 7,673' MD as observed on the Dero Federal #3 well log (API 3001530399).
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Uluru 35 Fed State Com 121H (API # pending) SHL: 571' FNL, 330' FWL (Unit D) of Section 35, T19S-R28E BHL: 330' FNL & 10' FEL (Unit A) of Section 35, T19S-R28E Completion Target: Bone Spring (Approximately 7524' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month $	8,000
Production Supervision/Month $	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1

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Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits D-2, D-4
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D-5
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-6
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-3, B-4
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-6
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	5/17/2022

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COLGATE OPERATING, LLC

CASE NO. 22690
ORDER NO. R-22220

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 19, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Colgate Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Date: 8/29/2022

ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case No.:	**22690**
Hearing Date:	**5/19/2022**
Applicant	Colgate Operating, LLC
Designated Operator & OGRID	371449
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Uluru
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Winchester; Bone Spring (65010)
Well Location Setback Rules	Statewide
Spacing Unit Size	160-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acre
Building Blocks	quarter-quarter
Orientation	Laydown
Description: TRS/County	S/2N/2 of Section 35, Township 19 South, Range 28 East, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	To address other development in the Bone Spring formation, Applicant seeks to pool all uncommitted interests within each Unit from the top of the Bone Spring formation at a stratigraphic equivalent of approximately 4,320' MD to approximately 7,673' MD as observed on the Dero Federal #3 well log (API 3001530399).
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Uluru 35 Fed State Com 122H (API # pending) SHL: 595' FNL, 330' FWL (Unit D) of Section 35, T19S-R28E BHL: 1889' FNL & 10' FEL (Unit H) of Section 35, T19S-R28E Completion Target: Bone Spring (Approximately 7524' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month $	8,000
Production Supervision/Month $	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1

Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits D-2, D-4
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D-5
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibi C
Spacing Unit Schematic	Exhibit C-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-6
Well Orientation (with rationale)	Exhibi C
Target Formation	Exhibi C
HSU Cross Section	Exhibit C-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-1
Structure Contour Map - Subsea Depth	Exhibit C-3
Cross Section Location Map (including wells)	Exhibit C-2
Cross Section (including Landing Zone)	Exhibit C-5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	5/17/2022

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COLGATE OPERATING, LLC

CASE NO. 22693
ORDER NO. R-22228

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on June 2, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Colgte Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Date: 8/29/2022

ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case No.:	**22693**
Hearing Date:	**6/2/2022**
Applicant	Colgate Operating, LLC
Designated Operator & OGRID	371449
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Colgate Operating, LLC for Compulsory Pooling and Overlapping Spacing Unit, Eddy County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Uluru
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Winchester; Bone Spring (65010)
Well Location Setback Rules	Statewide
Spacing Unit Size	320-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acre
Building Blocks	quarter-quarter
Orientation	Laydown
Description: TRS/County	N/2N/2 of Sections 35 and 36, Township 19 South, Range 28 East, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	The Unit will partially overlap with the spacing unit for the Winchester 36 AD State 1H well (API No. 30-015-41354) which is dedicated to the N/2N/2 of Section 36 in the Second Bone Spring interval of the Bone Spring formation. Accordingly, Applicant seeks to pool all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation from a depth of approximately 7,763' MD to the base of the Bone Spring formation at a stratigraphic equivalent of approximately 8,822' MD as observed on the Dero Federal #3 well log (API 3001530399).
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Uluru 35 Fed State Com 131H (API # pending) SHL: 2522' FNL, 340' FEL (Unit H) of Section 34, T19S-R28E BHL: 990' FNL & 10' FEL (Unit A) of Section 36, T19S-R28E Completion Target: Bone Spring (Approximately 8662' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month $	8,000
Production Supervision/Month $	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%

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Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits D-1, D-2, D-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D-4
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	Exhibit A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-6
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-4, B-5
Depth Severance Discussion	Exhibit A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-4, B-5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	5/27/2022

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COLGATE OPERATING, LLC

CASE NO. 22694
ORDER NO. R-22229

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on June 2, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Colgte Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Date: 8/29/2022

ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case No.:	**22694**
Hearing Date:	**6/2/2022**
Applicant	Colgate Operating, LLC
Designated Operator & OGRID	371449
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Colgate Operating, LLC for Compulsory Pooling and Overlapping Spacing Unit, Eddy County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Uluru
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Winchester; Bone Spring (65010)
Well Location Setback Rules	Statewide
Spacing Unit Size	320-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acre
Building Blocks	quarter-quarter
Orientation	Laydown
Description: TRS/County	S/2N/2 of Sections 35 and 36, Township 19 South, Range 28 East, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	The Unit will partially overlap with the spacing unit for the Winchester 36 HE State 1H well (API No. 30-015-41747) which is dedicated to the S/2N/2 of Section 36 in the Second Bone Spring interval of the Bone Spring formation. Accordingly, Applicant seeks to pool all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation from a depth of approximately 7,763' MD to the base of the Bone Spring formation at a stratigraphic equivalent of approximately 8,822' MD as observed on the Dero Federal #3 well log (API 3001530399).
Proximity Tracts: If yes, description	No
Proximity Defining Well: If yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Uluru 35 Fed State Com 132H (API # pending) SHL: 2547' FNL, 340' FEL (Unit H) of Section 34, T19S-R28E BHL: 2310' FNL & 10' FEL (Unit H) of Section 36, T19S-R28E Completion Target: Bone Spring (Approximately 8662' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month $	8,000
Production Supervision/Month $	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%

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Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits D-1, D-2, D-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D-4
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	Exhibit A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-6
Well Orientation (with rationale)	Exhibit C
Target Formation	Exhibit C
HSU Cross Section	Exhibits C-4, C-5
Depth Severance Discussion	Exhibit A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-1
Structure Contour Map - Subsea Depth	Exhibit C-3
Cross Section Location Map (including wells)	Exhibit C-2
Cross Section (including Landing Zone)	Exhibits C-4, C-5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	5/27/2022

ConocoPhillips
COG Operating LLC

Shelley C. Klingler
Staff Land Negotiator
600 W. Illinois Ave
Midland, TX 79701
O: 432-688-9027
F: 432-221-0470
Shelley.c.klingler@conocophillips.com

January 19, 2023

Via Electronic Mail & Certified Mail Return Receipt Requested
No. 9489 0090 0027 6460 5164 77
Chevron U.S.A. Inc.
2222 Louisiana St
Houston, TX 77002
Attn: Kevin Cruz

Re: **Atticus State Com 521H & 522H (Charkey)**
Sections 24, 25 & 36, T25S-R27E
Eddy County, New Mexico

Dear Kevin:

COG Operating, LLC ("COG"), as Operator, previously proposed and now hereby proposes under Compulsory Order Nos. R-22484 and R-22485, respectively, the drilling of the following horizontal wells with productive laterals located in Sections 24, 25 & 36, Township 25 South, Range 27 East, Eddy County, New Mexico (collectively, the "Operation"). Please see details below:

CHARKEY:
The surface pad locations will be located in Units O and M of Section 36, T25S-R27E (subject to change).

- **Atticus State Com 521H**, to be drilled to a depth sufficient to test the Charkey formation at an approximate total vertical depth of 8220'. The surface location for this well is proposed at a legal location in N of Section 36, and a bottom hole location at a legal location in Unit B of Section 24. The dedicated horizontal spacing unit will be the E2W2 and W2E2 of Sections 24, 25, & 36, T25S-R27E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is $14,276,000, as shown on the attached AFE.

- **Atticus State Com 522H**, to be drilled to a depth sufficient to test the Charkey formation at an approximate total vertical depth of 8220'. The surface location for this well is proposed at a legal location in M of Section 36, and a bottom hole location at a legal location in Unit D of Section 24. The dedicated horizontal spacing unit will be the W2W2 of Sections 24, 25, & 36, T25S-R27E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is $14,276,000, as shown on the attached AFE.

As stated, COG has received a compulsory pooling order for the captioned lands, which I have enclosed for your records and review. Your interest in these lands has been pooled under the terms of the Order. Pursuant to the Order, if you wish to participate in the Operation described above, please indicate so in the space provided below, and sign and return the enclosed AFE(s) within thirty days of receipt of this correspondence, along with a check for your proportionate share of the above-proposed well costs payable to COG Operating LLC within 30 days of election. Our records credit you with an estimated 24.270834% working interest (subject to review by a title attorney) in the Unit, which makes your estimated cost to participate as follows:

Working Interest*: 24.270834%		*estimated, subject to review by title attorney
Cost per well:	521H	$3,464,904.26
	522H	$3,464,904.26
Total Cost (521H-522H):		**$6,929,808.52**

These wells have been proposed under the Joint Operating Agreement dated August 2, 2022, previously mailed to you. Please continue to review the JOA and return the executed signature pages to my attention should you choose to participate under said JOA.

Should you have any questions, please do not hesitate to contact me at 432.260.5680 or by email at shelley.c.klingler@conocophillips.com.

Sincerely,

COG Operating LLC

Shelley C. Klingler
Staff Land Negotiator

Please indicate your election below:

WELL NAME	PARTICIPATE Elect to participate in drilling & completion of well	DO NOT PARTICIPATE Elect **NOT** to participate in drilling & completion of well
Atticus State Com 521H	✓	
Atticus State Com 522H	✓	

CHEVRON U.S.A. INC.

By: Merielem Sharry
Name: Merielem Sharry
Title: NOJV Petroleum Engineer
Date: 03/09/2023

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete

Well Name ATTICUS STATE COM 521H
SHL 36-25S-27E: 345 FSL, 2648 FWL OR UNIT N
BHL 24-25S-27E: 50 FNL, 2330 FEL OR UNIT B
Formation
Legal 24, 25, 36, 25S-27E

Prospect ATLAS 2527
State & County NM, EDDY
Objective D&C
Depth
TVD 8,220

Cost Description	Code	PreSpud (PS)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btty Constrctn(TB)	Pmpq Equip (PEQ)	Revision	Total
Intangible Costs									
D-Lctn/Pits/Roads	205			$ 145,000.00				$ -	$ 145,000.00
D-Drilling Overhead	206			$ 11,000.00				$ -	$ 11,000.00
D-Daywork Contract	209			$ 789,000.00				$ -	$ 789,000.00
D-Directional Drlg Services	210			$ 421,000.00				$ -	$ 421,000.00
D-Fuel & Power	211			$ 136,000.00				$ -	$ 136,000.00
D-Water	212			$ 115,000.00				$ -	$ 115,000.00
D-Bits	213			$ 145,000.00				$ -	$ 145,000.00
D-Mud & Chemicals	214			$ 297,000.00				$ -	$ 297,000.00
D-Cement Surface	217			$ 29,000.00				$ -	$ 29,000.00
D-Cement Intermed	218			$ 114,000.00				$ -	$ 114,000.00
D-Prod-2nd Int Cmt	219			$ 168,000.00				$ -	$ 168,000.00
D-Float Equipment & Centralizers	221			$ 92,000.00				$ -	$ 92,000.00
D-Csg Crews & Equip	222			$ 99,000.00				$ -	$ 99,000.00
D-Contract Labor	225			$ 10,000.00				$ -	$ 10,000.00
D-Company Sprvsn	226			$ 66,000.00				$ -	$ 66,000.00
D-Contract Sprvsn	227			$ 165,000.00				$ -	$ 165,000.00
D-Tstg Csg/Tbg	228			$ 61,000.00				$ -	$ 61,000.00
D-Mud Logging Unit	229			$ 61,000.00				$ -	$ 61,000.00
D-Rentals-Surface	235			$ 256,000.00				$ -	$ 256,000.00
D-Rentals-Subsrfc	236			$ 119,000.00				$ -	$ 119,000.00
D-Trucking/Forklift/Rig Mob	237			$ 244,000.00				$ -	$ 244,000.00
D-Welding Services	238			$ 5,000.00				$ -	$ 5,000.00
D-Contingency	243			$ 92,000.00				$ -	$ 92,000.00
D-Envrnmtl/Clsd Loop	244			$ 403,000.00				$ -	$ 403,000.00
C-Wellbore Frac Prep	304				$ 212,000.00			$ -	$ 212,000.00
C-Lctn/Pits/Roads	305				$ 22,000.00			$ -	$ 22,000.00
C-Completion OH	306				$ 33,000.00			$ -	$ 33,000.00
C-Frac Equipment	307				$ 1,448,000.00			$ -	$ 1,448,000.00
C-Frac Chemicals	308				$ 918,000.00			$ -	$ 918,000.00
C-Frac Proppant	309				$ 416,000.00			$ -	$ 416,000.00
C-Frac Proppant Transportation	310				$ 647,000.00			$ -	$ 647,000.00
C-Fuel Delivery & Services	311				$ 93,000.00			$ -	$ 93,000.00
C-Water	312				$ 612,000.00			$ -	$ 612,000.00
C-Frac Surface Rentals	315				$ 577,000.00			$ -	$ 577,000.00
C-Contract Labor	325				$ 22,000.00			$ -	$ 22,000.00
C-Company Sprvsn	326				$ 22,000.00			$ -	$ 22,000.00
C-Contract Sprvsn	327				$ 308,000.00			$ -	$ 308,000.00
C-Artificial Lift Install	329				$ 99,000.00			$ -	$ 99,000.00
C-Perf/Wireline Svc	331				$ 711,000.00			$ -	$ 711,000.00
C-Trucking/Forklift/Rig Mob	337				$ 22,000.00			$ -	$ 22,000.00
C-Water Disposal	339				$ 88,000.00			$ -	$ 88,000.00
C-Contingency	343				$ 165,000.00			$ -	$ 165,000.00
C-Dyed Diesel	345				$ 346,000.00			$ -	$ 346,000.00
C-Drillout	346				$ 660,000.00			$ -	$ 660,000.00
TB-Damages/Right of Way	351					$ 2,000.00		$ -	$ 2,000.00
TB-Location/Pits/Roads	353					$ 45,000.00		$ -	$ 45,000.00
TB-Contract Labor	356					$ 244,000.00		$ -	$ 244,000.00
PEQ-Contract Labor	374						$ 18,000.00	$ -	$ 18,000.00
PEQ-Water Disposal	387						$ 81,000.00	$ -	$ 81,000.00
PEQ-HRZ Well Offset Frac	391						$ 9,000.00	$ -	$ 9,000.00
Total Intangible Costs		**$ -**	**$ -**	**$ 4,043,000.00**	**$ 7,421,000.00**	**$ 291,000.00**	**$ 108,000.00**	**$ -**	**$ 11,863,000.00**
Tangible Costs									
PEQ-Flowback Crews & Equip	392						$ 49,000.00	$ -	$ 49,000.00
D-Surface Casing	401			$ 32,000.00				$ -	$ 32,000.00
D-Intermed Csg	402			$ 253,000.00				$ -	$ 253,000.00
D-Production Casing/Liner	403			$ 628,000.00				$ -	$ 628,000.00
D-Wellhead Equip	405			$ 115,000.00				$ -	$ 115,000.00
C-Tubing	504				$ 115,000.00			$ -	$ 115,000.00
C-Wellhead Equip	505				$ 62,000.00			$ -	$ 62,000.00
TB-Tanks	510					$ 78,000.00		$ -	$ 78,000.00
TB-Flowlines/Pipelines	511					$ 35,000.00		$ -	$ 35,000.00
TB-Htr Trtr/Septr	512					$ 251,000.00		$ -	$ 251,000.00
TB-Electrical System/Equipment	513					$ 154,000.00		$ -	$ 154,000.00
C-Pckrs/Anchors/Hgrs	514				$ 143,000.00			$ -	$ 143,000.00
TB-Couplings/Fittings/Valves	515					$ 261,000.00		$ -	$ 261,000.00
TB-Pumps-Surface	521					$ 35,000.00		$ -	$ 35,000.00
TB-Instrumentation/SCADA/POC	522					$ 26,000.00		$ -	$ 26,000.00
TB-Miscellaneous	523					$ 26,000.00		$ -	$ 26,000.00
TB-Meters/Lacts	525					$ 35,000.00		$ -	$ 35,000.00
TB-Flares/Combusters/Emission	526					$ 42,000.00		$ -	$ 42,000.00
C-Gas Lift/Compression	527				$ 55,000.00			$ -	$ 55,000.00
PEQ-Wellhead Equipment	531						$ 18,000.00	$ -	$ 18,000.00
Total Tangible Costs		**$ -**	**$ -**	**$ 1,028,000.00**	**$ 375,000.00**	**$ 943,000.00**	**$ 67,000.00**	**$ -**	**$ 2,413,000.00**
Total Gross Cost		**$ -**	**$ -**	**$ 5,071,000.00**	**$ 7,796,000.00**	**$ 1,234,000.00**	**$ 175,000.00**	**$ -**	**$ 14,276,000.00**

Note: *The above costs are estimates only. Actual costs will be billed as incurred.*

COG Operating LLC

By: _____

Date Prepared: 7/19/22

We approve:
% Working Interest

COG Operating LLC

By: _____

Company: Chevron U.S.A.

By: Marialem Sharry

Printed Name: Marialem Sharry

Title: NOJV Petroleum Engineer

Date: 03/09/2023

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This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete

Well Name ATTICUS STATE COM 522H
SHL 36-25S-27E: 330 FSL, 747 FWL OR UNIT M
BHL 24-25S-27E: 50 FNL, 660 FWL OR UNIT D
Formation
Legal 24, 25, 36, 25S-27E

Prospect ATLAS 2527
State & County NM, EDDY
Objective D&C
Depth
TVD 8,220

Cost Description	Code	PreSpud (PS)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btty Constrctn(TB)	Pmpq Equip (PEQ)	Revision	Total
Intangible Costs									
D-Lctn/Pits/Roads	205			$ 145,000.00				$ -	$ 145,000.00
D-Drilling Overhead	206			$ 11,000.00				$ -	$ 11,000.00
D-Daywork Contract	209			$ 789,000.00				$ -	$ 789,000.00
D-Directional Drlg Services	210			$ 421,000.00				$ -	$ 421,000.00
D-Fuel & Power	211			$ 136,000.00				$ -	$ 136,000.00
D-Water	212			$ 115,000.00				$ -	$ 115,000.00
D-Bits	213			$ 145,000.00				$ -	$ 145,000.00
D-Mud & Chemicals	214			$ 297,000.00				$ -	$ 297,000.00
D-Cement Surface	217			$ 29,000.00				$ -	$ 29,000.00
D-Cement Intermed	218			$ 114,000.00				$ -	$ 114,000.00
D-Prod-2nd Int Cmt	219			$ 168,000.00				$ -	$ 168,000.00
D-Float Equipment & Centralizers	221			$ 92,000.00				$ -	$ 92,000.00
D-Csg Crews & Equip	222			$ 99,000.00				$ -	$ 99,000.00
D-Contract Labor	225			$ 10,000.00				$ -	$ 10,000.00
D-Company Sprvsn	226			$ 66,000.00				$ -	$ 66,000.00
D-Contract Sprvsn	227			$ 165,000.00				$ -	$ 165,000.00
D-Tstg Csg/Tbg	228			$ 61,000.00				$ -	$ 61,000.00
D-Mud Logging Unit	229			$ 61,000.00				$ -	$ 61,000.00
D-Rentals-Surface	235			$ 256,000.00				$ -	$ 256,000.00
D-Rentals-Subsrfc	236			$ 119,000.00				$ -	$ 119,000.00
D-Trucking/Forklift/Rig Mob	237			$ 244,000.00				$ -	$ 244,000.00
D-Welding Services	238			$ 5,000.00				$ -	$ 5,000.00
D-Contingency	243			$ 92,000.00				$ -	$ 92,000.00
D-Envrnmtl/Clsd Loop	244			$ 403,000.00				$ -	$ 403,000.00
C-Wellbore Frac Prep	304				$ 212,000.00			$ -	$ 212,000.00
C-Lctn/Pits/Roads	305				$ 22,000.00			$ -	$ 22,000.00
C-Completion OH	306				$ 33,000.00			$ -	$ 33,000.00
C-Frac Equipment	307				$ 1,448,000.00			$ -	$ 1,448,000.00
C-Frac Chemicals	308				$ 918,000.00			$ -	$ 918,000.00
C-Frac Proppant	309				$ 416,000.00			$ -	$ 416,000.00
C-Frac Proppant Transportation	310				$ 647,000.00			$ -	$ 647,000.00
C-Fuel Delivery & Services	311				$ 93,000.00			$ -	$ 93,000.00
C-Water	312				$ 612,000.00			$ -	$ 612,000.00
C-Frac Surface Rentals	315				$ 577,000.00			$ -	$ 577,000.00
C-Contract Labor	325				$ 22,000.00			$ -	$ 22,000.00
C-Company Sprvsn	326				$ 22,000.00			$ -	$ 22,000.00
C-Contract Sprvsn	327				$ 308,000.00			$ -	$ 308,000.00
C-Artificial Lift Install	329				$ 99,000.00			$ -	$ 99,000.00
C-Perf/Wireline Svc	331				$ 711,000.00			$ -	$ 711,000.00
C-Trucking/Forklift/Rig Mob	337				$ 22,000.00			$ -	$ 22,000.00
C-Water Disposal	339				$ 88,000.00			$ -	$ 88,000.00
C-Contingency	343				$ 165,000.00			$ -	$ 165,000.00
C-Dyed Diesel	345				$ 346,000.00			$ -	$ 346,000.00
C-Drillout	346				$ 660,000.00			$ -	$ 660,000.00
TB-Damages/Right of Way	351					$ 2,000.00		$ -	$ 2,000.00
TB-Location/Pits/Roads	353					$ 45,000.00		$ -	$ 45,000.00
TB-Contract Labor	356					$ 244,000.00		$ -	$ 244,000.00
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PEQ-Water Disposal	387						$ 81,000.00	$ -	$ 81,000.00
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Total Intangible Costs		**$ -**	**$ -**	**$ 4,043,000.00**	**$ 7,421,000.00**	**$ 291,000.00**	**$ 108,000.00**	**$ -**	**$ 11,863,000.00**
Tangible Costs									
PEQ-Flowback Crews & Equip	392						$ 49,000.00	$ -	$ 49,000.00
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TB-Flowlines/Pipelines	511					$ 35,000.00		$ -	$ 35,000.00
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Total Gross Cost		**$ -**	**$ -**	**$ 5,071,000.00**	**$ 7,796,000.00**	**$ 1,234,000.00**	**$ 175,000.00**	**$ -**	**$ 14,276,000.00**

Note: *The above costs are estimates only. Actual costs will be billed as incurred.*

COG Operating LLC

By: _____

Date Prepared: 7/19/22

COG Operating LLC

By: _____

We approve:
% Working Interest

Company: Chevron U.S.A

By: Marielem Sharry

Printed Name: Marielem Sharry

Title: NOJV Petroleum Engineer

Date: 03/09/2023

Released to Imaging: 5/7/2026 12:00:26 PM

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COG OPERATING LLC

CASE NO. 23050
ORDER NO. R-22484

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on October 20, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Date: 1/12/23

DYLAN M FUGE
DIRECTOR (ACTING)
DMF/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23050	APPLICANT'S RESPONSE
Date	October 20, 2022
Applicant	COG Operating LLC
Designated Operator & OGRID (affiliation if applicable)	229137
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Atticus wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Delaware River; Bone Spring (16800) & Hay Hollow; Bone Spring, North (30216)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	960-acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	960-acres
Building Blocks:	40-acres
Orientation:	South-North
Description: TRS/County	E/2 W/2, W/2 E/2 of Sections 24, 25 and 36, Township 25 South, Range 27 East, NMPM, in Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes
Proximity Defining Well: if yes, description	The completed interval of the Atticus State Com 521H well is expected to remain with 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.
Applicant's Ownership in Each Tract	See Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Atticus State Com 521H (30-015-49982) SHL: 345' FSL & 2648' FWL (Unit N) of Section 36 BHL: 50' FNL & 2330' FEL (Unit B) of Section 24 Completion Target: Bone Spring formation Well Orientation: South to North Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Completion Target (Formation, TVD and MD)	Exhibit A-4

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AFE Capex and Operating Costs	
Drilling Supervision/Month $	**$8,000**
Production Supervision/Month $	**$800**
Justification for Supervision Costs	**Exhibit A**
Requested Risk Charge	**200%**
Notice of Hearing	
Proposed Notice of Hearing	**See Application**
Proof of Mailed Notice of Hearing (20 days before hearing)	**Exhibit C**
Proof of Published Notice of Hearing (10 days before hearing)	**N/A**
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	**Exhibit A-3**
Tract List (including lease numbers and owners)	**Exhibit A-3**
Pooled Parties (including ownership type)	**Exhibit A-3**
Unlocatable Parties to be Pooled	**N/A**
Ownership Depth Severance (including percentage above & below)	**N/A**
Joinder	
Sample Copy of Proposal Letter	**Exhibit A-4**
List of Interest Owners (ie Exhibit A of JOA)	**Exhibit A-3**
Chronology of Contact with Non-Joined Working Interests	**Exhibit A-5**
Overhead Rates In Proposal Letter	**Exhibit A-4**
Cost Estimate to Drill and Complete	**Exhibit A-4**
Cost Estimate to Equip Well	**Exhibit A-4**
Cost Estimate for Production Facilities	**Exhibit A-4**
Geology	
Summary (including special considerations)	**Exhibit B**
Spacing Unit Schematic	**Exhibit B-1**
Gunbarrel/Lateral Trajectory Schematic	**N/A**
Well Orientation (with rationale)	**Exhibit B**
Target Formation	**Exhibit B; B-4**
HSU Cross Section	**Exhibit B-4**
Depth Severance Discussion	**N/A**
Forms, Figures and Tables	
A-102	**Exhibit A-1**
Tracts	**Exhibit A-3**
Summary of Interests, Unit Recapitulation (Tracts)	**Exhibit A-3**
General Location Map (including basin)	**Exhibit B-1**
Well Bore Location Map	**Exhibit B-1**
Structure Contour Map - Subsea Depth	**Exhibit B-2**
Cross Section Location Map (including wells)	**Exhibit B-3**

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Cross Section (including Landing Zone)	**Exhibit B-4**
Additional Information	
Special Provisions/Stipulations	**N/A**
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	**Paula M. Vance**
Signed Name (Attorney or Party Representative):	
Date:	**18-Oct-22**

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COG OPERATING LLC

CASE NO. 23051
ORDER NO. R-22485

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on October 20, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Date: 1/12/23

DYLAN M FUGE
DIRECTOR (ACTING)
DMF/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23051	APPLICANT'S RESPONSE
Date	October 20, 2022
Applicant	COG Operating LLC
Designated Operator & OGRID (affiliation if applicable)	229137
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Atticus wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Delaware River; Bone Spring (16800) & Hay Hollow; Bone Spring North (30216)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	480-acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480-acres
Building Blocks:	40-acres
Orientation:	South-North
Description: TRS/County	W/2 W/2 of Sections 24, 25 and 36, Township 25 South, Range 27 East, NMPM, in Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Atticus State Com 522H (30-015-44983) SHL: 330' FSL & 747' FWL (Unit M) of Section 36 BHL: 50' FNL & 660' FWL (Unit D) of Section 24 Completion Target: Bone Spring formation Well Orientation: South to North Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	

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Drilling Supervision/Month $	**$8,000**
Production Supervision/Month $	**$800**
Justification for Supervision Costs	**Exhibit A**
Requested Risk Charge	**200%**
Notice of Hearing	
Proposed Notice of Hearing	**See Application**
Proof of Mailed Notice of Hearing (20 days before hearing)	**Exhibit C**
Proof of Published Notice of Hearing (10 days before hearing)	**N/A**
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	**Exhibit A-3**
Tract List (including lease numbers and owners)	**Exhibit A-3**
Pooled Parties (including ownership type)	**Exhibit A-3**
Unlocatable Parties to be Pooled	**N/A**
Ownership Depth Severance (including percentage above & below)	**N/A**
Joinder	
Sample Copy of Proposal Letter	**Exhibit A-4**
List of Interest Owners (ie Exhibit A of JOA)	**Exhibit A-3**
Chronology of Contact with Non-Joined Working Interests	**Exhibit A-5**
Overhead Rates In Proposal Letter	**Exhibit A-4**
Cost Estimate to Drill and Complete	**Exhibit A-4**
Cost Estimate to Equip Well	**Exhibit A-4**
Cost Estimate for Production Facilities	**Exhibit A-4**
Geology	
Summary (including special considerations)	**Exhibit B**
Spacing Unit Schematic	**Exhibit B-1**
Gunbarrel/Lateral Trajectory Schematic	**N/A**
Well Orientation (with rationale)	**Exhibit B**
Target Formation	**Exhibit B; B-4**
HSU Cross Section	**Exhibit B-4**
Depth Severance Discussion	**N/A**
Forms, Figures and Tables	
A-102	**Exhibit A-1**
Tracts	**Exhibit A-3**
Summary of Interests, Unit Recapitulation (Tracts)	**Exhibit A-3**
General Location Map (including basin)	**Exhibit B-1**
Well Bore Location Map	**Exhibit B-1**
Structure Contour Map - Subsea Depth	**Exhibit B-2**
Cross Section Location Map (including wells)	**Exhibit B-3**
Cross Section (including Landing Zone)	**Exhibit B-4**
Additional Information	

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Special Provisions/Stipulations	**N/A**
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	**Paula M. Vance**
Signed Name (Attorney or Party Representative):	
Date:	**18-Oct-22**

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MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5474
addison.costley@matadorresources.com

Addison Costley
Landman

August 12, 2024

VIA CERTIFIED RETURN RECEIPT MAIL

Chevron USA, Inc.
6301 Deauville Blvd
Midland, TX 79706

Re: Monika 133H and 203H wells (the "Wells")
Participation Proposal
E2 of Sections 11, 14, Township 17 South, Range 37 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of the following Matador Production Company's Monika 133H & Monika 203H wells, located in the E2 of Sections 11 and 14, Township 17 South, Range 37 East, Lea County, New Mexico.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the two (2) enclosed Authority for Expenditure ("AFE") dated August 8, 2024.

- **Monika 133H:** to be drilled from a legal location with a proposed surface hole location located in the SW/4SE/4 of Section 14-17S-37E, a proposed first take point located at 2,310' FEL and 100' FSL of Section 14-17S-37E, and a proposed last take point located at 2,310' FEL and 100' FNL of Section 11-17S-37E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,500'TVD) to a Measured Depth of approximately 19,664'.

- **Monika 203H:** to be drilled from a legal location with a proposed surface hole location located in the SW/4SE/4 of Section 14-17S-37E, a proposed first take point located at 1,270' FEL and 100' FSL of Section 14-17S-37E, and a proposed last take point located at 1,270' FEL and 100' FNL of Section 11-17S-37E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~9,900'TVD) to a Measured Depth of approximately 20,064'.

MRC requests that you indicate your election to participate in the drilling and completion of the Well in the space provided below, sign and return one (1) copy of this letter to the undersigned.

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement, attached hereto, covering the E2 of Sections 11 and 14, Township 17 South, Range 37 East, Lea County, New Mexico, and has the following general provisions:

- 100/300/300 Non-consenting penalty
- $10,000/$1,000 Drilling and Producing rate
- Matador Production Company named as Operator

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

MRC PERMIAN COMPANY

Addison Costley

Addison Costley

Chevron USA, Inc. hereby elects to:

_____Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Monika 133H.**
_____Not to participate in the **Monika 133H.**

_____Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Monika 203H.**
_____Not to participate in the **Monika 203H.**

Chevron USA, Inc.

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/8/2024	AFE NO.:	0
WELL NAME:	Monika State Com #133H	FIELD:	0
LOCATION:	Sections 11&14-17S-37E	MD/TVD:	19664'/9500'
COUNTY/STATE:	Lea	LATERAL LENGTH:	about 10,000'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill and complete a 2-mile horizontal Wolfcamp well with about 41 frac stages.		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	$ 100,000	$	$	$ 10,000	$ 110,000
Location, Surveys & Damages	264,500	13,000	15,000	100,000	392,500
Drilling	1,142,590				1,142,590
Cementing & Float Equip	338,000				338,000
Logging / Formation Evaluation	-	3,750			3,750
Mud Logging	36,250				36,250
Mud Circulation System	144,650				144,650
Mud & Chemicals	394,350	63,000			457,350
Mud / Wastewater Disposal	156,000	-		1,000	157,000
Freight / Transportation	16,000	42,000		-	58,000
Rig Supervision / Engineering	135,000	100,800	7,500	18,000	261,300
Drill Bits	92,500				92,500
Fuel & Power	162,000	397,643		-	559,643
Water	39,000	993,425		1,000	1,033,425
Drlg & Completion Overhead	12,500	-		-	12,500
Plugging & Abandonment	-				-
Directional Drilling, Surveys	285,548				285,548
Completion Unit, Swab, CTU	-	222,500	25,000		247,500
Perforating, Wireline, Slickline	-	159,618	-		159,618
High Pressure Pump Truck	-	136,600		5,000	141,600
Stimulation	-	2,574,765			2,574,765
Stimulation Flowback & Disp	-	15,500	255,000		270,500
Insurance	15,731				15,731
Labor	174,500	63,500	110,000	-	348,000
Rental - Surface Equipment	123,698	289,290	70,000	10,000	492,988
Rental - Downhole Equipment	243,900	94,500		-	338,400
Rental - Living Quarters	39,350	46,465	-	5,000	90,815
Contingency	197,396	264,159	48,250	7,000	516,805
Operations Center	22,225				22,225
TOTAL INTANGIBLES >	4,135,688	5,480,514	530,750	157,000	10,303,952

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	$ 101,778	$	$	$	$ 101,778
Intermediate Casing	303,831				303,831
Drilling Liner	-				-
Production Casing	579,195				579,195
Production Liner	-				-
Tubing	-		176,400		176,400
Wellhead	96,000		45,000		141,000
Packers, Liner Hangers	-	48,703	5,000		53,703
Tanks	-		-	128,000	128,000
Production Vessels	-		-	202,200	202,200
Flow Lines	-		40,000	40,000	80,000
Rod string	-		-		-
Artificial Lift Equipment	-		320,000		320,000
Compressor	-		-	45,000	45,000
Installation Costs	-		-	154,000	154,000
Surface Pumps	-		-	15,000	15,000
Non-controllable Surface	450		5,000	2,000	7,450
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		16,000	266,000	282,000
Gas Conditioning / Dehydration			-	-	-
Interconnecting Facility Piping			20,000	220,000	240,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			5,000	-	5,000
Tank / Facility Containment			-	40,000	40,000
Flare Stack			-	50,000	50,000
Electrical / Grounding			45,000	185,000	230,000
Communications / SCADA			2,500	25,000	27,500
Instrumentation / Safety			12,500	87,000	99,500
TOTAL TANGIBLES >	1,081,254	48,703	692,400	1,459,200	3,281,557
TOTAL COSTS >	5,216,942	5,529,217	1,223,150	1,616,200	13,585,509

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Patrick Walsh
Completions Engineer: Will Stalton
Production Engineer: Josh Bryant
Team Lead - WTX/NM: FM

MATADOR RESOURCES COMPANY APPROVAL:

EVP: BE
Chief Geologist: NLF
CFO: BW
COO, EVP: CC
EVP, Reservoir: WTE

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____
Signed by: _____ Date: _____
Title: _____ Approval: ____ Yes ____ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering the well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

AFE - Version 3

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/8/2024	AFE NO.:	0
WELL NAME:	Monika State Com #203H	FIELD:	0
LOCATION:	Sections 11&14-17S-37E	MD/TVD:	20064'/9900'
COUNTY/STATE:	Lea	LATERAL LENGTH:	about 10,000'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill and complete a 2-mile horizontal Wolfcamp well with about 41 frac stages.		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	$ 100,000	$ -	$ -	$ 10,000	$ 110,000
Location, Surveys & Damages	264,500	13,000	15,000	100,000	392,500
Drilling	1,142,590	-	-	-	1,142,590
Cementing & Float Equip	338,000	-	-	-	338,000
Logging / Formation Evaluation	-	3,750	-	-	3,750
Mud Logging	36,250	-	-	-	36,250
Mud Circulation System	144,650	-	-	-	144,650
Mud & Chemicals	394,350	63,000	-	-	457,350
Mud / Wastewater Disposal	156,000	-	-	1,000	157,000
Freight / Transportation	16,000	42,000	-	-	58,000
Rig Supervision / Engineering	135,000	100,800	7,500	18,000	261,300
Drill Bits	92,500	-	-	-	92,500
Fuel & Power	162,000	397,643	-	-	559,643
Water	39,000	993,425	-	1,000	1,033,425
Drlg & Completion Overhead	12,500	-	-	-	12,500
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	290,848	-	-	-	290,848
Completion Unit, Swab, CTU	-	222,500	25,000	-	247,500
Perforating, Wireline, Slickline	-	159,618	-	-	159,618
High Pressure Pump Truck	-	136,600	-	5,000	141,600
Stimulation	-	2,574,765	-	-	2,574,765
Stimulation Flowback & Disp	-	15,500	255,000	-	270,500
Insurance	16,051	-	-	-	16,051
Labor	174,500	63,500	110,000	-	348,000
Rental - Surface Equipment	123,698	289,290	70,000	10,000	492,988
Rental - Downhole Equipment	243,900	94,500	-	-	338,400
Rental - Living Quarters	39,350	46,465	-	5,000	90,815
Contingency	197,196	264,159	48,250	7,000	516,605
Operations Center	22,225	-	-	-	22,225
TOTAL INTANGIBLES >	4,141,107	5,480,514	530,750	157,000	10,309,372

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	$ 101,778	$ -	$ -	$ -	$ 101,778
Intermediate Casing	316,557	-	-	-	316,557
Drilling Liner	-	-	-	-	-
Production Casing	590,225	-	-	-	590,225
Production Liner	-	-	-	-	-
Tubing	-	-	180,000	-	180,000
Wellhead	96,000	-	45,000	-	141,000
Packers, Liner Hangers	-	48,703	5,000	-	53,703
Tanks	-	-	-	128,000	128,000
Production Vessels	-	-	-	202,200	202,200
Flow Lines	-	-	40,000	40,000	80,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	320,000	-	320,000
Compressor	-	-	-	45,000	45,000
Installation Costs	-	-	-	154,000	154,000
Surface Pumps	-	-	-	15,000	15,000
Non-controllable Surface	450	-	5,000	2,000	7,450
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	16,000	266,000	282,000
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	20,000	220,000	240,000
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	5,000	-	5,000
Tank / Facility Containment	-	-	-	40,000	40,000
Flare Stack	-	-	-	50,000	50,000
Electrical / Grounding	-	-	45,000	185,000	230,000
Communications / SCADA	-	-	2,500	25,000	27,500
Instrumentation / Safety	-	-	12,500	87,000	99,500
TOTAL TANGIBLES >	1,105,009	48,703	696,000	1,459,200	3,308,912
TOTAL COSTS >	5,246,117	5,529,217	1,226,750	1,616,200	13,618,284

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Patrick Walsh
Completions Engineer: Will Slatton
Production Engineer: Josh Bryant
Team Lead - WTX/NM: ZM FM

MATADOR RESOURCES COMPANY APPROVAL:

EVP: _____ BE
CFO: _____ BW
EVP, Reservoir: _____ WTE
Chief Geologist: _____ NLF
COO, EVP: _____ CC

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____
Signed by: _____ Date: _____
Title: _____ Approval: ____ Yes ____ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item of the total cost of the project. Tubing installation approved under this AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

AFE - Version 3

A.A.P.L. FORM 610-1989

MODEL FORM OPERATING AGREEMENT

Monika

OPERATING AGREEMENT

DATED

August 9, 2024,

OPERATOR Matador Production Company

CONTRACT AREA E/2 of Sections 11 and 14, Township 17 South, Range 37 East, N.M.P.M.

COUNTY OR PARISH OF Lea **STATE OF** New Mexico

COPYRIGHT 1989 - ALL RIGHTS RESERVED AMERICAN ASSOCIATION OF PETROLEUM LANDMEN, 4100 FOSSIL CREEK BLVD., FORT WORTH, TEXAS, 76137-2791, APPROVED FORM.
A.A.P.L. NO. 610 – 1989 REVISED

Received by OCD: 5/7/2026 8:22:37 AM

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A.A.P.L. FORM 610 – MODEL FORM OPERATING AGREEMENT – 1989

OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Matador Production Company, hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators".

WITNESSETH:

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the land identified in Exhibit "A," and the parties hereto have reached an agreement to explore and develop these Leases and/or Oil and Gas Interests for the production of Oil and Gas to the extent and as hereinafter provided,

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "AFE" shall mean an Authority for Expenditure prepared by a party to this agreement for the purpose of estimating the costs to be incurred in conducting an operation hereunder. **An AFE for a Horizontal or Multi-lateral Well shall clearly stipulate that the well being proposed is a Horizontal or Multi-lateral Well and shall include all Completion operations for the proposed Horizontal or Multi-lateral Well.**

B. The term "Completion" or "Complete" shall mean a single operation intended to complete a well as a producer of Oil and Gas in one or more Zones, including, but not limited to, the setting of production casing, perforating, well stimulation and production testing conducted in such operation **and when used in connection with a Horizontal or Multi-lateral Well, shall mean a series of operations within the Lateral(s) intended to complete a well as a producer of Oil and Gas, including but not limited to the setting of production casing, perforating, hydraulic fracturing, well stimulation and production testing**.

C. The term "Contract Area" shall mean all of the lands, Oil and Gas Leases and/or Oil and Gas Interests intended to be developed and operated for Oil and Gas purposes under this agreement. Such lands, Oil and Gas Leases and Oil and Gas Interests are described in Exhibit "A."

D. The term "Deepen" shall mean a single operation whereby a well is drilled to an objective Zone below the deepest Zone in which the well was previously drilled, or below the Deepest Zone proposed in the associated AFE, whichever is the lesser.

E. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

F. The term "Drilling Unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a Drilling Unit is not fixed by any such rule or order, a Drilling Unit shall be the drilling unit as established by the pattern of drilling in the Contract Area unless fixed by express agreement of the Drilling Parties.

G. The term "Drillsite" shall mean the Oil and Gas Lease or Oil and Gas Interest on which a proposed well is to be located. **The term "Drillsite" when used in connection with a Horizontal or Multi-lateral Well shall mean the surface location and the Oil and Gas Leases or Oil and Gas Interests within the spacing unit on which the wellbores, including all Laterals, are located.**

H. The term "Initial Well" shall mean the well required to be drilled by the parties hereto as provided in Article VI.A.

I. The term "Non-Consent Well" shall mean a well in which less than all parties have conducted an operation as provided in Article VI.B.2.

J. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

K. The term "Oil and Gas" shall mean oil, gas, casinghead gas, gas condensate, and/or all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

L. The term "Oil and Gas Interests" or "Interests" shall mean unleased fee and mineral interests in Oil and Gas in tracts of land lying within the Contract Area which are owned by parties to this agreement.

M. The terms "Oil and Gas Lease," "Lease" and "Leasehold" shall mean the oil and gas leases or interests therein covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

N. The term "Plug Back" shall mean a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone. **When used in connection with a Horizontal or Multi-lateral Well, the term "Plug Back" shall mean an operation to test or Complete the well at a stratigraphically shallower geological location in which the operation has been or is being Completed and which is not within an existing Lateral.**

O. The term "Recompletion" or "Recomplete" shall mean an operation whereby a Completion in one Zone is abandoned in order to attempt a Completion in a different Zone within the existing wellbore **and when used in connection with a Horizontal or Multi-lateral well shall mean Completion operations within an existing Lateral that are conducted after the original Completion operations in the Horizontal or a Multi-lateral Well are conducted such as additional gravel packing, hydraulic fracturing or other stimulation and liner/sleeve replacement**.

P. The term "Rework" shall mean an operation conducted in the wellbore of a well after it is Completed to secure, restore, or improve production in a Zone which is currently open to production in the wellbore. Such operations include, but are not limited to, well stimulation operations but exclude any routine repair or maintenance work or drilling, Sidetracking, Deepening, Completing, Recompleting, or Plugging Back of a well.

Q. The term "Sidetrack" shall mean the directional control and intentional deviation of a well from vertical so as to change the bottom hole location unless done to straighten the hole or drill around junk in the hole or to overcome other mechanical difficulties. **When used in connection with a Horizontal or Multi-lateral Well, the term "Sidetrack" shall mean the directional control and intentional deviation of a well outside the existing Lateral(s) so as to change the Zone or the direction of a Lateral as originally proposed, unless done to a straighten the hole or drill around junk in the hole or to overcome other mechanical difficulties.**

R. The term "Zone" shall mean a stratum of earth containing or thought to contain a common accumulation of Oil and Gas separately producible from any other common accumulation of Oil and Gas.

S. The term "Lateral" shall mean that portion of a wellbore that deviates from approximate vertical orientation to approximate horizontal orientation and all wellbore beyond such deviation to Total Measured Depth.

T. The term "Horizontal Well" shall mean a well containing a single Lateral which is drilled, Completed or recompleted in a manner in which the horizontal component of the completion interval (1) extends at least one hundred (100') feet in the objective formation and (2) exceeds the vertical component of the completion interval in the objective formation.

U. The term "Multi-lateral Well" shall mean a well which contains more than one Lateral which is drilled, Completed or Recompleted in a manner in which the horizontal component of the completion interval of each Lateral (1) extends at least one

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hundred (100') feet in the objective formation(s) and (2) exceeds the vertical component of the completion interval in the objective formation(s).

V. The "Total Measured Depth", when used in connection with a Multi-lateral or Horizontal Well, shall mean the distance from the surface of the ground to the terminus of the wellbore, as measured along the wellbore. Each Lateral taken together with common vertical wellbore shall be considered a single wellbore and shall have a corresponding Total Measured Depth. Notwithstanding the foregoing, in the case of a Multi-lateral Well, if the production from each Lateral is to be commingled in the common vertical wellbore then the Laterals and vertical wellbore shall be considered collectively as one wellbore. When the Proposed operation(s) is the drilling of, or operation on, a Horizontal or Multi-Lateral Well, the terms "depth" or "total depth" wherever used in the Agreement shall be deemed to read "Total Measured Depth" insofar as it applies to such well.

W. The term "Vertical Well" shall mean a well drilled, Completed or Recompleted other than a Horizontal or Multi-lateral well.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the word "person" includes natural and artificial persons, the plural includes the singular, and any gender includes the masculine, feminine, and neuter.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

X A. Exhibit "A," shall include the following information:
(1) Description of lands subject to this agreement,
(2) Restrictions, if any, as to depths, formations, or substances,
(3) Parties to agreement with addresses and telephone numbers for notice purposes,
(4) Percentages or fractional interests of parties to this agreement,
(5) Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement,
(6) Burdens on production.

X B. Exhibit "B," Form of Lease.

X C. Exhibit "C," Accounting Procedure.

X D. Exhibit "D," Insurance.

X E. Exhibit "E," Gas Balancing Agreement.

X F. Exhibit "F," Non-Discrimination and Certification of Non-Segregated Facilities.

~~G. Exhibit "G," Tax Partnership.~~

X H. Other: **Memorandum of Operating Agreement, Mortgage and Financing Statement**

If any provision of any exhibit, except Exhibits "E," **and "F,"** ~~and "G,"~~ is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

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ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an Oil and Gas Interest in the Contract Area, that Interest shall be treated for all purposes of this agreement and during the term hereof as if it were covered by the form of Oil and Gas Lease attached hereto as Exhibit "B," and the owner thereof shall be deemed to own both royalty interest in such lease and the interest of the lessee thereunder.

B. Interests of Parties in Costs and Production:

Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and materials acquired in operations ~~on the Contract Area~~ **conducted under this agreement** shall be owned, by the parties as their interests are set forth in Exhibit "A." In the same manner, the parties shall also own all production of Oil and Gas from the Contract Area subject, however, to the payment of royalties and other burdens on production as described hereafter.

Regardless of which party has contributed any Oil and Gas Lease or Oil and Gas Interest on which royalty or other burdens may be payable and except as otherwise expressly provided in this agreement, each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area up to, but not in excess of, **Twenty-Five Percent (25%)** and shall indemnify, defend and hold the other parties free from any liability therefor. Except as otherwise expressly provided in this agreement, if any party has contributed hereto any Lease or Interest which is burdened with any royalty, overriding royalty, production payment or other burden on production in excess of the amounts stipulated above, such party so burdened shall assume and alone bear all such excess obligations and shall indemnify, defend and hold the other parties hereto harmless from any and all claims attributable to such excess burden. However, so long as the Drilling Unit for the productive Zone(s) is identical with the Contract Area, each party shall pay or deliver, or cause to be paid or delivered, all burdens on production from the Contract Area due under the terms of the Oil and Gas Lease(s) which such party has contributed to this agreement, and shall indemnify, defend and hold the other parties free from any liability therefor.

No party shall ever be responsible, on a price basis higher than the price received by such party, to any other party's lessor or royalty owner, and if such other party's lessor or royalty owner should demand and receive settlement on a higher price basis, the party contributing the affected Lease shall bear the additional royalty burden attributable to such higher price.

Nothing contained in this Article III.B. shall be deemed an assignment or cross-assignment of interests covered hereby, and in the event two or more parties contribute to this agreement jointly owned Leases, the parties' undivided interests in said Leaseholds shall be deemed separate leasehold interests for the purposes of this agreement.

C. Subsequently Created Interests:

If any party has contributed hereto a Lease or Interest that is burdened with an assignment of production given as security for the payment of money, or if, after the date of this agreement, any party creates an overriding royalty, production payment, net profits interest, assignment of production or other burden payable out of production attributable to its working interest hereunder, such burden shall be deemed a "Subsequently Created Interest." Further, if any party has contributed hereto a Lease or Interest burdened with an overriding royalty, production payment, net profits interests, or other burden payable out of production created prior to the date of this agreement, and such burden is not shown on Exhibit "A," **and/or is not of record with the Lea County Clerk,** such burden also shall be deemed a Subsequently Created Interest to the extent such burden causes the burdens on such party's Lease or Interest to exceed the amount stipulated in Article III.B. above.

The party whose interest is burdened with the Subsequently Created Interest (the "Burdened Party") shall assume and alone bear, pay and discharge the Subsequently Created Interest and shall indemnify, defend and hold harmless the other parties from and against any liability therefor. Further, if the Burdened Party fails to pay, when due, its share of expenses chargeable hereunder, all provisions of Article VII.B. shall be enforceable against the Subsequently Created Interest in the same manner as they are enforceable against the working interest of the Burdened Party. If the Burdened Party is required under this agreement to assign or relinquish to any other party, or parties, all or a portion of its working interest and/or the production attributable thereto, said other party, or parties, shall receive said assignment and/or production free and clear of said Subsequently Created Interest, and the Burdened Party shall indemnify, defend and hold harmless said other party, or parties, from any and all claims and demands for payment asserted by owners of the Subsequently Created Interest.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the Drillsite of any proposed well prior to commencement of drilling operations and, if ~~a majority in interest of the Drilling Parties so request or~~ Operator so elects, title examination shall be made on the entire Drilling Unit, or maximum anticipated Drilling Unit, of the well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable Leases. Each party contributing Leases and/or Oil and Gas Interests to be included in the Drillsite or Drilling Unit, if appropriate, shall furnish to Operator all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of the title, shall be obtained by Operator. Operator shall cause title to be examined ~~by attorneys on its staff or~~ by outside attorneys. Copies of all title opinions shall be furnished to each Drilling Party. Costs incurred by Operator in procuring abstracts, fees paid outside attorneys **and field landmen** for title examination (including preliminary, supplemental, shut-in royalty opinions and division order title opinions) and other direct charges as provided in Exhibit "C" shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A." Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with Leases or Oil and Gas Interests contributed by such party. Operator shall be responsible for the preparation and recording of pooling designations or declarations and communitization agreements as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders or any other orders necessary or appropriate to the conduct of operations hereunder. This shall not prevent any party from appearing on its own behalf at such hearings. Costs incurred by Operator, including fees paid to outside attorneys, which are associated with hearings before governmental agencies, and which costs are necessary and proper for the activities contemplated under this agreement, shall be direct charges to the joint account and shall not be covered by the administrative overhead charges as provided in Exhibit "C."

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Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

No well shall be drilled on the Contract Area until after (1) the title to the Drillsite or Drilling Unit, if appropriate, has been examined as above provided~~, and (2) the title has been approved by the examining attorney or title has been accepted by all of the Drilling Parties in such well.~~

B. Loss or Failure of Title:

1. Failure of Title: Should any Oil and Gas Interest or Oil and Gas Lease be lost through failure of title, which results in a reduction of interest from that shown on Exhibit "A," the party credited with contributing the affected Lease or Interest (including, if applicable, a successor in interest to such party) shall have ninety (90) days from final determination of title failure to acquire a new lease or other instrument curing the entirety of the title failure, which acquisition will not be subject to Article VIII.B., and failing to do so, this agreement, nevertheless, shall continue in force as to all remaining Oil and Gas Leases and Interests; and,

(a) The party credited with contributing the Oil and Gas Lease or Interest affected by the title failure (including, if applicable, a successor in interest to such party) shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development or operating costs which it may have previously paid or incurred, but there shall be no additional liability on its part to the other parties hereto by reason of such title failure;

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the Lease or Interest which has failed, but the interests of the parties contained on Exhibit "A" shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose Lease or Interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the Lease or Interest failed;

(c) If the proportionate interest of the other parties hereto in any producing well previously drilled on the Contract Area is increased by reason of the title failure, the party who bore the costs incurred in connection with such well attributable to the Lease or Interest which has failed shall receive the proceeds attributable to the increase in such interest (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well attributable to such failed Lease or Interest;

(d) Should any person not a party to this agreement, who is determined to be the owner of any Lease or Interest which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded;

(e) Any liability to account to a person not a party to this agreement for prior production of Oil and Gas which arises by reason of title failure shall be borne severally by each party (including a predecessor to a current party) who received production for which such accounting is required based on the amount of such production received, and each such party shall severally indemnify, defend and hold harmless all other parties hereto for any such liability to account;

(f) No charge shall be made to the joint account for legal expenses, fees or salaries in connection with the defense of the Lease or Interest claimed to have failed, but if the party contributing such Lease or Interest hereto elects to defend its title it shall bear all expenses in connection therewith; and

(g) If any party is given credit on Exhibit "A" to a Lease or Interest which is limited solely to ownership of an interest in the wellbore of any well or wells and the production therefrom, such party's absence of interest in the remainder of the Contract Area shall be considered a Failure of Title as to such remaining Contract Area unless that absence of interest is reflected on Exhibit "A."

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, or other payment necessary to maintain all or a portion of an Oil and Gas Lease or interest is not paid or is erroneously paid, and as a result a Lease or Interest terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new Lease or Interest covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties reflected on Exhibit "A" shall be revised on an acreage basis, effective as of the date of termination of the Lease or Interest involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the Lease or Interest which has terminated. If the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of Oil and Gas attributable to the lost Lease or Interest, calculated on an acreage basis, for the development and operating costs previously paid on account of such Lease or Interest, it shall be reimbursed for unrecovered actual costs previously paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of Oil and Gas produced prior to termination of the Lease or Interest, less operating expenses and lease burdens chargeable hereunder to the person who failed to make payment, previously accrued to the credit of the lost Lease or Interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds of Oil and Gas, less operating expenses and lease burdens chargeable hereunder to the person who failed to make payment, up to the amount of unrecovered costs attributable to that portion of Oil and Gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such Lease or Interest termination, would be attributable to the lost Lease or Interest on an acreage basis and which as a result of such Lease or Interest termination is credited to other parties, the proceeds of said portion of the Oil and Gas to be contributed by the other parties in proportion to their respective interests reflected on Exhibit "A"; and,

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the Lease or Interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses of Leases or Interests committed to this agreement, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall be joint losses and shall be borne by all parties in proportion to their interests shown on Exhibit "A." This shall include but not be limited to the loss of any Lease or Interest through failure to develop or because express or implied covenants have not been performed (other than performance which requires only the payment of money), and the loss of any Lease by expiration at the end of its primary term if it is not renewed or extended. There shall be no readjustment of interests in the remaining portion of the Contract Area on account of any joint loss.

4. Curing Title: In the event of a Failure of Title under Article IV.B.1. or a loss of title under Article IV.B.2. above, any Lease or Interest acquired by any party hereto (other than the party whose interest has failed or was lost) during the ninety (90) day period provided by Article IV.B.1. and Article IV.B.2. above covering all or a portion of the interest that has failed or was lost shall be offered at cost to the party whose interest has failed or was lost, and the provisions of Article VIII.B. shall not apply to such acquisition.

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ARTICLE V.
OPERATOR

A. Designation and Responsibilities of Operator:

Matador Production Company shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this agreement. **Operatorship is neither assignable nor forfeited except in accordance with Article V.** -In its performance of services hereunder for the Non-Operators, Operator shall be an independent contractor not subject to the control or direction of the Non-Operators except as to the type of operation to be undertaken in accordance with the election procedures contained in this agreement. Operator shall not be deemed, or hold itself out as, the agent of the Non-Operators with authority to bind them to any obligation or liability assumed or incurred by Operator as to any third party. Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and regulation, but in no event shall it have any liability as Operator to the other parties **their officers, employees or agents,** for losses sustained or liabilities incurred**, whether or not due to the negligence of an Operator,** except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, ~~no longer owns an interest hereunder in the Contract Area,~~ or is no longer capable of serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. Operator may be removed only for good cause by the affirmative vote of Non-Operators owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator; such vote shall not be deemed effective until a written notice has been delivered to the Operator by a Non-Operator detailing the alleged default and Operator has failed to cure the default within thirty (30) days from its receipt of the notice or, if the default concerns an operation then being conducted, within forty-eight (48) hours of its receipt of the notice. For purposes hereof, "good cause" shall mean not only gross negligence or willful misconduct but also the material breach of or inability to meet the standards of operation contained in Article V.A. or material failure or inability to perform its obligations under this agreement.

Subject to Article VII.D.1., such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any **affiliate,** single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator under any provision of this agreement, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the affirmative vote of **the party or** ~~two (2) or more~~ parties owning a majority interest based on ownership as shown on Exhibit "A"; provided, however, if an Operator which has been removed or is deemed to have resigned fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of the party or parties owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was removed or resigned. The former Operator shall promptly deliver to the successor Operator all records and data relating to the operations conducted by the former Operator to the extent such records and data are not already in the possession of the successor operator. Any cost of obtaining or copying the former Operator's records and data shall be charged to the joint account.

3. Effect of Bankruptcy: If Operator becomes insolvent, bankrupt or is placed in receivership, it shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. If a petition for relief under the federal bankruptcy laws is filed by or against Operator, and the removal of Operator is prevented by the federal bankruptcy court, all Non-Operators and Operator shall comprise an interim operating committee to serve until Operator has elected to reject or assume this agreement pursuant to the Bankruptcy Code, and an election to reject this agreement by Operator as a debtor in possession, or by a trustee in bankruptcy, shall be deemed a resignation as Operator without any action by Non-Operators, except the selection of a successor. During the period of time the operating committee controls operations, all actions shall require the approval of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A." In the event there are only two (2) parties to this agreement, during the period of time the operating committee controls operations, a third party acceptable to Operator, Non-Operator and the federal bankruptcy court shall be selected as a member of the operating committee, and all actions shall require the approval of two (2) members of the operating committee without regard for their interest in the Contract Area based on Exhibit "A."

C. Employees and Contractors:

The number of employees or contractors used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all such employees or contractors shall be the employees or contractors of Operator.

D. Rights and Duties of Operator:

1. Competitive Rates and Use of Affiliates: All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area ~~and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced,~~ and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature. All work performed or materials supplied by affiliates or related parties of Operator shall be performed or supplied at competitive rates, pursuant to ~~written agreement~~ **the provisions of Exhibit "C"**, and in accordance with customs and standards prevailing in the industry.

2. Discharge of Joint Account Obligations: Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in Exhibit "C." Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

3. Protection from Liens: Operator shall pay, or cause to be paid, as and when they become due and payable, all accounts of contractors and suppliers and wages and salaries for services rendered or performed, and for materials supplied on, to or in respect

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of the Contract Area or any operations for the joint account thereof, and shall keep the Contract Area free from liens and encumbrances resulting therefrom except for those resulting from a bona fide dispute as to services rendered or materials supplied.

4. Custody of Funds: Operator shall hold for the account of the Non-Operators any funds of the Non-Operators advanced or paid to the Operator, either for the conduct of operations hereunder or as a result of the sale of production from the Contract Area, and such funds shall remain the funds of the Non-Operators on whose account they are advanced or paid until used for their intended purpose or otherwise delivered to the Non-Operators or applied toward the payment of debts as provided in Article VII.B. Nothing in this paragraph shall be construed to establish a fiduciary relationship between Operator and Non-Operators for any purpose other than to account for Non-Operator funds as herein specifically provided. Nothing in this paragraph shall require the maintenance by Operator of separate accounts for the funds of Non-Operators unless the parties otherwise specifically agree.

5. Access to Contract Area and Records: Operator shall, except as otherwise provided herein, permit each **participating** Non-Operator or its duly authorized representative, at the **participating** Non-Operator's sole risk and cost, full and free access at all reasonable times to all operations of every kind and character being conducted for the joint account on the Contract Area and to the records of operations conducted thereon or production therefrom, including Operator's books and records relating thereto. Such access rights shall not be exercised in a manner interfering with Operator's conduct of an operation hereunder and shall not obligate Operator to furnish any geologic or geophysical data of an interpretive nature unless the cost of preparation of such interpretive data was charged to the joint account. Operator will furnish to each Non-Operator upon request copies of any and all reports and information obtained by Operator in connection with production and related items, including, without limitation, meter and chart reports, production purchaser statements, run tickets and monthly gauge reports, but excluding purchase contracts and pricing information to the extent not applicable to the production of the **participating** Non-Operator seeking the information. Any audit of Operator's records relating to amounts expended and the appropriateness of such expenditures shall be conducted in accordance with the audit protocol specified in Exhibit "C."

6. Filing and Furnishing Governmental Reports **(See also Article XVI.C)**: Operator will file, and upon written request promptly furnish copies to each requesting Non-Operator not in default of its payment obligations, all operational notices, reports or applications required to be filed by local, State, Federal or Indian agencies or authorities having jurisdiction over operations hereunder. Each Non-Operator shall provide to Operator on a timely basis all information necessary to Operator to make such filings.

7. Drilling and Testing Operations: The following provisions shall apply to each well drilled hereunder, including but not limited to the Initial Well:

(a) Operator will promptly advise **participating** Non-Operators of the date on which the well is spudded, or the date on which drilling operations are commenced.

(b) Operator will send to **participating** Non-Operators such reports, test results and notices regarding the progress of operations on the well as the Non-Operators shall reasonably request, including, but not limited to, daily drilling reports, completion reports, and well logs.

(c) Operator shall adequately test all Zones encountered which may reasonably be expected to be capable of producing Oil and Gas in paying quantities as a result of examination of the electric log or any other logs or cores or tests conducted hereunder.

Any information furnished to or obtained by a Non-Operator pursuant to Articles V.D.6 and V.D.7 shall be maintained as Confidential by the Non-Operator and shall not be disclosed by the Non-Operator without the prior written consent of Operator.

8. Cost Estimates: Upon request of any Consenting Party, Operator shall furnish estimates of current and cumulative costs incurred for the joint account at reasonable intervals during the conduct of any operation pursuant to this agreement. Operator shall not be held liable for errors in such estimates so long as the estimates are made in good faith.

9. Insurance: At all times while operations are conducted hereunder, Operator shall comply with the workers compensation law of the state where the operations are being conducted; provided, however, that Operator may be a self- insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be as provided in Exhibit "C." Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D" attached hereto and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the workers compensation law of the state where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event automobile liability insurance is specified in said Exhibit "D," or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's automotive equipment.

Notwithstanding anything in this Agreement to the contrary, the rights of a Non-Operator as set forth in Articles V.D.5, V.D.6, and V.D. 7 shall only apply in favor of those Non-Operators parties who are Consenting Parties with respect to a proposed operation, until such time as the Consenting Parties are no longer entitled to the Non-Consenting Party's share of production, or the proceeds therefrom, attributable to the proposed operation in which the Non-Consenting Parties did not participate. Any information furnished to or obtained by a participating Non-Operator pursuant to Articles V.D.5, V.D.6 and V.D.7 shall be maintained as confidential by the participating Non-Operator and shall not be disclosed or disseminated by participating Non-Operator(s) without the prior written consent of Operator.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 31st day of December, 2025, Operator shall commence the drilling of the Initial Well at the following location:

From a legal location with a Surface Hole Location in the SW/4SE/4 of Section 14, Township 17 South, Range 37 East and a Bottom Hole Location in the NE/4NE/4 of Section 11, Township 17 South, Range 37 East, N.M.P.M. Lea County, New Mexico

and shall thereafter continue the drilling of the well with due diligence to **a vertical depth sufficient to test the Wolfcamp formation.**

Operator shall have the right to cease drilling the initial well as a Horizontal or Multi-lateral Well at any time, for any reason, and such Horizontal or Multi-lateral Well shall be deemed to have reached its objective depth so long as Operator has drilled such Horizontal or Multi-Lateral Well to a sufficient depth to test the objective formation(s).

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The drilling of the Initial Well and the participation therein by all parties is obligatory, subject to Article VI.C.1. as to participation in Completion operations and Article VI.F. as to termination of operations and Article XI as to occurrence of force majeure.

B. Subsequent Operations:

1. Proposed Operations: If any party hereto should desire to drill any well on the Contract Area other than the Initial Well, or if any party should desire to Rework, Sidetrack, Deepen, Recomplete or Plug Back a dry hole or a well no longer capable of producing in paying quantities in which such party has not otherwise relinquished its interest in the proposed objective Zone under this agreement, the party desiring to drill, Rework, Sidetrack, Deepen, Recomplete or Plug Back such a well shall give written notice of the proposed operation to the parties who have not otherwise relinquished their interest in such objective Zone under this agreement and to all other parties in the case of a proposal for Sidetracking or Deepening, specifying the work to be performed, the location, proposed depth, objective Zone and the estimated cost of the operation. The parties to whom such a notice is delivered shall have thirty (30) days after receipt of the notice within which to notify the party proposing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of a proposal to Rework, Sidetrack, Recomplete, Plug Back or Deepen may be given by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of Saturday, Sunday and legal holidays. Failure of a party to whom such notice is delivered to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any proposal by a party to conduct an operation conflicting with the operation initially proposed shall be delivered to all parties within the time and in the manner provided in Article VI.B.6. **See Article XVI.A and Article XVI.L.**

If all parties to whom such notice is delivered elect to participate in such a proposed operation, the parties shall be contractually committed to participate therein provided such operations are commenced within the time period hereafter set forth, and Operator shall, no later than ninety (90) days after expiration of the notice period of thirty (30) days (or as promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and thereafter complete it with due diligence at the risk and expense of the parties participating therein; provided, however, said commencement date may be extended upon written notice of same by Operator to the other parties, for a period of up to thirty (30) additional days if, in the sole opinion of Operator, such additional time is reasonably necessary to obtain permits from governmental authorities, surface rights (including rights-of-way) or appropriate drilling equipment, or to complete title examination or curative matter required for title approval or acceptance. If the actual operation has not been commenced within the time provided (including any extension thereof as specifically permitted herein or in the force majeure provisions of Article XI) and if any party hereto still desires to conduct said operation, written notice proposing same must be resubmitted to the other parties in accordance herewith as if no prior proposal had been made. Those parties that did not participate in the drilling of a well for which a proposal to Deepen or Sidetrack is made hereunder shall, if such parties desire to participate in the proposed Deepening or Sidetracking operation, reimburse the Drilling Parties in accordance with Article VI.B.4. in the event of a Deepening operation and in accordance with Article VI.B.5. in the event of a Sidetracking operation.

2. Operations by Less Than All Parties:

(a) Determination of Participation. If any party to whom such notice is delivered as provided in Article VI.B.1. or VI.C.1. (Option No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this Article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, no later than ninety (90) days after the expiration of the notice period of thirty (30) days (or as promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be) actually commence the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (i) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (ii) designate one of the Consenting Parties as Operator to perform such work. The rights and duties granted to and imposed upon the Operator under this agreement are granted to and imposed upon the party designated as Operator for an operation in which the original Operator is a Non-Consenting Party. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise all Parties of the total interest of the parties approving such operation and its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours (exclusive of Saturday, Sunday, and legal holidays) after delivery of such notice, shall advise the proposing party of its desire to (i) limit participation to such party's interest as shown on Exhibit "A" or (ii) carry only its proportionate part (determined by dividing such party's interest in the Contract Area by the interests of all Consenting Parties in the Contract Area) of Non-Consenting Parties' interests, or (iii) carry its proportionate part (determined as provided in (ii)) of Non-Consenting Parties' interests together with all or a portion of its proportionate part of any Non-Consenting Parties' interests that any Consenting Party did not elect to take. Any interest of Non-Consenting Parties that is not carried by a Consenting Party shall be deemed to be carried by the party proposing the operation if such party does not withdraw its proposal. Failure to advise the proposing party within the time required shall be deemed an election under (i). In the event a drilling rig is on location, notice may be given by telephone, and the time permitted for such a response shall not exceed a total of forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays). The proposing party, at its election, may withdraw such proposal if there is less than 100% participation and shall notify all parties of such decision within ten (10) days, or within twenty-four (24) hours if a drilling rig is on location, following expiration of the applicable response period. If 100% subscription to the proposed operation is obtained, the proposing party shall promptly notify the Consenting Parties of their proportionate interests in the operation and the party serving as Operator shall commence such operation within the period provided in Article VI.B.1., subject to the same extension right as provided therein.

(b) Relinquishment of Interest for Non-Participation. The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, then subject to Articles VI.B.6. and VI.E.3., the Consenting Parties shall plug and abandon the well and restore the surface location at their sole cost, risk and expense; provided, however, that those Non-Consenting Parties that participated in the drilling, Deepening or Sidetracking of the well shall remain liable for, and shall pay, their proportionate shares of the cost of plugging and abandoning the well and restoring the surface location insofar only as those costs were not increased by the subsequent operations of the

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Consenting Parties. If any well drilled, Reworked, Sidetracked, Deepened, Recompleted or Plugged Back under the provisions of this Article results in a well capable of producing Oil and/or Gas in paying quantities, the Consenting Parties shall Complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator (if the Operator did not conduct the operation) and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, Reworking, Sidetracking, Recompleting, Deepening or Plugging Back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom or, in the case of a Reworking, Sidetracking, Deepening, Recompleting or Plugging Back, or a Completion pursuant to Article VI.C.1. Option No. 2, all of such Non-Consenting Party's interest in the production obtained from the operation in which the Non-Consenting Party did not elect to participate. Such relinquishment shall be effective until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting applicable ad valorem, production, severance, and excise taxes, royalty, overriding royalty and other interests not excepted by Article III.C. payable out of or measured by the production from such well accruing with respect to such interest until it reverts), shall equal the total of the following:

(i) **100**% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to such Non-Consenting Party had it participated in the well from the beginning of the operations; and

(ii) **300** % of (a) that portion of the costs and expenses of drilling, Reworking, Sidetracking, Deepening, Plugging Back, testing, Completing, and Recompleting, after deducting any cash contributions received under Article VIII.C., and of (b) that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

Notwithstanding anything to the contrary in this Article VI.B., if the well does not reach the deepest objective Zone described in the notice proposing the well for reasons other than the encountering of granite or practically impenetrable substance or other condition in the hole rendering further operations impracticable, Operator shall give notice thereof to each Non-Consenting Party who submitted or voted for an alternative proposal under Article VI.B.6. to drill the well to a shallower Zone than the deepest objective Zone proposed in the notice under which the well was drilled, and each such Non- Consenting Party shall have the option to participate in the initial proposed Completion of the well by paying its share of the cost of drilling the well to its actual depth, calculated in the manner provided in Article VI.B.4. (a). If any such Non-Consenting Party does not elect to participate in the first Completion proposed for such well, the relinquishment provisions of this Article VI.B.2. (b) shall apply to such party's interest.

(c) Reworking, Recompleting or Plugging Back. An election not to participate in the drilling, Sidetracking or Deepening of a well shall be deemed an election not to participate in any Reworking or Plugging Back operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Similarly, an election not to participate in the Completing or Recompleting of a well shall be deemed an election not to participate in any Reworking operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Any such Reworking, Recompleting or Plugging Back operation conducted during the recoupment period shall be deemed part of the cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties **300**% of that portion of the costs of the Reworking, Recompleting or Plugging Back operation which would have been chargeable to such Non-Consenting Party had it participated therein. If such a Reworking, Recompleting or Plugging Back operation is proposed during such recoupment period, the provisions of this Article VI.B. shall be applicable as between said Consenting Parties in said well.

(d) Recoupment Matters. During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all ad valorem, production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production not excepted by Article III.C.

In the case of any Reworking, Sidetracking, Plugging Back, Recompleting or Deepening operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such Reworking, Sidetracking, Plugging Back, Recompleting or Deepening, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within ninety (90) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, Sidetracking, Deepening, Plugging Back, testing, Completing, Recompleting, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of Oil and Gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of Oil and Gas produced during any month, Consenting Parties shall use industry accepted methods such as but not limited to metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting Party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it as of 7:00 a.m. on the day following the day on which such recoupment occurs, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, Sidetracking, Reworking, Deepening, Recompleting or Plugging Back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and Exhibit "C" attached hereto.

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3. Stand-By Costs: When a well which has been drilled or Deepened has reached its authorized depth and all tests have been completed and the results thereof furnished to the parties, or when operations on the well have been otherwise terminated pursuant to Article VI.F., stand-by costs incurred pending response to a party's notice proposing a Reworking, Sidetracking, Deepening, Recompleting, Plugging Back or Completing operation in such a well (including the period required under Article VI.B.6. to resolve competing proposals) shall be charged and borne as part of the drilling or Deepening operation just completed. Stand-by costs subsequent to all parties responding, or expiration of the response time permitted, whichever first occurs, and prior to agreement as to the participating interests of all Consenting Parties pursuant to the terms of the second grammatical paragraph of Article VI.B.2. (a), shall be charged to and borne as part of the proposed operation, but if the proposal is subsequently withdrawn because of insufficient participation, such stand-by costs shall be allocated between the Consenting Parties in the proportion each Consenting Party's interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all Consenting Parties.

In the event that notice for a Sidetracking operation is given while the drilling rig to be utilized is on location, any party may request and receive up to five (5) additional days after expiration of the forty-eight hour response period specified in Article VI.B.1. within which to respond by paying for all stand-by costs and other costs incurred during such extended response period; Operator may require such party to pay the estimated stand-by time in advance as a condition to extending the response period. If more than one party elects to take such additional time to respond to the notice, standby costs shall be allocated between the parties taking additional time to respond on a day-to-day basis in the proportion each electing party's interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all the electing parties.

4. Deepening: If less than all parties elect to participate in a drilling, Sidetracking, or Deepening operation proposed pursuant to Article VI.B.1., the interest relinquished by the Non-Consenting Parties to the Consenting Parties under Article VI.B.2. shall relate only and be limited to the lesser of (i) the total depth actually drilled or (ii) the objective depth or Zone of which the parties were given notice under Article VI.B.1. ("Initial Objective"). Such well shall not be Deepened beyond the Initial Objective without first complying with this Article to afford the Non-Consenting Parties the opportunity to participate in the Deepening operation.

In the event any Consenting Party desires to drill or Deepen a Non-Consent Well to a depth below the Initial Objective, such party shall give notice thereof, complying with the requirements of Article VI.B.1., to all parties (including Non-Consenting Parties). Thereupon, Articles VI.B.1. and 2. shall apply and all parties receiving such notice shall have the right to participate or not participate in the Deepening of such well pursuant to said Articles VI.B.1. and 2. If a Deepening operation is approved pursuant to such provisions, and if any Non-Consenting Party elects to participate in the Deepening operation, such Non-Consenting party shall pay or make reimbursement (as the case may be) of the following costs and expenses.

(a) If the proposal to Deepen is made prior to the Completion of such well as a well capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) that share of costs and expenses incurred in connection with the drilling of said well from the surface to the Initial Objective which Non-Consenting Party would have paid had such Non-Consenting Party agreed to participate therein, plus the Non-Consenting Party's share of the cost of Deepening and of participating in any further operations on the well in accordance with the other provisions of this Agreement; provided, however, all costs for testing and Completion or attempted Completion of the well incurred by Consenting Parties prior to the point of actual operations to Deepen beyond the Initial Objective shall be for the sole account of Consenting Parties.

(b) If the proposal is made for a Non-Consent Well that has been previously Completed as a well capable of producing in paying quantities, but is no longer capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) its proportionate share of all costs of drilling, Completing, and equipping said well from the surface to the Initial Objective, calculated in the manner provided in paragraph (a) above, less those costs recouped by the Consenting Parties from the sale of production from the well. The Non-Consenting Party shall also pay its proportionate share of all costs of re-entering said well. The Non-Consenting Parties' proportionate part (based on the percentage of such well Non-Consenting Party would have owned had it previously participated in such Non-Consent Well) of the costs of salvable materials and equipment remaining in the hole and salvable surface equipment used in connection with such well shall be determined in accordance with Exhibit "C." If the Consenting Parties have recouped the cost of drilling, Completing, and equipping the well at the time such Deepening operation is conducted, then a Non-Consenting Party may participate in the Deepening of the well with no payment for costs incurred prior to re-entering the well for Deepening

The foregoing shall not imply a right of any Consenting Party to propose any Deepening for a Non-Consent Well prior to the drilling of such well to its Initial Objective without the consent of the other Consenting Parties as provided in Article VI.F. **This Article VI.B.4 shall not apply to Deepening operations within an existing Lateral or a Horizontal or Multi-lateral Well.**

5. Sidetracking: Any party having the right to participate in a proposed Sidetracking operation that does not own an interest in the affected wellbore at the time of the notice shall, upon electing to participate, tender to the wellbore owners its proportionate share (equal to its interest in the Sidetracking operation) of the value of that portion of the existing wellbore to be utilized as follows:

(a) If the proposal is for Sidetracking an existing dry hole, reimbursement shall be on the basis of the actual costs incurred in the initial drilling of the well down to the **measured** depth at which the Sidetracking operation is initiated.

(b) If the proposal is for Sidetracking a well which has previously produced, reimbursement shall be on the basis of such party's proportionate share of drilling and equipping costs incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is conducted, calculated in the manner described in Article VI.B.4(b) above. Such party's proportionate share of the cost of the well's salvable materials and equipment down to the depth at which the Sidetracking operation is initiated shall be determined in accordance with the provisions of Exhibit "C." **This Article VI.B.5. shall not apply to operations in an existing Lateral of a Horizontal or Multi-lateral Well. Drilling Operations which are intended to recover penetration of the objective formation(s) which are conducted in a Horizontal or Multi-lateral Well shall be considered as included in the original proposed drilling operation.**

6. Order of Preference of Operations. Except as otherwise specifically provided in this agreement, if any party desires to propose the conduct of an operation that conflicts with a proposal that has been made by a party under this Article VI, such party shall have fifteen (15) days from delivery of the initial proposal, in the case of a proposal to drill a well or to perform an operation on a well where no drilling rig is on location, or twenty-four (24) hours, exclusive of Saturday, Sunday and legal holidays, from delivery of the initial proposal, if a drilling rig is on location for the well on which such operation is to be conducted, to deliver to all parties entitled to participate in the proposed operation such party's alternative proposal, such alternate proposal to contain the same information required to be included in the initial proposal. Each party receiving such proposals shall elect by delivery of notice to Operator within five (5) days after expiration of the proposal period, or within twenty-four (24) hours (exclusive of Saturday, Sunday and legal holidays) if a drilling rig is on location for the well that is the subject of the proposals, to participate in one of the competing proposals. Any party not electing within the time required shall be deemed not to have voted. The

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proposal receiving the vote of parties owning the largest aggregate percentage interest of the parties voting shall have priority over all other competing proposals; in the case of a tie vote, the initial proposal shall prevail. Operator shall deliver notice of such result to all parties entitled to participate in the operation within five (5) days after expiration of the election period (or within twenty-four (24) hours, exclusive of Saturday, Sunday and legal holidays, if a drilling rig is on location). Each party shall then have two (2) days (or twenty-four (24) hours if a rig is on location) from receipt of such notice to elect by delivery of notice to Operator to participate in such operation or to relinquish interest in the affected well pursuant to the provisions of Article VI.B.2.; failure by a party to deliver notice within such period shall be deemed an election not to participate in the prevailing proposal. **See Article XVI.A.**

7. Conformity to Spacing Pattern. Notwithstanding the provisions of this Article VI.B.2., it is agreed that no wells shall be proposed to be drilled to or Completed in or produced from a Zone from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern **or an approved exception thereto** for such Zone **or has been approved for drilling, Completion in or production from such Zone by order of the regulatory agency with responsibility for such matters**.

8. Paying Wells. No party shall conduct any Reworking, Deepening, Plugging Back, Completion, Recompletion, or Sidetracking operation under this agreement with respect to any well then capable of producing in paying quantities except with the consent of all parties that have not relinquished interests in the well at the time of such operation.

9. Multi-Well Pads. If multiple Horizontal Wells are drilled or proposed to be drilled from a single pad or location, the costs of such pad or location shall be allocated, and/or reallocated as necessary, to the Consenting Parties of each of the wells thereon.

C. Completion of Wells; Reworking and Plugging Back:

1. Completion: Without the consent of all parties, no well shall be drilled, Deepened or Sidetracked, except any well drilled, Deepened or Sidetracked pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the drilling, Deepening or Sidetracking shall include:

☒ Option No. 1: All necessary expenditures for the drilling, Deepening or Sidetracking, testing, Completing and equipping of ~~the~~ **a Horizontal or Multi-lateral** well, including necessary tankage and/or surface facilities. **Completion operations shall be included in the proposed drilling operations for such well.**

☒ Option No. 2: All necessary expenditures for the drilling, Deepening or Sidetracking and testing of ~~the~~ **a vertical** well. When such well has reached its authorized depth, and all logs, cores and other tests have been completed, and the results thereof ~~furnished~~ **made available** to the parties, Operator shall give immediate notice to the Non-Operators having the right to participate in a Completion attempt whether or not Operator recommends attempting to Complete the well, together with Operator's AFE for Completion costs if not previously provided. The parties receiving such notice shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect by delivery of notice to Operator to participate in a recommended Completion attempt or to make a Completion proposal with an accompanying AFE. Operator shall deliver any such Completion proposal, or any Completion proposal conflicting with Operator's proposal, to the other parties entitled to participate in such Completion in accordance with the procedures specified in Article VI.B.6. Election to participate in a Completion attempt shall include consent to all necessary expenditures for the Completing and equipping of such well, including necessary tankage and/or surface facilities but excluding any stimulation operation not contained on the Completion AFE. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the Completion attempt; provided, that Article VI.B.6. shall control in the case of conflicting Completion proposals. If one or more, but less than all of the parties, elect to attempt a Completion, the provision of Article VI.B.2. hereof (the phrase "Reworking, Sidetracking, Deepening, Recompleting or Plugging Back" as contained in Article VI.B.2. shall be deemed to include "Completing") shall apply to the operations thereafter conducted by less than all parties; provided, however, that Article VI.B.2. shall apply separately to each separate Completion or Recompletion attempt undertaken hereunder, and an election to become a Non-Consenting Party as to one Completion or Recompletion attempt shall not prevent a party from becoming a Consenting Party in subsequent Completion or Recompletion attempts regardless whether the Consenting Parties as to earlier Completions or Recompletion have recouped their costs pursuant to Article VI.B.2.; provided further, that any recoupment of costs by a Consenting Party shall be made solely from the production attributable to the Zone in which the Completion attempt is made. Election by a previous Non-Consenting party to participate in a subsequent Completion or Recompletion attempt shall require such party to pay its proportionate share of the cost of salvable materials and equipment installed in the well pursuant to the previous Completion or Recompletion attempt, insofar and only insofar as such materials and equipment benefit the Zone in which such party participates in a Completion attempt. **Notwithstanding anything herein to the contrary, Option 1 shall apply to any Horizontal or Multi-lateral Well and Option 2 shall apply to any vertical Well.**

2. Rework, Recomplete or Plug Back: No well shall be Reworked, Recompleted or Plugged Back except a well Reworked, Recompleted, or Plugged Back pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the Reworking, Recompleting or Plugging Back of a well shall include all necessary expenditures in conducting such operations and Completing and equipping of said well, including necessary tankage and/or surface facilities. **Operator's notice shall be written and delivered via telefax where feasible and Non-Operator's election shall be made by telephone or telefax. An election made by Non-Operator by telephone shall be confirmed in writing within forty eight (48) hours.**

D. Other Operations:

Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of **One Hundred Thousand** Dollars (**$100,000.00**) except in connection with the drilling, Sidetracking, Reworking, Deepening, Completing, Recompleting or Plugging Back of a well that has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares an AFE for its own use, Operator shall furnish any Non-Operator so requesting an information copy thereof for any single project costing in excess of **One Hundred Thousand** Dollars (**$100,000.00**). Any party who has not relinquished its interest in a well shall have the right to propose that Operator perform repair work or undertake the installation of artificial lift equipment or ancillary production facilities such as salt water disposal wells or to conduct additional work with respect to a well drilled hereunder or other similar project (but not including the installation of gathering lines or other transportation or marketing facilities, the installation of which shall be governed by separate agreement between the parties) reasonably estimated to require an expenditure in excess of the amount first set forth above in this Article VI.D. (except in connection with an operation required to be proposed under Articles VI.B.1. or VI.C.1. Option No. 2, which shall be governed exclusively be those Articles). Operator shall deliver such proposal to all parties entitled to participate therein. If within thirty (30) days thereof Operator secures the written consent of any party or parties owning at least **51%** of the interests of the parties entitled to participate in such operation, each party having the right to participate

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in such project shall be bound by the terms of such proposal and shall be obligated to pay its proportionate share of the costs of the proposed project as if it had consented to such project pursuant to the terms of the proposal.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled or Deepened pursuant to Article VI.B.2., any well which has been drilled or Deepened under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) after delivery of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling, **Sidetracking** or Deepening such well. Any party who objects to plugging and abandoning such well by notice delivered to Operator within forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) after delivery of notice of the proposed plugging shall take over the well as of the end of such forty-eight (48) hour notice period and conduct further operations in search of Oil and/or Gas subject to the provisions of Article VI.B.; failure of such party to provide proof reasonably satisfactory to Operator of its financial capability to conduct such operations or to take over the well within such period or thereafter to conduct operations on such well or plug and abandon such well shall entitle Operator to retain or take possession of the well and plug and abandon the well. The party taking over the well shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against liability for any further operations conducted on such well except for the costs of plugging and abandoning the well and restoring the surface, for which the abandoning parties shall remain proportionately liable.

2. Abandonment of Wells That Have Produced: Except for any well in which a Non-Consent operation has been conducted hereunder for which the Consenting Parties have not been fully reimbursed as herein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties **that participated in the cost of drilling the well**. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. Failure of a party to reply within **thirty (30)**~~sixty (60)~~ days of delivery of notice of proposed abandonment shall be deemed an election to consent to the proposal. If, within **thirty (30)**~~sixty (60)~~ days after delivery of notice of the proposed abandonment of any well, all parties do not agree to the abandonment of such well, those wishing to continue its operation from the Zone then open to production shall be obligated to take over the well as of the expiration of the applicable notice period and shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against liability for any further operations on the well conducted by such parties. Failure of such party or parties to provide proof reasonably satisfactory to Operator of their financial capability to conduct such operations or to take over the well within the required period or thereafter to conduct operations on such well shall entitle operator to retain or take possession of such well and plug and abandon the well.

Parties taking over a well as provided herein shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface; provided, however, that in the event the estimated plugging and abandoning and surface restoration costs and the estimated cost of salvaging are higher than the value of the well's salvable material and equipment, each of the abandoning parties shall tender to the parties continuing operations their proportionate shares of the estimated excess cost. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, or fitness for use of the equipment and material, all of its interest in the wellbore of the well and related equipment, together with its interest in the Leasehold insofar and only insofar as such Leasehold covers the right to obtain production from that wellbore in the Zone then open to production. If the interest of the abandoning party is or includes and Oil and Gas Interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the wellbore and the Zone then open to production, for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the Zone covered thereby, such lease to be on the form attached as Exhibit "B." The assignments or leases so limited shall encompass the Drilling Unit upon which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interests in the remaining portions of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the Zone then open other than the royalties retained in any lease made under the terms of this Article. Upon request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well. Upon proposed abandonment of the producing Zone assigned or leased, the assignor or lessor shall then have the option to repurchase its prior interest in the well (using the same valuation formula) and participate in further operations therein subject to the provisions hereof.

3. Abandonment of Non-Consent Operations: The provisions of Article VI.E.1. or VI.E.2. above shall be applicable as between Consenting Parties in the event of the proposed abandonment of any well excepted from said Articles; provided, however, no well shall be permanently plugged and abandoned unless and until all parties having the right to conduct further operations therein have been notified of the proposed abandonment and afforded the opportunity to elect to take over the well in accordance with the provisions of this Article VI.E.; and provided further, that Non-Consenting Parties who own an interest in a portion of the well shall pay their proportionate shares of abandonment and surface restoration cost for such well as provided in Article VI.B.2.(b).

F. Termination of Operations:

Upon the commencement of an operation for the drilling, Reworking, Sidetracking, Plugging Back, Deepening, testing, Completion or plugging of a well, including but not limited to the Initial Well, such operation shall not be terminated without consent of parties bearing **51%** of the costs of such operation; provided, however, that in the event granite or other practically impenetrable substance or condition in the hole is encountered which renders further operations impractical, Operator may discontinue operations and give notice of such condition in the manner provided in Article VI.B.1, and the provisions of Article VI.B. or VI.E. shall thereafter apply to such operation, as appropriate.

G. Taking Production in Kind:

☒ **Option No. 1: Gas Balancing Agreement Attached**

Each party shall **have the right to** take in kind or separately dispose of its proportionate share of all Oil and Gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne

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by such party. Any party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in **Article VI.B. and** Article VII.B., shall be entitled to receive payment directly from the purchaser thereof for its share of all production. **See Article XVI.K.**

~~If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the Oil produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such Oil or sell it to others at any time and from time to time, for the account of the non-taking party. Any such purchase or sale by Operator may be terminated by Operator upon at least ten (10) days written notice to the owner of said production and shall be subject always to the right of the owner of the production upon at least ten (10) days written notice to Operator to exercise at any time its right to take in kind, or separately dispose of, its share of all Oil not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of Oil shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year.~~

~~Any such sale by Operator shall be in a manner commercially reasonable under the circumstances but Operator shall have no duty to share any existing market or to obtain a price equal to that received under any existing market. The sale or delivery by Operator of a non-taking party's share of Oil under the terms of any existing contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said contract. No purchase shall be made by Operator without first giving the non-taking party at least ten (10) days written notice of such intended purchase and the price to be paid or the pricing basis to be used.~~

All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements. Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which records shall be made available to Non-Operators upon reasonable request.

In the event one or more parties' separate disposition of its share of the Gas causes split-stream deliveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total Gas sales to be allocated to it, the balancing or accounting between the parties shall be in accordance with ~~any~~ **the** Gas balancing agreement between the parties hereto, ~~whether such an agreement~~**which** is attached as Exhibit "E" **hereto.** ~~or is a separate agreement.~~ Operator shall give notice to all parties of the first sales of Gas from any well under this agreement.

~~☐ **Option No. 2:** No Gas Balancing Agreement:~~

~~Each party shall take in kind or separately dispose of its proportionate share of all Oil and Gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditures incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.~~

~~Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment directly from the purchaser thereof for its share of all production.~~

~~If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the Oil and/or Gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such Oil and/or Gas or sell it to others at any time and from time to time, for the account of the non-taking party. Any such purchase or sale by Operator may be terminated by Operator upon at least ten (10) days written notice to the owner of said production and shall be subject always to the right of the owner of the production upon at least ten (10) days written notice to Operator to exercise its right to take in kind, or separately dispose of, its share of all Oil and/or Gas not previously delivered to a purchaser; provided, however, that the effective date of any such revocation may be deferred at Operator's election for a period not to exceed ninety (90) days if Operator has committed such production to a purchase contract having a term extending beyond such ten (10) day period. Any purchase or sale by Operator of any other party's share of Oil and/or Gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year.~~

~~Any such sale by Operator shall be in a manner commercially reasonable under the circumstances, but Operator shall have no duty to share any existing market or transportation arrangement or to obtain a price or transportation fee equal to that received under any existing market or transportation arrangement. The sale or delivery by Operator of a non-taking party's share of production under the terms of any existing contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said contract. No purchase of Oil and Gas and no sale of Gas shall be made by Operator without first giving the non-taking party ten days written notice of such intended purchase or sale and the price to be paid or the pricing basis to be used. Operator shall give notice to all parties of the first sale of Gas from any well under this Agreement.~~

~~All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements. Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which records shall be made available to Non-Operators upon reasonable request.~~

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally, and no party shall have any liability to third parties hereunder to satisfy the default of any other party in the payment of any expense or obligation hereunder. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership, joint venture, agency relationship or association, or to render the parties liable as partners, co-venturers, or principals. In their relations with each other under this agreement, the parties shall not be considered fiduciaries or to have established a confidential

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relationship but rather shall be free to act on an arm's-length basis in accordance with their own respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other with respect to activities hereunder.

B. Liens and Security Interests:

Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas Leases and Oil and Gas Interests in the Contract Area, and a security interest and/or purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this agreement including but not limited to payment of expense, interest and fees, the proper disbursement of all monies paid hereunder, the assignment or relinquishment of interest in Oil and Gas Leases as required hereunder, and the proper performance of operations hereunder. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from gas imbalances or from the sale of Oil and/or Gas at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing. **See Article XVI.G.**

To perfect the lien and security agreement provided herein, each party hereto shall execute and acknowledge the recording supplement and/or any financing statement prepared and submitted by any party hereto in conjunction herewith or at any time following execution hereof, and Operator is authorized to file this agreement or the recording supplement executed herewith as a lien or mortgage in the applicable real estate records and as a financing statement with the proper officer under the Uniform Commercial Code in the state in which the Contract Area is situated and such other states as Operator shall deem appropriate to perfect the security interest granted hereunder. Any party may file this agreement, the recording supplement executed herewith, or such other documents as it deems necessary as a lien or mortgage in the applicable real estate records and/or a financing statement with the proper officer under the Uniform Commercial Code.

Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in Oil and Gas Leases and Interests covered by this agreement by, through or under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest granted by this Article VII.B. as to all obligations attributable to such interest hereunder whether or not such obligations arise before or after such interest is acquired.

To the extent that parties have a security interest under the Uniform Commercial Code of the state in which the Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any party in the payment of its share of expenses, interests or fees, **or other financial obligations under this agreement,** or upon the improper use of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by such party, plus interest as provided in "Exhibit C," has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such defaulting party's share of Oil and Gas. All purchasers of production may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in this paragraph.

If any party fails to pay its share of cost within one hundred twenty (120) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. The amount paid by each party so paying its share of the unpaid amount shall be secured by the liens and security rights described in Article VII.B., and each paying party may independently pursue any remedy available hereunder or otherwise.

If any party does not perform all of its obligations hereunder, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisement of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshaling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

Each party agrees that the other parties shall be entitled to utilize the provisions of Oil and Gas lien law or other lien law of any state in which the Contract Area is situated to enforce the obligations of each party hereunder. Without limiting the generality of the foregoing, to the extent permitted by applicable law, Non-Operators agree that Operator may invoke or utilize the mechanics' or materialmen's lien law of the state in which the Contract Area is situated in order to secure the payment to Operator of any sum due hereunder for services performed or materials supplied by Operator.

C. Advances:

Operator, at its election, shall have the right from time to time to demand and receive from one or more of the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within **thirty (30)** ~~fifteen (15)~~ days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Defaults and Remedies:

If any party fails to discharge any financial obligation under this agreement, including without limitation the failure to make any advance under the preceding Article VII.C. or any other provision of this agreement, within the period required for such payment hereunder, then in addition to the remedies provided in Article VII.B. or elsewhere in this agreement, the remedies specified below shall be applicable. For purposes of this Article VII.D., all notices and elections shall be delivered only by Operator, except that Operator shall deliver any such notice and election requested by a non-defaulting Non-Operator, and when

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Operator is the party in default, the applicable notices and elections can be delivered by any Non-Operator. Election of any one or more of the following remedies shall not preclude the subsequent use of any other remedy specified below or otherwise available to a non-defaulting party.

1. Suspension of Rights: Any party may deliver to the party in default a Notice of Default, which shall specify the default, specify the action to be taken to cure the default, and specify that failure to take such action will result in the exercise of one or more of the remedies provided in this Article. If the default is not cured within thirty (30) days of the delivery of such Notice of Default, all of the rights of the defaulting party granted by this agreement may upon notice be suspended until the default is cured, without prejudice to the right of the non-defaulting party or parties to continue to enforce the obligations of the defaulting party previously accrued or thereafter accruing under this agreement. If Operator is the party in default, the Non-Operators shall have in addition the right, by vote of Non-Operators owning a majority in interest in the Contract Area after excluding the voting interest of Operator, to appoint a new Operator effective immediately. The rights of a defaulting party that may be suspended hereunder at the election of the non-defaulting parties shall include, without limitation, the right to receive information as to any operation conducted hereunder during the period of such default, the right to elect to participate in an operation proposed under Article VI.B. of this agreement, the right to participate in an operation being conducted under this agreement even if the party has previously elected to participate in such operation, and the right to receive proceeds of production from any well subject to this agreement.

2. Suit for Damages: Non-defaulting parties or Operator for the benefit of non-defaulting parties may sue (at joint account expense) to collect the amounts in default, plus interest accruing on the amounts recovered from the date of default until the date of collection at the rate specified in Exhibit "C" attached hereto. Nothing herein shall prevent any party from suing any defaulting party to collect consequential damages accruing to such party as a result of the default.

3. Deemed Non-Consent: The non-defaulting party may deliver a written Notice of Non-Consent Election to the defaulting party at any time after the expiration of the thirty-day cure period following delivery of the Notice of Default, in which event if the billing is for the drilling a new well or the Plugging Back, Sidetracking, Reworking or Deepening of a well which is to be or has been plugged as a dry hole, or for the Completion or Recompletion of any well, the defaulting party will be conclusively deemed to have elected not to participate in the operation and to be a Non-Consenting Party with respect thereto under Article VI.B. or VI.C., as the case may be, to the extent of the costs unpaid by such party, notwithstanding any election to participate theretofore made. If election is made to proceed under this provision, then the non-defaulting parties may not elect to sue for the unpaid amount pursuant to Article VII.D.2.

Until the delivery of such Notice of Non-Consent Election to the defaulting party, such party shall have the right to cure its default by paying its unpaid share of costs plus interest at the rate set forth in Exhibit "C," provided, however, such payment shall not prejudice the rights of the non-defaulting parties to pursue remedies for damages incurred by the non-defaulting parties as a result of the default. Any interest relinquished pursuant to this Article VII.D.3. shall be offered to the non-defaulting parties in proportion to their interests, and the non-defaulting parties electing to participate in the ownership of such interest shall be required to contribute their shares of the defaulted amount upon their election to participate therein.

4. Advance Payment: If a default is not cured within thirty (30) days of the delivery of a Notice of Default, Operator, or Non-Operators if Operator is the defaulting party, may thereafter require advance payment from the defaulting party of such defaulting party's anticipated share of any item of expense for which Operator, or Non-Operators, as the case may be, would be entitled to reimbursement under any provision of this agreement, whether or not such expense was the subject of the previous default. Such right includes, but is not limited to, the right to require advance payment for the estimated costs of drilling a well or Completion of a well as to which an election to participate in drilling or Completion has been made. If the defaulting party fails to pay the required advance payment, the non-defaulting parties may pursue any of the remedies provided in the Article VII.D. or any other default remedy provided elsewhere in this agreement. Any excess of funds advanced remaining when the operation is completed and all costs have been paid shall be promptly returned to the advancing party.

5. Costs and Attorneys' Fees: In the event any party is required to bring legal proceedings to enforce any financial obligation of a party hereunder, the prevailing party in such action shall be entitled to recover all court costs, costs of collection, and a reasonable attorney's fee, which the lien provided for herein shall also secure.

E. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

Operator shall notify Non-Operators of the anticipated completion of a shut-in well, or the shutting in or return to production of a producing well, at least five (5) days (excluding Saturday, Sunday, and legal holidays) prior to taking such action, or at the earliest opportunity permitted by circumstances, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operators, the loss of any lease contributed hereto by Non-Operators for failure to make timely payments of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article IV.B.~~2~~3.

F. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on Leases and Oil and Gas Interests contributed by such Non-Operator. If the assessed valuation of any Lease is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such Lease, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the joint account shall be made and paid by the parties hereto in accordance with the tax value generated by each party's working interest. Operator shall bill the other parties for their proportionate shares of all tax payments in the manner provided in Exhibit "C."

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay

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the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C."

Each party shall pay or cause to be paid all production, severance, excise, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of Oil and Gas produced under the terms of this agreement.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The Leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any Lease or in any portion thereof, such party shall give written notice of the proposed surrender to all parties, and the parties to whom such notice is delivered shall have thirty (30) days after delivery of the notice within which to notify the party proposing the surrender whether they elect to consent thereto. Failure of a party to whom such notice is delivered to reply within said 30-day period shall constitute a consent to the surrender of the Leases described in the notice. If all parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such Lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not consenting to such surrender. If the interest of the assigning party is or includes an Oil and Gas Interest, the assigning party shall execute and deliver to the party or parties not consenting to such surrender an oil and gas lease covering such Oil and Gas Interest for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B." Upon such assignment or lease, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the interest assigned or leased and the operation of any well attributable thereto, and the assigning party shall have no further interest in the assigned or leased premises and its equipment and production other than the royalties retained in any lease made under the terms of this Article. The party assignee or lessee shall pay to the party assignor or lessor the reasonable salvage value of the latter's interest in any well's salvable materials and equipment attributable to the assigned or leased acreage. The value of all salvable materials and equipment shall be determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface. If such value is less than such costs, then the party assignor or lessor shall pay to the party assignee or lessee the amount of such deficit. If the assignment or lease is in favor of more than one party, the interest shall be shared by such parties in the proportions that the interest of each bears to the total interest of all such parties. If the interest of the parties to whom the assignment is to be made varies according to depth, then the interest assigned shall similarly reflect such variances.

Any assignment, lease or surrender made under this provision shall not reduce or change the assignor's, lessor's or surrendering party's interest as it was immediately before the assignment, lease or surrender in the balance of the Contract Area; and the acreage assigned, leased or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement but shall be deemed subject to an Operating Agreement in the form of this agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal or replacement of an Oil and Gas Lease or Interest subject to this agreement, then all other parties shall be notified promptly upon such acquisition or, in the case of a replacement Lease taken before expiration of an existing Lease, promptly upon expiration of the existing Lease. The parties notified shall have the right for a period of thirty (30) days following delivery of such notice in which to elect to participate in the ownership of the renewal or replacement Lease, insofar as such Lease affects lands within the Contract Area, by paying to the party who acquired it their proportionate shares of the acquisition cost allocated to that part of such Lease within the Contract Area, which shall be in proportion to the interest held at that time by the parties in the Contract Area. Each party who participates in the purchase of a renewal or replacement Lease shall be given an assignment of its proportionate interest therein by the acquiring party.

If some, but less than all, of the parties elect to participate in the purchase of a renewal or replacement Lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal or replacement Lease. The acquisition of a renewal or replacement Lease by any or all of the parties hereto shall not cause a readjustment of the interests of the parties stated in Exhibit "A," but any renewal or replacement Lease in which less than all parties elect to participate shall not be subject to this agreement but shall be deemed subject to a separate Operating Agreement in the form of this agreement.

If the interests of the parties in the Contract Area vary according to depth, then their right to participate proportionately in renewal or replacement Leases and their right to receive an assignment of interest shall also reflect such depth variances.

The provisions of this Article shall apply to renewal or replacement Leases whether they are for the entire interest covered by the expiring Lease or cover only a portion of its area or an interest therein. Any renewal or replacement Lease taken before the expiration of its predecessor Lease, or taken or contracted for or becoming effective within six (6) months after the expiration of the existing Lease, shall be subject to this provision so long as this agreement is in effect at the time of such acquisition or at the time the renewal or replacement Lease becomes effective; but any Lease taken or contracted for more than six (6) months after the expiration of an existing Lease shall not be deemed a renewal or replacement Lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall also be applicable to extensions of Oil and Gas Leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash towards the drilling of a well or any other operation **under this agreement**~~on the Contract Area~~, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. Such acreage shall become a separate Contract Area and, to the extent possible, be governed by provisions identical to this agreement. Each party shall promptly notify all other parties of any acreage or cash contributions it may obtain in support of any well or any other operation on the Contract Area. The above provisions shall also be applicable to optional rights to earn acreage outside the Contract Area which are in support of well drilled inside Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Assignment; Maintenance of Uniform Interest:

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For the purpose of maintaining uniformity of ownership in the Contract Area in the Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production covered by this agreement no party shall sell, encumber, transfer or make other disposition of its interest in the Oil and Gas Leases and Oil and Gas Interests embraced within the Contract Area or in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production; or

2. an equal undivided percent of the party's present interest in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production in the Contract Area.

Every sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement and shall be made without prejudice to the right of the other parties, and any transferee of an ownership interest in any Oil and Gas Lease or Interest shall be deemed a party to this agreement as to the interest conveyed from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall relieve such party of obligations previously incurred by such party hereunder with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted hereunder in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Article VII.B. shall continue to burden the interest transferred to secure payment of any such obligations.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interest within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the Oil and Gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds thereof.

E. Waiver of Rights to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

~~**F. Preferential Right to Purchase:**~~

~~☐ (Optional; Check if applicable.)~~

~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and interests in the Contract Area, it shall promptly give written notice to the other parties, with full information concerning its proposed disposition, which shall include the name and address of the prospective transferee (who must be ready, willing and able to purchase), the purchase price, a legal description sufficient to identify the property, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after the notice is delivered, to purchase for the stated consideration on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to transfer title to its interests to its mortgagee in lieu of or pursuant to foreclosure of a mortgage of its interests, or to dispose of its interests by merger, reorganization, consolidation, or by sale of all or substantially all of its Oil and Gas assets to any party, or by transfer of its interests to a subsidiary or parent company or to a subsidiary of a parent company, or to any company in which such party owns a majority of the stock.~~

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

If, for federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, and if the parties have not otherwise agreed to form a tax partnership pursuant to Exhibit "G" or other agreement between them, each party thereby affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle "A," of the Internal Revenue Code of 1986, as amended ("Code"), as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Treasury Regulation §1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K," Chapter 1, Subtitle "A," of the Code, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single uninsured third party damage claim or suit arising from operations hereunder if the expenditure does not exceed **One Hundred Thousand** Dollars (**$100,000.00**) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expenses of handling settling, or otherwise discharging such claim or suit shall be a the joint expense of the parties participating in the operation from which the claim or suit arises. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, such party shall immediately notify all other parties, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

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If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to indemnify or make money payments or furnish security, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The term "force majeure," as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightening, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable. The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties by any of the provisions of this agreement, unless otherwise specifically provided, shall be in writing and delivered in person or by United States mail, courier service, telegram, telex, telecopier or any other form of facsimile, postage or charges prepaid, and addressed to such parties at the addresses listed on Exhibit "A." All telephone or oral notices permitted by this agreement shall be confirmed immediately thereafter by written notice. The originating notice given under any provision hereof shall be deemed delivered only when received by the party to whom such notice is directed, and the time for such party to deliver any notice in response thereto shall run from the date the originating notice is received. "Receipt" for purposes of this agreement with respect to written notice delivered hereunder shall be actual delivery of the notice to the address of the party to be notified specified in accordance with this agreement, or to the telecopy, facsimile or telex machine of such party. The second or any responsive notice shall be deemed delivered when deposited in the United States mail or at the office of the courier or telegraph service, or upon transmittal by telex, telecopy or facsimile, or when personally delivered to the party to be notified, provided, that when response is required within 24 or 48 hours, such response shall be given orally or by telephone, telex, telecopy or other facsimile within such period. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties. If a party is not available to receive notice orally or by telephone when a party attempts to deliver a notice required to be delivered within 24 or 48 hours, the notice may be delivered in writing by any other method specified herein and shall be deemed delivered in the same manner provided above for any responsive notice.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the Oil and Gas Leases and/or Oil and Gas Interests subject hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any Lease or Oil and Gas Interest contributed by any other party beyond the term of this agreement.

☐ ~~Option No. 1: So long as any of the Oil and Gas Leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise.~~

☒ Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in the Completion of a well as a well capable of production of Oil and/or Gas in paying quantities, this agreement shall continue in force so long as any such well is capable of production, and for an additional period of **One Hundred Twenty (120)** days thereafter; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling, Reworking, Deepening, Sidetracking, Plugging Back, testing or attempting to Complete or Re-complete a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is capable of producing Oil and/or Gas from the Contract Area, this agreement shall terminate unless drilling, Deepening, Sidetracking, Completing, Re-completing, Plugging Back or Reworking operations are commenced within **One Hundred Twenty (120)** days from the date of abandonment of said well. "Abandonment" for such purposes shall mean either (i) a decision by all parties not to conduct any further operations on the well or (ii) the elapse of 180 days from the conduct of any operations on the well, whichever first occurs.

The termination of this agreement shall not relieve any party hereto from any expense, liability or other obligation or any remedy therefor which has accrued or attached prior to the date of such termination.

Upon termination of this agreement and the satisfaction of all obligations hereunder, in the event a memorandum of this Operating Agreement has been filed of record, Operator is authorized to file of record in all necessary recording offices a notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon request of Operator, if Operator has satisfied all its financial obligations.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the applicable laws of the state in which the Contract Area is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations and orders.

B. Governing Law:

This agreement and all matters pertaining hereto, including but not limited to matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state of Texas shall govern.

C. Regulatory Agencies:

Nothing herein contained shall grant, or be construed to grant, Operator the right or authority to waive or release any rights, privileges, or obligations which Non-Operators may have under federal or state laws or under rules, regulations or orders promulgated under such laws in reference to oil, gas and mineral operations, including the location, operation, or production of wells, on tracts offsetting or adjacent to the Contract Area.

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With respect to the operations hereunder, Non-Operators agree to release Operator from any and all losses, damages, injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from Operator's interpretation or application of rules, rulings, regulations or orders of the Department of Energy or Federal Energy Regulatory Commission or predecessor or successor agencies to the extent such interpretation or application was made in good faith and does not constitute gross negligence. Each Non-Operator further agrees to reimburse Operator for such Non-Operator's share of production or any refund, fine, levy or other governmental sanction that Operator may be required to pay as a result of such an incorrect interpretation or application, together with interest and penalties thereon owing by Operator as a result of such incorrect interpretation or application.

ARTICLE XV.
MISCELLANEOUS

A. Execution:

This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which own, in fact, an interest in the Contract Area. Operator may, however, by written notice to all Non-Operators who have become bound by this agreement as aforesaid, given at any time prior to the actual spud date of the Initial Well but in no event later than five days prior to the date specified in Article VI.A. for commencement of the Initial Well, terminate this agreement if Operator in its sole discretion determines that there is insufficient participation to justify commencement of drilling operations. In the event of such a termination by Operator, all further obligations of the parties hereunder shall cease as of such termination. In the event any Non-Operator has advanced or prepaid any share of drilling or other costs hereunder, all sums so advanced shall be returned to such Non-Operator without interest. In the event Operator proceeds with drilling operations for the Initial Well without the execution hereof by all persons listed on Exhibit "A" as having a current working interest in such well, Operator shall indemnify Non-Operators with respect to all costs incurred for the Initial Well which would have been charged to such person under this agreement if such person had executed the same and Operator shall receive all revenues which would have been received by such person under this agreement if such person had executed the same.

B. Successors and Assigns:

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns, and the terms hereof shall be deemed to run with the Leases or Interests included within the Contract Area.

C. Counterparts:

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

D. Severability:

For the purposes of assuming or rejecting this agreement as an executory contract pursuant to federal bankruptcy laws, this agreement shall not be severable, but rather must be assumed or rejected in its entirety, and the failure of any party to this agreement to comply with all of its financial obligations provided herein shall be a material default.

ARTICLE XVI.
OTHER PROVISIONS

A. Priority of Operations—Vertical Wells

Where a well has been authorized under the terms of this Agreement by all parties (or by one or more, but less than all parties under Article VI.B.2) and the parties participating in the well cannot agree upon the sequence and timing of further operations regarding such well, the following elections shall control in the order enumerated below:

1. Prior to reaching the objective depth or zone:

- **a. Drilling a well to its objective depth or objective zone shall have first priority over all other operations and proposals.**
- **b. In the event that impenetrable conditions or mechanical difficulties prevent reaching the objective depth or zone, a proposal to sidetrack in an effort to reach the objective depth or zone shall have priority over a proposal to attempt a completion in a zone already reached.**

2. After the objective depth or zone has been reached:

- **a. A proposal to do additional logging, coring or testing;**
- **b. A proposal to attempt to complete the well at either the objective depth or objective zone;**
- **c. A proposal to deepen said well;**
- **d. A proposal to plug back and attempt to complete said well;**
- **e. A proposal to sidetrack the well;**
- **f. A proposal to rework said well by generally accepted stimulation techniques whether or not said well had previously produced in commercial quantities or is capable of commercial production, subject to the provisions of Article XVI hereof;**
- **g. A proposal to temporarily abandon the well;**
- **h. A proposal to plug and abandon the well;**

It is provided, however, that if at any time said participating parties are considering the above elections, the hole is in such a condition that, in the opinion of the party(ies) owning a majority in cost-bearing, possessory interest as set forth on Exhibit "A' hereto, a reasonably prudent operator would not conduct the operations contemplated by the particular election involved for fear of placing the hole in jeopardy or losing the same prior to completing the well in the objective depth or objective zone, such election shall not be given the priority hereinabove set forth. In such event, the operation which, in the opinion of the party(ies) owning a majority in cost-bearing, possessory interest as set forth on Exhibit "A" hereto, is less likely to jeopardize the well, will be conducted. It is further understood that if some, but not all parties, elect to participate in the additional logging, coring, or testing, they may do so, and the party or parties not participating in such operations shall not be entitled to the logs, cores or the results of the tests but shall suffer no other penalty.

B. Laws and Regulations:

All of the provisions of this Agreement are expressly subject to all applicable laws, orders, rules and regulations of any governmental body or agency having jurisdiction in the premises, and all operations contemplated hereby shall be

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conducted in conformity therewith. Any provision of this Agreement which is inconsistent with any such laws, orders, rules or regulations is hereby modified so as to conform therewith, and this Agreement, as so modified, shall continue in full force and effect.

C. Regulatory Filings:

Operator will file, and upon written request promptly furnish copies to each requesting Non-Operator, all operational notices, filings, reports and applications required to be filed by local, State, Federal or Indian agencies or authorities having jurisdiction over operations hereunder. Each Non-Operator shall provide to Operator on a timely basis all information necessary for Operator to make such filings. Operator shall use its best judgment in making any of the filings, and preparing any of the notices, reports and applications referred to above. However, in no event shall Operator have any liability to any Non-Operator in making and prosecuting any such filing or in rendering any notice, report or application, absent bad faith, gross negligence or willful misconduct. Any penalties incurred as a result of any incorrect filing, notice, report or application shall, in absence of bad faith, gross negligence or willful misconduct, be charged to the parties owning the production to which the penalty pertains.

D. All Transfers Subject to this Agreement:

Each party hereto covenants and agrees for itself, its successors and assigns, that any sale, assignment, sublease, mortgage, pledge or other instrument affecting the leases and lands subject to this instrument (whether of an operating or non-operating interest or a mortgage, pledge or other security interest) will be made and accepted subject to this instrument and the party acquiring the interest or security shall expressly agree to be bound by all its terms and provisions.

E. Operator's Billing Requirements:

Notwithstanding anything to the contrary contained herein, or in the accounting procedure attached hereto as Exhibit "C", the parties to this agreement specifically agree that in no event during the term of this contract shall Operator be required to make more than one billing for the entire interest credited to each party on Exhibit "A". It is further agreed that if any party to this agreement (hereinafter referred to as "Selling Party") disposes of part of the interest credited to it on Exhibit "A", the Selling Party will be solely responsible for billing its assignee(s), and shall remain primarily liable to the other parties hereto for the interest or interests assigned and shall make prompt payment to Operator for the entire amount of statements and billings rendered to it or accountable to it by virtue of such interests as shown on Exhibit "A". It is further understood and agreed that if Selling Party disposes of all its interest as set out on Exhibit "A", whether to one or to several assignees, Operator shall continue to issue statements and billings to the Selling Party for the entire interest conveyed until such time as Selling Party has designated and qualified one assignee to receive the billings for the entire interest and such designated assignee has been approved and accepted by Operator.

In order to qualify one assignee to receive the billing for the entire interest credited to Selling Party on Exhibit "A", Selling Party shall furnish to Operator such information as may be requested, including, but not limited to, the following:

1. Written notice to Operator of the conveyance followed by photostatic or certified copies of the recorded assignments as soon as available.
2. The name of the assignee to be billed along with such assignee's written consent to receive statements and billings for the entire interest credited to Selling Party on Exhibit 'A", hereto, and further, agreeing to handle any necessary sub-billings attributable to such interest in the event such designated assignee does not own the entire interest credited to Selling Party on Exhibit "A".

The parties agree that the sale of any interest in the leases covered by this Agreement shall be made specifically subject to the provisions of this section.

F. Billings to Direct Account:

All expenses, including salaries, wages and expenses of personnel, legal or consultant fees, and administrative filing fees and court costs, shall be a direct charge, borne by the Joint Account as provided in Exhibit "C" and shall not be included in administrative overhead Part III on Exhibit "C" if incurred for obtaining spacing, pooling or other orders or rulings from state regulatory bodies or courts deemed by the Operator, in its sole judgment, as necessary.

G. Lien:

The lien and security interest granted by each Non-Operator to Operator and by Operator to Non-Operator under Article VII.B. shall extend not only to such party's oil and gas rights in the Contract Area (which for greater certainty shall include all of each party's leasehold interest and leasehold estate in the Contract Area), the oil and/or gas when extracted and equipment (as mentioned in said Article) but also to all accounts, contract rights, inventory and general intangibles constituting a part of, relating or arising out of said oil and gas rights, extracted oil and gas and said equipment or which are otherwise owned or held by any such party in the Contract Area. Further, the lien and security interest of each of said parties shall extend to all proceeds and products of all of the property and collateral described in this paragraph and in Article VII.B. as being subject to said lien and security interest. Any party, to the extent it deems necessary to perfect the lien and security interest provided herein, may file this Operating Agreement as a lien or mortgage in the applicable real estate records and as a financing statement with the proper officer under the Uniform Commercial Code. Further, and not in limitation of the foregoing, each party hereby grants to Operator full right, power and authority to execute in each such party's name and on its behalf any financing statement which Operator deems necessary in order to perfect the security interest hereby granted under the applicable Uniform Commercial Code.

H. Legal Costs:

In the event Operator shall ever be required to bring legal proceedings in order to collect any sums due from any Non-Operators under this Agreement, then Operator shall also be entitled to recover all court costs, costs of collection and a reasonable attorney's fee, which the lien provided for herein shall also secure.

I. Controlling Language:

In the event of a conflict between the provisions of this Article XVI. and any other provision of this Operating Agreement, the provisions of this Article XVI. shall control and prevail.

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J. AFE:

An AFE is an estimate only of costs; in no way shall the execution of an AFE limit the liability of the party.

K. Take in Kind:

In the event any Party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have the right, but not the obligation, to purchase such oil and gas or sell it to others at any time and from time to time, for the account of the non-taking party, and Operator will use its commercially reasonable efforts to market Non-Operator's share of oil and gas on similar the same terms that Operator markets its own share of such production. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind or separately dispose of its share of all oil and gas not previously delivered to a purchaser by the giving of written notice thereof to Operator at least thirty (30) days prior to its requested taking (the "Taking Date");such notice shall be deemed effective on the first day of the next month following the Taking Date.

L. Priority of Operations — Horizontal Wells:

Notwithstanding Article VI.B.6 or anything else in this Agreement to the contrary, it is agreed that where a Horizontal or Multi-lateral Well subject to this Agreement has been drilled to the Objective formation and the Consenting Parties cannot agree upon the sequence and timing of further operations regarding such Horizontal or Multi-lateral Well, the following elections shall control in the order of priority enumerated hereafter:

1. A proposal to do additional logging, coring, or testing;
2. A proposal to attempt to Complete drilling operations of all proposed Laterals;
3. A proposal to extend or Deepen a Lateral;
4. A proposal to kick out and drill an additional Lateral in the same formation;
5. A proposal to Plug Back the well to a formation or Zone above the formation in which a Lateral was drilled; if there is more than one proposal to Plug Back, the proposal to Plug Back to the next deepest prospective Zone or formation shall have priority over a proposal to plug back to a shallower prospective Zone or formation;
6. A proposal to Sidetrack; and
7. A proposal to plug and abandon said well as provided for in Article VI.E.

It is provided, however, that if at the time the Consenting Parties are considering any of the above elections, the hole is in such a condition that a reasonably prudent Operator would not conduct the operations contemplated by the particular election involved for fear of placing the hole in jeopardy or losing the hole prior to Completing the Horizontal or Multi-lateral Well in the objective formation, such election shall be eliminated from priorities hereinabove set forth.

M. Priority of Operating Agreements:

This Operating Agreement shall replace and supersede all Operating Agreements now in effect between all or any portion of the parties hereto covering the Contract Area.

N. Proprietary Information:

It is recognized that certain horizontal drilling techniques, processes and equipment which may be utilized by Operator, or which may be utilized by third parties with whom Operator contracts on a proprietary and confidential basis, as well as certain data and information collected from the use of such techniques, processes, and equipment ("Confidential Information") may be subject to one or more third party confidentiality agreements. Accordingly, it is agreed that notwithstanding anything contained in this Agreement to the contrary, any Confidential Information shall be made available to participating Non-Operators upon such Party's compliance with the terms and provisions of any relevant third party confidentiality agreement, which may include, but is not limited to, execution and delivery of a conformed copy thereof.

O. Failure of Title:

Notwithstanding anything contained in this Agreement to the contrary, termination or partial termination of a Lease or Oil and Gas Interest subject to this Agreement either (i) at the expiration of the primary term thereof, or (ii) by reason of lack of continuous operations or production in paying quantities after the expiration of the primary term, shall not be considered a "failure of title" as provided in Article IV.B.1, and any renewal or extension of such Lease or Oil and Gas Interest shall be subject to the provisions of Article VIII. B.

P. Memorandum of Operating Agreement and Financing Statement:

Operator shall prepare and circulate for execution a Memorandum of Operating Agreement and Financing Statement for the Contract Area (in the form set out in Exhibit H hereto) in order to give record notice of this Operating Agreement and terms hereof, including, but not limited to, the lien granted herein. Each Non-Operator shall execute such instrument upon receipt from Operator and deliver same to Operator within fourteen (14) days of receipt. Failure by any party to return same shall give the Operator the right to suspend all payments under this Operating Agreement due to said party until such time as the Memorandum is received by the Operator. Once the Memorandum is executed Operator shall file same of record in each county which contributes acreage to the Contract Area.

Q. Replacement Exhibit "A":

Exhibit "A" may be amended from time to time (i) to correct errors and/or omissions in the working interest parties and (ii) to reflect changes in ownership and/or addresses of the parties by Operator circulating a replacement Exhibit "A" reflecting therein such corrections and/or changes and including the requisite effective date. Non-Operators shall have thirty (30) days to submit corrections to any replacement Exhibit "A" circulated by Operator.

R. Operator's Authority:

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, OPERATOR ACTS AS AN INDEPENDENT CONTRACTOR FOR THE PURPOSES DESCRIBED IN THIS AGREEMENT AND SHALL NOT BE DEEMED, OR HOLD ITSELF OUT AS, THE AGENT OF THE NON-OPERATORS WITH AUTHORITY TO BIND THEM TO ANY OBLIGATION OR LIABILITY ASSUMED OR INCURRED BY OPERATOR AS TO ANY THIRD PARTY; PROVIDED THAT OPERATOR SHALL HAVE THE RIGHT, BUT NOT THE OBLIGATION, TO ACT ON

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BEHALF OF NON-OPERATORS FOR THE LIMITED PURPOSES DESCRIBED IN THIS ARTICLE XVI.R., AND NON-OPERATORS HEREBY IRREVOCABLY DESIGNATE AND APPOINT OPERATOR AS THEIR AGENT AND ATTORNEY-IN-FACT FOR THE SOLE PURPOSE OF EXECUTING, FILING FOR APPROVAL BY A GOVENMENTAL AGENCY AS REQUIRED UNDER APPLICABLE LAWS, RULES OR REGULATIONS AND/OR RECORDING:

(I) ANY DECLARATION OF POOLING OR COMMUNITIZATION AGREEMENT TO EFFECUATE THE POOLING OR COMMUNITIZATION OF THE OIL AND GAS LEASES AND/OR INTERESTS CONTRIBUTED BY NON-OPERATORS TO THIS AGREEMENT WITHIN THE CONTRACT AREA (TO THE EXTENT LEGALLY PERMITTED OR OTHERWISE ALLOWED UNDER THEIR RESPECTIVE TERMS AND CONDITIONS);

(II) ANY MEMORANDA OF THIS AGREEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS, FINANCING STATEMENTS AND ANY OTHER INSTRUMENTS AND DOCUMENTS DEEMED NECESSARY OR DESIREABLE TO EVIDENCE, PERFECT AND ENFORCE THE TERMS OF THIS AGREEMENT; OR

(III) ANY DOCUMENTS DEEMED NECESSARY TO CONFORM WITH A SPACING ORDER OF A GOVERNMENTAL AGENCY HAVING JURISDICTION OVER ANY PORTION OF THE CONTRACT AREA;

PROVIDED THAT SUCH RIGHT TO ACT AS AGENT AND ATTORNEY-IN-FACT FOR ANY NON-OPERATOR WITH RESPECT TO THE PURPOSES OUTLINED IN THIS ARTICLE XVI.R. SHALL ONLY BE EXERCISED BY OPERATOR AFTER PROVIDING WRITTEN NOTICE TO NON-OPERATORS AS DESCRIBED IN ARTICLE XII OF THIS AGREEMENT AND SHALL INCLUDE A COPY OF THE PROPOSED DOCUMENT, WHICH SHALL BE BINDING UPON ANY NON-OPERATOR FAILING TO PROVIDE A WRITTEN OBJECTION TO OPERATOR WITHIN TEN (10) DAYS FOLLOWING SUCH NOTICE.

S. Other: ORRI provision:

Notwithstanding anything contained herein to the contrary, in the event any Party hereto contributes to this agreement an interest in an oil and gas lease or leases with a net revenue interest greater than 75% on a 100% basis (the "lease(s)"), then that party shall be deemed to have reserved from the lease(s) a proportionately reduced overriding royalty interest equal to the positive difference between 25% and the total of all royalties, overriding royalties, production payments and similar burdens of record as of the date of this agreement and attributable to the leases(s). Such overriding royalty interest shall be due and payable when and if the lease(s) or any portion thereof is included in a spacing unit or project area for a well drilled pursuant to this agreement. The overriding royalty interest so reserved shall be paid as in accordance with the leases(s) contributed by such party receiving the overriding interest, and shall be free and clear of all costs of exploring, drilling and producing such oil, gas and other gaseous hydrocarbons but shall be subject to a proportionate part of applicable taxes. Such overriding royalty interests shall be proportionately reduced in the proportion that the contributed interest in the lease(s) bears to the full interest in a spacing unit or project area for a well drilled hereunder.

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A.A.P.L. FORM 610 – MODEL FORM OPERATING AGREEMENT – 1989

IN WITNESS WHEREOF, this agreement shall be effective as of the 9th day of August, 2024.

~~_____, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and, with the exception(s) listed below, is identical to the AAPL Form 610-1989 Model Form Operating Agreement, as published in computerized form by Forms On-A-Disk, Inc. No changes, alterations, or modifications, other than those made by strikethrough and/or insertion and that are clearly recognizable as changes in Articles _____, have been made to the form.~~

ATTEST OR WITNESS:

_____

_____

OPERATOR

Matador Production Company

By _____

Bryan A. Erman
Type or print name

Title E.V.P. & General Counsel & Head of M&A

Date _____

Tax ID or S.S. No. _____

NON-OPERATORS

MRC Permian Company

_____ By _____

_____

Bryan A. Erman
Type or print name

Title E.V.P. & General Counsel & Head of M&A

Date _____

Tax ID or S.S. No. _____

_____

_____ By _____

_____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

_____

_____ By _____

_____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

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ACKNOWLEDGMENTS

Note: The following forms of acknowledgment are the short forms approved by the Uniform Law on Notarial Acts. The validity and effect of these forms in any state will depend upon the statutes of that state.

Individual acknowledgment:

State of _____)
) ss.
County of _____)

This instrument was acknowledged before me on

_____ by _____

(Seal, if any) _____

Title (and Rank) _____

My commission expires: _____

Acknowledgment in representative capacity:

State of _____)

) ss.

County of _____)

This instrument was acknowledged before me on

_____ by _____ as

_____ of _____.

(Seal, if any) _____

Title (and Rank) _____

My commission expires: _____

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EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated August 9, 2024, by and among Matador Production Company, as Operator, and MRC Permian Company et al as Non-Operators (this "Agreement")

I. CONTRACT AREA:

The E/2 of Sections 11 and 14, Township 17 South, Range 37 East, Lea County, New Mexico.

II. DEPTH RESTRICTIONS:

All Depths.

III. ADDRESS OF THE PARTIES:

Matador Production Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
Attn: Land Department

MRC Permian Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
Attn: Land Department

IV. PERCENTAGES OF THE PARTIES:

MRC Permian Company	XXXXXX%
XXXX	XXXXXX%

***See Note Below**

V. Oil and Gas Leases subject to this Agreement:

VI. Burdens on Production:

Burdens of record as of the effective date of this Agreement.

End of Exhibit "A"

***Final Exhibit "A" will be sent to Non-operators from Operator pending final elections and execution of Operating Agreement.**

Exhibit "B"

Attached to and made a part of that certain Operating Agreement dated August 9, 2024, by and between Matador Production Company, as Operator and MRC Permian Company, et al, as Non-Operators (this "Agreement"), as to those certain Oil and Gas Leases included within the E/2 of Sections 11 and 14, Township 17 South, Range 37 East, N.M.P.M. Lea County, New Mexico.

FORM OF LEASE

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: Your social security number or your driver's license number.

THIS LEASE AGREEMENT is made effective the ___ day of _____, 20__, between **Interest Owner Names**, **Capacity** as the Lessor (whether one or more), whose address is **Address,** and _____, as Lessee, whose address is _____, _____, _____.

All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. **Description.** Lessor, in consideration of Ten Dollars ($10.00), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non-hydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in _____County, New Mexico, to-wit:

Township Range
Section _____
containing _____ acres more or less
_____ County, New Mexico

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, said land shall be deemed to be comprised of _____ acres whether it actually comprises more or less.

2. **Term of Lease.** This lease, which is a paid-up lease requiring no rentals, shall be in force for a primary term of **THREE (3)** years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. **Royalty.** Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be **ONE-FOURTH (1/4)** of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be **ONE-FOURTH (1/4)** of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of the payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the **PAY DIRECT TO LESSOR AT ABOVE ADDRESS** or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 9 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the owners of this lease, severally as to acreage owned by each. Lessee shall have free use of oil, gas, water and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

4. **Operations.** If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located on lands not pooled therewith within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

5. **Pooling.** Lessee shall have the continuing recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased

premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if there were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of the Lessee, promote the conservation of covered minerals in and under and that may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of the revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within the lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of the production as herein provided. As used herein the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. Pooling hereunder shall not constitute a cross-conveyance of interests.

6. **Ancillary Rights.** In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises, in primary or enhanced recovery, Lessor hereby grants and conveys to Lessee the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and transport production. In exploring, developing, producing or marketing from the leased premises, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises. No surface location for a well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder without Lessor's consent, and Lessee shall pay for actual damage caused by its operations to buildings and other improvements now on the leased premises, or such other lands, and to the commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

7. **Ownership.** The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change to the satisfaction of the Lessee. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons, either jointly or separately, in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all obligations thereafter arising with respect to transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

8. **Third Party Offering.** In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

9. **Warranty of Title.** Lessor hereby warrants and agrees to defend title to the interest conveyed to Lessee hereunder. Lessee, at its option, may pay or discharge any tax, mortgage or lien existing against the leased premises and, in the event that it does so, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. If Lessor owns less than the full mineral estate in all or any part of the leased premises, payment of royalties and shut-in royalties hereunder shall be reduced proportionately to the amount that Lessor's interest in the leased premises bears to the entire mineral estate in the leased premises. To the extent any royalty or other payment attributable to the mineral estate covered by this lease is payable to someone other than Lessor, such royalty or other payment shall be deducted from the corresponding amount otherwise payable to Lessor hereunder.

10. **Release of Lease.** Lessee may, at any time and from time to time, deliver to the Lessor or file of record a written release of this Lease as to a full or undivided interest in all or any portion of the leased premises or any depths or zones thereunder, and shall thereafter be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

11. **Regulation and Delay.** Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells and regulation of the price or transportation of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when drilling, production or other operations are so prevented or delayed.

12. **Breach or Default.** An alleged breach or default by Lessee of any obligation hereunder or the failure of Lessee to satisfy any condition or limitation contained herein shall not work as a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Lessor with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has given Lessee written notice fully describing the breach or

default, and then only if Lessee fails to remedy or commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless the Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relationship created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principle - agent relationship between Lessor and Lessee for any purpose.

13. **Option to Extend.** For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of **Two (2)** years, commencing on or before the expiration date hereof, and continuing as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Five Hundred Dollars ($500.00) per net mineral acre covered by this lease on or before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "Paid-Up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

IN WITNESS WHEREOF, this lease is executed effective the date first above written , and upon execution shall be binding upon the signatory party whether or not the lease has been executed by all parties named herein as Lessor.

LESSOR (WHETHER ONE OR MORE)

By: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me this _____ day of _____, 20___, by _____ as _____ for _____, on behalf of said corporation.

_____

Notary Public, State of _____

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Exhibit " C "
ACCOUNTING PROCEDURE
JOINT OPERATIONS

Attached to and made part of Operating Agreement dated August 9, 2024, by and between Matador Production Company, as Operator, and MRC Permian Company et al, as Non-Operator

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. DEFINITIONS

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

"Field Office" means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

"First Level Supervision" means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- Responsibility for day-to-day direct oversight of rig operations
- Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- Responsibility for optimal resource utilization (equipment, Materials, personnel)
- Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

"Joint Account" means the account showing the charges paid / and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

or incurred

"Joint Operations" means all operations / for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

Authorized under the Agreement

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"Joint Property" means the real and personal property subject to the Agreement.

"Laws" means any laws, rules, regulations, decrees, and orders of the United States of America or any state thereof and all other governmental bodies, agencies, and other authorities having jurisdiction over or affecting the provisions contained in or the transactions contemplated by the Agreement or the Parties and their operations, whether such laws now exist or are hereafter amended, enacted, promulgated or issued.

"Material" means personal property, equipment, supplies, or consumables acquired or held for use by the Joint Property.

"Non-Operators" means the Parties to the Agreement other than the Operator.

"Offshore Facilities" means platforms, surface and subsea development and production systems, and other support systems such as oil and gas handling facilities, living quarters, offices, shops, cranes, electrical supply equipment and systems, fuel and water storage and piping, heliport, marine docking installations, communication facilities, navigation aids, and other similar facilities necessary in the conduct of offshore operations, all of which are located offshore.

"Off-site" means any location that is not considered On-site as defined in this Accounting Procedure.

"On-site" means on the Joint Property when in direct conduct of Joint Operations. The term "On-site" shall also include that portion of Offshore Facilities, Shore Base Facilities, fabrication yards, and staging areas from which Joint Operations are conducted, or other facilities that directly control equipment on the Joint Property, regardless of whether such facilities are owned by the Joint Account.

"Operator" means the Party designated pursuant to the Agreement to conduct the Joint Operations.

"Parties" means legal entities signatory to the Agreement or their successors and assigns. Parties shall be referred to individually as "Party."

"Participating Interest" means the percentage of the costs and risks of conducting an operation under the Agreement that a Party agrees, or is otherwise obligated, to pay and bear.

"Participating Party" means a Party that approves a proposed operation or otherwise agrees, or becomes liable, to pay and bear a share of the costs and risks of conducting an operation under the Agreement. Drilling Party and Consenting Party

"Personal Expenses" means reimbursed costs for travel and temporary living expenses.

"Railway Receiving Point" means the railhead nearest the Joint Property for which freight rates are published, even though an actual railhead may not exist.

"Shore Base Facilities" means onshore support facilities that during Joint Operations provide such services to the Joint Property as a receiving and transshipment point for Materials; debarkation point for drilling and production personnel and services; communication, scheduling and dispatching center; and other associated functions serving the Joint Property.

"Supply Store" means a recognized source or common stock point for a given Material item.

"Technical Services" means services providing specific engineering, geoscience, or other professional skills, such as those performed by engineers, geologists, geophysicists, and technicians, required to handle specific operating conditions and problems for the benefit of Joint Operations; provided, however, Technical Services shall not include those functions specifically identified as overhead under the second paragraph of the introduction of Section III (*Overhead*). Technical Services may be provided by the Operator, Operator's Affiliate, Non-Operator, Non-Operator Affiliates, and/or third parties.

2. STATEMENTS AND BILLINGS

The Operator shall bill Non-Operators on or before the last day of the month for their proportionate share of the Joint Account for the preceding month. Such bills shall be accompanied by statements that identify the AFE (authority for expenditure), lease or facility, and all charges and credits summarized by appropriate categories of investment and expense. Controllable Material shall be separately identified and fully described in detail, or at the Operator's option, Controllable Material may be summarized by major Material classifications. Intangible drilling costs, audit adjustments, and unusual charges and credits shall be separately and clearly identified.

The Operator may make available to Non-Operators any statements and bills required under Section I.2 and/or Section I.3.A (*Advances and Payments by the Parties*) via email, electronic data interchange, internet websites or other equivalent electronic media in lieu of paper copies. The Operator shall provide the Non-Operators instructions and any necessary information to access and receive the statements and bills within the timeframes specified herein. A statement or billing shall be deemed as delivered twenty-four (24) hours (exclusive of weekends and holidays) after the Operator notifies the Non-Operator that the statement or billing is available on the website and/or sent via email or electronic data interchange transmission. Each Non-Operator individually shall elect to receive statements and billings electronically, if available from the Operator, or request paper copies. Such election may be changed upon thirty (30) days prior written notice to the Operator.

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3. ADVANCES AND PAYMENTS BY THE PARTIES

A. Unless otherwise provided for in the Agreement, the Operator may require the Non-Operators to advance their share of the estimated cash outlay for the succeeding month's operations within thirty (30) / days after receipt of the advance request or by the first day of the month for which the advance is required, whichever is later. The Operator shall adjust each monthly billing to reflect advances received from the Non-Operators for such month. If a refund is due, the Operator shall apply the amount to be refunded to the subsequent month's billing or advance, unless the Non-Operator sends the Operator a written request for a cash refund. The Operator shall remit the refund to the Non-Operator within thirty (30) / days of receipt of such written request.

B. Except as provided below, each Party shall pay its proportionate share of all bills in full within Thirty (30) / days of receipt date. If payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the *Wall Street Journal* on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts. If the *Wall Street Journal* ceases to be published or discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Federal Reserve plus three percent (3%), per annum. Interest shall begin accruing on the first day of the month in which the payment was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed. Notwithstanding the foregoing, the Non-Operator may reduce payment, provided it furnishes documentation and explanation to the Operator at the time payment is made, to the extent such reduction is caused by:

(1) being billed at an incorrect working interest or Participating Interest that is higher than such Non-Operator's actual working interest or Participating Interest, as applicable; or
(2) being billed for a project or AFE requiring approval of the Parties under the Agreement that the Non-Operator has not approved or is not otherwise obligated to pay under the Agreement; or
(3) being billed for a property in which the Non-Operator no longer owns a working interest, provided the Non-Operator has furnished the Operator a copy of the recorded assignment or letter in-lieu. Notwithstanding the foregoing, the Non-Operator shall remain responsible for paying bills attributable to the interest it sold or transferred for any bills rendered during the thirty (30) day period following the Operator's receipt of such written notice; or
(4) charges outside the adjustment period, as provided in Section I.4 (*Adjustments*).

4. ADJUSTMENTS

A. Payment of any such bills shall not prejudice the right of any Party to protest or question the correctness thereof; however, all bills and statements, including payout statements, rendered during any calendar year shall conclusively be presumed to be true and correct, with respect only to expenditures, after twenty-four (24) months following the end of any such calendar year, unless within said period a Party takes specific detailed written exception thereto making a claim for adjustment. The Operator shall provide a response to all written exceptions, whether or not contained in an audit report, within the time periods prescribed in Section I.5 (*Expenditure Audits*).

B. All adjustments initiated by the Operator, except those described in items (1) through (4) of this Section I.4.B, are limited to the twenty-four (24) month period following the end of the calendar year in which the original charge appeared or should have appeared on the Operator's Joint Account statement or payout statement. Adjustments that may be made beyond the twenty-four (24) month period are limited to adjustments resulting from the following:

(1) a physical inventory of Controllable Material as provided for in Section V (*Inventories of Controllable Material*), or
(2) an offsetting entry (whether in whole or in part) that is the direct result of a specific joint interest audit exception granted by the Operator relating to another property, or
(3) a government/regulatory audit, or
(4) a working interest ownership or Participating Interest adjustment.

5. EXPENDITURE AUDITS

A. A Non-Operator, upon written notice to the Operator and all other Non-Operators, shall have the right to audit the Operator's accounts and records relating to the Joint Account within the twenty-four (24) month period following the end of such calendar year in which such bill was rendered; however, conducting an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Section I.4 (*Adjustments*). Any Party that is subject to payout accounting under the Agreement shall have the right to audit the accounts and records of the Party responsible for preparing the payout statements, or of the Party furnishing information to the Party responsible for preparing payout statements. Audits of payout accounts may include the volumes of hydrocarbons produced and saved and proceeds received for such hydrocarbons as they pertain to payout accounting required under the Agreement. Unless otherwise provided in the Agreement, audits of a payout account shall be conducted within the twenty-four (24) month period following the end of the calendar year in which the payout statement was rendered.

Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner that will result in a minimum of inconvenience to the Operator. The Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of the Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of

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those Non-Operators approving such audit.

The Non-Operator leading the audit (hereinafter "lead audit company") shall issue the audit report within ninety (90) days after completion of the audit testing and analysis; however, the ninety (90) day time period shall not extend the twenty-four (24) month requirement for taking specific detailed written exception as required in Section I.4.A (*Adjustments*) above. All claims shall be supported with sufficient documentation.

A timely filed written exception or audit report containing written exceptions (hereinafter "written exceptions") shall, with respect to the claims made therein, preclude the Operator from asserting a statute of limitations defense against such claims, and the Operator hereby waives its right to assert any statute of limitations defense against such claims for so long as any Non-Operator continues to comply with the deadlines for resolving exceptions provided in this Accounting Procedure. If the Non-Operators fail to comply with the additional deadlines in Section I.5.B or I.5.C, the Operator's waiver of its rights to assert a statute of limitations defense against the claims brought by the Non-Operators shall lapse, and such claims shall then be subject to the applicable statute of limitations, provided that such waiver shall not lapse in the event that the Operator has failed to comply with the deadlines in Section I.5.B or I.5.C.

B. The Operator shall provide a written response to all exceptions in an audit report within one hundred eighty (180) days after Operator receives such report. Denied exceptions should be accompanied by a substantive response. If the Operator fails to provide substantive response to an exception within this one hundred eighty (180) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*).

C. The lead audit company shall reply to the Operator's response to an audit report within ninety (90) days of receipt, and the Operator shall reply to the lead audit company's follow-up response within ninety (90) days of receipt; provided, however, each Non-Operator shall have the right to represent itself if it disagrees with the lead audit company's position or believes the lead audit company is not adequately fulfilling its duties. Unless otherwise provided for in Section I.5.E, if the Operator fails to provide substantive response to an exception within this ninety (90) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*).

D. If any Party fails to meet the deadlines in Sections I.5.B or I.5.C or if any audit issues are outstanding fifteen (15) months after Operator receives the audit report, the Operator or any Non-Operator participating in the audit has the right to call a resolution meeting, as set forth in this Section I.5.D or it may invoke the dispute resolution procedures included in the Agreement, if applicable. The meeting will require one month's written notice to the Operator and all Non-Operators participating in the audit. The meeting shall be held at the Operator's office or mutually agreed location, and shall be attended by representatives of the Parties with authority to resolve such outstanding issues. Any Party who fails to attend the resolution meeting shall be bound by any resolution reached at the meeting. The lead audit company will make good faith efforts to coordinate the response and positions of the Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself. Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may be discussed at subsequent meetings until each such issue is resolved.

If the Agreement contains no dispute resolution procedures and the audit issues cannot be resolved by negotiation, the dispute shall be submitted to mediation. In such event, promptly following one Party's written request for mediation, the Parties to the dispute shall choose a mutually acceptable mediator and share the costs of mediation services equally. The Parties shall each have present at the mediation at least one individual who has the authority to settle the dispute. The Parties shall make reasonable efforts to ensure that the mediation commences within sixty (60) days of the date of the mediation request. Notwithstanding the above, any Party may file a lawsuit or complaint (1) if the Parties are unable after reasonable efforts, to commence mediation within sixty (60) days of the date of the mediation request, (2) for statute of limitations reasons, or (3) to seek a preliminary injunction or other provisional judicial relief, if in its sole judgment an injunction or other provisional relief is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties shall continue to try to resolve the dispute by mediation.

E.

6. APPROVAL BY PARTIES

A. GENERAL MATTERS

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other Sections of this Accounting Procedure and if the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the

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Operator shall notify all Non-Operators of the Operator's proposal and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

This Section I.6.A applies to specific situations of limited duration where a Party proposes to change the accounting for charges from that prescribed in this Accounting Procedure. This provision does not apply to amendments to this Accounting Procedure, which are covered by Section I.6.B.

B. AMENDMENTS

If the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, this Accounting Procedure can be amended by an affirmative vote of _____two_____ (___2___) or more Parties, one of which is the Operator, having a combined working interest of at least ____fifty-one_____ percent (__51__%), which approval shall be binding on all Parties, provided, however, approval of at least one (1) Non-Operator shall be required.

C. AFFILIATES

For the purpose of administering the voting procedures of Sections I.6.A and I.6.B, if Parties to this Agreement are Affiliates of each other, then such Affiliates shall be combined and treated as a single Party having the combined working interest or Participating Interest of such Affiliates.

For the purposes of administering the voting procedures in Section I.6.A, if a Non-Operator is an Affiliate of the Operator, votes under Section I.6.A shall require the majority in interest of the Non-Operator(s) after excluding the interest of the Operator's Affiliate.

II. DIRECT CHARGES

The Operator shall charge the Joint Account with the following items:

1. RENTALS AND ROYALTIES

Lease rentals and royalties paid by the Operator, on behalf of all Parties, for the Joint Operations.

2. LABOR

A. Salaries and wages, including incentive compensation programs as set forth in COPAS MFI-37 ("Chargeability of Incentive Compensation Programs"), for:

(1) Operator's field employees directly employed On-site in the conduct of Joint Operations,

(2) Operator's employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint Property if such costs are not charged under Section II.6 (*Equipment and Facilities Furnished by Operator*) or are not a function covered under Section III (*Overhead*),

(3) Operator's employees providing First Level Supervision,

(4) Operator's employees providing On-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*),

(5) Operator's employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*).

Charges for the Operator's employees identified in Section II.2.A may be made based on the employee's actual salaries and wages, or in lieu thereof, a day rate representing the Operator's average salaries and wages of the employee's specific job category.

Charges for personnel chargeable under this Section II.2.A who are foreign nationals shall not exceed comparable compensation paid to an equivalent U.S. employee pursuant to this Section II.2, unless otherwise approved by the Parties pursuant to Section I.6.A (*General Matters*).

B. Operator's cost of holiday, vacation, sickness, and disability benefits, and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Section II.2.A, excluding severance payments or other termination allowances. Such costs under this Section II.2.B may be charged on a "when and as-paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Section II.2.A. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority that are applicable to costs chargeable to the Joint Account under Sections II.2.A and B.

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D. Personal Expenses of personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A when the expenses are incurred in connection with directly chargeable activities.

E. Reasonable relocation costs incurred in transferring to the Joint Property personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A. Notwithstanding the foregoing, relocation costs that result from reorganization or merger of a Party, or that are for the primary benefit of the Operator, shall not be chargeable to the Joint Account. Extraordinary relocation costs, such as those incurred as a result of transfers from remote locations, such as Alaska or overseas, shall not be charged to the Joint Account unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

F. Training costs as specified in COPAS MFI-35 ("Charging of Training Costs to the Joint Account") for personnel whose salaries and wages are chargeable under Section II.2.A. This training charge shall include the wages, salaries, training course cost, and Personal Expenses incurred during the training session. The training cost shall be charged or allocated to the property or properties directly benefiting from the training. The cost of the training course shall not exceed prevailing commercial rates, where such rates are available.

G. Operator's current cost of established plans for employee benefits, as described in COPAS MFI-27 ("Employee Benefits Chargeable to Joint Operations and Subject to Percentage Limitation"), applicable to the Operator's labor costs chargeable to the Joint Account under Sections II.2.A and B based on the Operator's actual cost not to exceed the employee benefits limitation percentage most recently recommended by COPAS.

H. Award payments to employees, in accordance with COPAS MFI-49 ("Awards to Employees and Contractors") for personnel whose salaries and wages are chargeable under Section II.2.A.

3. MATERIAL

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

4. TRANSPORTATION

A. Transportation of the Operator's, Operator's Affiliate's, or contractor's personnel necessary for Joint Operations.

B. Transportation of Material between the Joint Property and another property, or from the Operator's warehouse or other storage point to the Joint Property, shall be charged to the receiving property using one of the methods listed below. Transportation of Material from the Joint Property to the Operator's warehouse or other storage point shall be paid for by the Joint Property using one of the methods listed below:

(1) If the actual trucking charge is less than or equal to the Excluded Amount the Operator may charge actual trucking cost or a theoretical charge from the Railway Receiving Point to the Joint Property. The basis for the theoretical charge is the per hundred weight charge plus fuel surcharges from the Railway Receiving Point to the Joint Property . The Operator shall consistently apply the selected alternative.

(2) If the actual trucking charge is greater than the Excluded Amount, the Operator shall charge Equalized Freight. Accessorial charges such as loading and unloading costs, split pick-up costs, detention, call out charges, and permit fees shall be charged directly to the Joint Property and shall not be included when calculating the Equalized Freight.

5. SERVICES

The cost of contract services, equipment, and utilities used in the conduct of Joint Operations, except for contract services, equipment, and utilities covered by Section III (*Overhead*), or Section II.7 (*Affiliates*), or excluded under Section II.9 (*Legal Expense*). Awards paid to contractors shall be chargeable pursuant to COPAS MFI-49 ("Awards to Employees and Contractors").

The costs of third party Technical Services are chargeable to the extent excluded from the overhead rates under Section III (*Overhead*).

6. EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR

In the absence of a separately negotiated agreement, equipment and facilities furnished by the Operator will be charged as follows:

A. The Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including but not limited to production facilities, Shore Base Facilities, Offshore Facilities, and Field Offices, at rates commensurate with the costs of ownership and operation. The cost of Field Offices shall be chargeable to the extent the Field Offices provide direct service to personnel who are chargeable pursuant to Section II.2.A (*Labor*). Such rates may include labor, maintenance, repairs, other operating expense, insurance, taxes, depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation not to exceed ____twelve____ percent (__12__%) per annum; provided, however, depreciation shall not be charged when the

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equipment and facilities investment have been fully depreciated. The rate may include an element of the estimated cost for abandonment, reclamation, and dismantlement. Such rates shall not exceed the average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Section II.6.A above, the Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property. If equipment and facilities are charged under this Section II.6.B, the Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation. For automotive equipment, the Operator may elect to use rates published by the Petroleum Motor Transport Association (PMTA) or such other organization recognized by COPAS as the official source of rates.

7. AFFILIATES

A. Charges for an Affiliate's goods and/or services used in operations requiring an AFE or other authorization from the Non-Operators may be made without the approval of the Parties provided (i) the Affiliate is identified and the Affiliate goods and services are specifically detailed in the approved AFE or other authorization, and (ii) the total costs for such Affiliate's goods and services billed to such individual project do not exceed $ 100,000.00 If the total costs for an Affiliate's goods and services charged to such individual project are not specifically detailed in the approved AFE or authorization or exceed such amount, charges for such Affiliate shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

B. For an Affiliate's goods and/or services used in operations not requiring an AFE or other authorization from the Non-Operators, charges for such Affiliate's goods and services shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*), if the charges exceed $ 100,000.00 in a given calendar year.

C. The cost of the Affiliate's goods or services shall not exceed average commercial rates prevailing in the area of the Joint Property, unless the Operator obtains the Non-Operators' approval of such rates. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation; provided, however, documentation of commercial rates shall not be required if the Operator obtains Non-Operator approval of its Affiliate's rates or charges prior to billing Non-Operators for such Affiliate's goods and services. Notwithstanding the foregoing, direct charges for Affiliate-owned communication facilities or systems shall be made pursuant to Section II.12 (*Communications*).

If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a result of such omission shall be the amount established as the Operator's expenditure limitation in the Agreement. If the Agreement does not contain an Operator's expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be zero dollars ($ 0.00).

8. DAMAGES AND LOSSES TO JOINT PROPERTY

All costs or expenses necessary for the repair or replacement of Joint Property resulting from damages or losses incurred, except to the extent such damages or losses result from a Party's or Parties' gross negligence or willful misconduct, in which case such Party or Parties shall be solely liable.

The Operator shall furnish the Non-Operator written notice of damages or losses incurred as soon as practicable after a report has been received by the Operator.

9. LEGAL EXPENSE

Recording fees and costs of handling, settling, or otherwise discharging litigation, claims, and liens incurred in or resulting from operations under the Agreement, or necessary to protect or recover the Joint Property, to the extent permitted under the Agreement. Costs of the Operator's or Affiliate's legal staff or outside attorneys, including fees and expenses, are not chargeable unless approved by the Parties pursuant to Section I.6.A (*General Matters*) or otherwise provided for in the Agreement.

Notwithstanding the foregoing paragraph, costs for procuring abstracts, fees paid to outside attorneys and/or outside landmen, and/or consultants for title examinations (including preliminary, supplemental, shut-in royalty opinions, division order title opinions or incurred by Operator associated with hearing or proceedings before governmental, regulatory or administrative agencies), and curative work shall be chargeable to the extent permitted as a direct charge in the Agreement.

10. TAXES AND PERMITS

All taxes and permitting fees of every kind and nature, assessed or levied upon or in connection with the Joint Property, or the production therefrom, and which have been paid by the Operator for the benefit of the Parties, including penalties and interest, except to the extent the penalties and interest result from the Operator's gross negligence or willful misconduct.

If ad valorem taxes paid by the Operator are based in whole or in part upon separate valuations of each Party's working interest, then notwithstanding any contrary provisions, the charges to the Parties will be made in accordance with the tax value generated by each Party's working interest.

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Costs of tax consultants or advisors, the Operator's employees, or Operator's Affiliate employees in matters regarding ad valorem or other tax matters, are not permitted as direct charges unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

Charges to the Joint Account resulting from sales/use tax audits, including extrapolated amounts and penalties and interest, are permitted, provided the Non-Operator shall be allowed to review the invoices and other underlying source documents which served as the basis for tax charges and to determine that the correct amount of taxes were charged to the Joint Account. If the Non-Operator is not permitted to review such documentation, the sales/use tax amount shall not be directly charged unless the Operator can conclusively document the amount owed by the Joint Account.

11. INSURANCE

Net premiums paid for insurance required to be carried for Joint Operations for the protection of the Parties. If Joint Operations are conducted at locations where the Operator acts as self-insurer in regard to its worker's compensation and employer's liability insurance obligation, the Operator shall charge the Joint Account manual rates for the risk assumed in its self-insurance program as regulated by the jurisdiction governing the Joint Property. In the case of offshore operations in federal waters, the manual rates of the adjacent state shall be used for personnel performing work On-site, and such rates shall be adjusted for offshore operations by the U.S. Longshoreman and Harbor Workers (USL&H) or Jones Act surcharge, as appropriate.

12. COMMUNICATIONS

Costs of acquiring, leasing, installing, operating, repairing, and maintaining communication facilities or systems, including satellite, radio and microwave facilities, between the Joint Property and the Operator's office(s) directly responsible for field operations in accordance with the provisions of COPAS MFI-44 ("Field Computer and Communication Systems"). If the communications facilities or systems serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (*Equipment and Facilities Furnished by Operator*). If the communication facilities or systems serving the Joint Property are owned by the Operator's Affiliate, charges to the Joint Account shall not exceed average commercial rates prevailing in the area of the Joint Property. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation.

13. ECOLOGICAL, ENVIRONMENTAL, AND SAFETY

Costs incurred for Technical Services and drafting to comply with ecological, environmental and safety Laws or standards recommended by Occupational Safety and Health Administration (OSHA) or other regulatory authorities. All other labor and functions incurred for ecological, environmental and safety matters, including management, administration, and permitting, shall be covered by Sections II.2 (*Labor*), II.5 (*Services*), or Section III (*Overhead*), as applicable.

Costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.

14. ABANDONMENT AND RECLAMATION

Costs incurred for abandonment and reclamation of the Joint Property, including costs required by lease agreements or by Laws.

15. OTHER EXPENDITURES

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (*Direct Charges*), or in Section III (*Overhead*) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations. Charges made under this Section II.15 shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

III. OVERHEAD

As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (*Direct Charges*), the Operator shall charge the Joint Account in accordance with this Section III.

Functions included in the overhead rates regardless of whether performed by the Operator, Operator's Affiliates or third parties and regardless of location, shall include, but not be limited to, costs and expenses of:

- warehousing, other than for warehouses that are jointly owned under this Agreement
- design and drafting (except when allowed as a direct charge under Sections II.13, III.1.A(ii), and III.2, Option B)
- inventory costs not chargeable under Section V (*Inventories of Controllable Material*)
- procurement
- administration
- accounting and auditing
- gas dispatching and gas chart integration

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- human resources
- management
- supervision not directly charged under Section II.2 (*Labor*)
- legal services not directly chargeable under Section II.9 (*Legal Expense*)
- taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other provisions of this Section III, the Operator shall charge on either:

☑ **(Alternative 1)** Fixed Rate Basis, Section III.1.B.
☐ **(Alternative 2)** Percentage Basis, Section III.1.C.

A. TECHNICAL SERVICES

(i) Except as otherwise provided in Section II.13 (*Ecological Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

☑ **(Alternative 1 – Direct)** shall be charged **direct** to the Joint Account.

☐ **(Alternative 2 – Overhead)** shall be covered by the **overhead** rates.

(ii) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

☐ **(Alternative 1 – All Overhead)** shall be covered by the **overhead** rates.

☑ **(Alternative 2 – All Direct)** shall be charged **direct** to the Joint Account.

☐ **(Alternative 3 – Drilling Direct)** shall be charged **direct** to the Joint Account, **only** to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (*Overhead - Major Construction and Catastrophe*) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

B. OVERHEAD—FIXED RATE BASIS

(1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month $ 10,000.00 (prorated for less than a full month)

Producing Well Rate per month $ 1,000.00

(2) Application of Overhead—Drilling Well Rate shall be as follows:

(a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

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(b) Charges for any well undergoing any type of workover, recompletion, and/or abandonment for a period of five (5) or more consecutive work–days shall be made at the Drilling Well Rate. Such charges shall be applied for the period from date operations, with rig or other units used in operations, commence through date of rig or other unit release, except that no charges shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(3) Application of Overhead—Producing Well Rate shall be as follows:

(a) An active well that is produced, injected into for recovery or disposal, or used to obtain water supply to support operations for any portion of the month shall be considered as a one-well charge for the entire month.

(b) Each active completion in a multi-completed well shall be considered as a one-well charge provided each completion is considered a separate well by the governing regulatory authority.

(c) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well, unless the Drilling Well Rate applies, as provided in Sections III.1.B.(2)(a) or (b). This one-well charge shall be made whether or not the well has produced.

(d) An active gas well shut in because of overproduction or failure of a purchaser, processor, or transporter to take production shall be considered as a one-well charge provided the gas well is directly connected to a permanent sales outlet.

(e) Any well not meeting the criteria set forth in Sections III.1.B.(3) (a), (b), (c), or (d) shall not qualify for a producing overhead charge.

(4) The well rates shall be adjusted on the first day of April each year following the effective date of the Agreement; provided, however, if this Accounting Procedure is attached to or otherwise governing the payout accounting under a farmout agreement, the rates shall be adjusted on the first day of April each year following the effective date of such farmout agreement. The adjustment shall be computed by applying the adjustment factor most recently published by COPAS. The adjusted rates shall be the initial or amended rates agreed to by the Parties increased or decreased by the adjustment factor described herein, for each year from the effective date of such rates, in accordance with COPAS MFI-47 ("Adjustment of Overhead Rates").

C. OVERHEAD—PERCENTAGE BASIS

2. OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE

To compensate the Operator for overhead costs incurred in connection with a Major Construction project or Catastrophe, the Operator shall either negotiate a rate prior to the beginning of the project, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of the Operator's expenditure limit under the Agreement, or for any Catastrophe regardless of the amount. If the Agreement to which this Accounting Procedure is attached does not contain an expenditure limit, Major Construction Overhead shall be assessed for any single Major Construction project costing in excess of $100,000 gross.

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Major Construction shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantlement, abandonment, removal, and restoration of platforms, production equipment, and other operating facilities.

Catastrophe is defined as a sudden calamitous event bringing damage, loss, or destruction to property or the environment, such as an oil spill, blowout, explosion, fire, storm, hurricane, or other disaster. The overhead rate shall be applied to those costs necessary to restore the Joint Property to the equivalent condition that existed prior to the event.

A. If the Operator absorbs the engineering, design and drafting costs related to the project:

(1) 5 % of total costs if such costs are less than $100,000; plus

(2) 3 % of total costs in excess of $100,000 but less than $1,000,000; plus

(3) 2 % of total costs in excess of $1,000,000.

B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:

(1) 5 % of total costs if such costs are less than $100,000; plus

(2) 3 % of total costs in excess of $100,000 but less than $1,000,000; plus

(3) 2 % of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single Major Construction project shall not be treated separately, and the cost of drilling and workover wells and purchasing and installing pumping units and downhole artificial lift equipment shall be excluded. For Catastrophes, the rates shall be applied to all costs associated with each single occurrence or event.

On each project, the Operator shall advise the Non-Operator(s) in advance which of the above options shall apply.

For the purposes of calculating Catastrophe Overhead, the cost of drilling relief wells, substitute wells, or conducting other well operations directly resulting from the catastrophic event shall be included. Expenditures to which these rates apply shall not be reduced by salvage or insurance recoveries. Expenditures that qualify for Major Construction or Catastrophe Overhead shall not qualify for overhead under any other overhead provisions.

In the event of any conflict between the provisions of this Section III.2 and the provisions of Sections II.2 (*Labor*), II.5 (*Services*), or II.7 (*Affiliates*), the provisions of this Section III.2 shall govern.

3. AMENDMENT OF OVERHEAD RATES

The overhead rates provided for in this Section III may be amended from time to time if, in practice, the rates are found to be insufficient or excessive, in accordance with the provisions of Section I.6.B (*Amendments*).

IV. MATERIAL PURCHASES, TRANSFERS, AND DISPOSITIONS

The Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for direct purchases, transfers, and dispositions. The Operator shall provide all Material for use in the conduct of Joint Operations; however, Material may be supplied by the Non-Operators, at the Operator's option. Material furnished by any Party shall be furnished without any express or implied warranties as to quality, fitness for use, or any other matter.

1. DIRECT PURCHASES

Direct purchases shall be charged to the Joint Account at the price paid by the Operator after deduction of all discounts received. The Operator shall make good faith efforts to take discounts offered by suppliers, but shall not be liable for failure to take discounts except to the extent such failure was the result of the Operator's gross negligence or willful misconduct. A direct purchase shall be deemed to occur when an agreement is made between an Operator and a third party for the acquisition of Material for a specific well site or location. Material provided by the Operator under "vendor stocking programs," where the initial use is for a Joint Property and title of the Material does not pass from the manufacturer, distributor, or agent until usage, is considered a direct purchase. If Material is found to be defective or is returned to the manufacturer, distributor, or agent for any other reason, credit shall be passed to the Joint Account within sixty (60) days after the Operator has received adjustment from the manufacturer, distributor, or agent.

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2. TRANSFERS

A transfer is determined to occur when the Operator (i) furnishes Material from a storage facility or from another operated property, (ii) has assumed liability for the storage costs and changes in value, and (iii) has previously secured and held title to the transferred Material. Similarly, the removal of Material from the Joint Property to a storage facility or to another operated property is also considered a transfer; provided, however, Material that is moved from the Joint Property to a storage location for safe-keeping pending disposition may remain charged to the Joint Account and is not considered a transfer. Material shall be disposed of in accordance with Section IV.3 (*Disposition of Surplus*) and the Agreement to which this Accounting Procedure is attached.

A. PRICING

The value of Material transferred to/from the Joint Property should generally reflect the market value on the date of physical transfer. Regardless of the pricing method used, the Operator shall make available to the Non-Operators sufficient documentation to verify the Material valuation. When higher than specification grade or size tubulars are used in the conduct of Joint Operations, the Operator shall charge the Joint Account at the equivalent price for well design specification tubulars, unless such higher specification grade or sized tubulars are approved by the Parties pursuant to Section I.6.A (*General Matters*). Transfers of new Material will be priced using one of the following pricing methods; provided, however, the Operator shall use consistent pricing methods, and not alternate between methods for the purpose of choosing the method most favorable to the Operator for a specific transfer:

(1) Using published prices in effect on date of movement as adjusted by the appropriate COPAS Historical Price Multiplier (HPM) or prices provided by the COPAS Computerized Equipment Pricing System (CEPS).

(a) For oil country tubulars and line pipe, the published price shall be based upon eastern mill carload base prices (Houston, Texas, for special end) adjusted as of date of movement, plus transportation cost as defined in Section IV.2.B (*Freight*).

(b) For other Material, the published price shall be the published list price in effect at date of movement, as listed by a Supply Store nearest the Joint Property where like Material is normally available, or point of manufacture plus transportation costs as defined in Section IV.2.B (*Freight*).

(2) Based on a price quotation from a vendor that reflects a current realistic acquisition cost.

(3) Based on the amount paid by the Operator for like Material in the vicinity of the Joint Property within the previous twelve (12) months from the date of physical transfer.

(4) As agreed to by the Participating Parties for Material being transferred to the Joint Property, and by the Parties owning the Material for Material being transferred from the Joint Property.

B. FREIGHT

Transportation costs shall be added to the Material transfer price using the method prescribed by the COPAS Computerized Equipment Pricing System (CEPS). If not using CEPS, transportation costs shall be calculated as follows:

(1) Transportation costs for oil country tubulars and line pipe shall be calculated using the distance from eastern mill to the Railway Receiving Point based on the carload weight basis as recommended by the COPAS MFI-38 ("Material Pricing Manual") and other COPAS MFIs in effect at the time of the transfer.

(2) Transportation costs for special mill items shall be calculated from that mill's shipping point to the Railway Receiving Point. For transportation costs from other than eastern mills, the 30,000-pound interstate truck rate shall be used. Transportation costs for macaroni tubing shall be calculated based on the interstate truck rate per weight of tubing transferred to the Railway Receiving Point.

(3) Transportation costs for special end tubular goods shall be calculated using the interstate truck rate from Houston, Texas, to the Railway Receiving Point.

(4) Transportation costs for Material other than that described in Sections IV.2.B.(1) through (3), shall be calculated from the Supply Store or point of manufacture, whichever is appropriate, to the Railway Receiving Point

Regardless of whether using CEPS or manually calculating transportation costs, transportation costs from the Railway Receiving Point to the Joint Property are in addition to the foregoing, and may be charged to the Joint Account based on actual costs incurred. All transportation costs are subject to Equalized Freight as provided in Section II.4 (*Transportation*) of this Accounting Procedure.

C. TAXES

Sales and use taxes shall be added to the Material transfer price using either the method contained in the COPAS Computerized Equipment Pricing System (CEPS) or the applicable tax rate in effect for the Joint Property at the time and place of transfer. In either case, the Joint Account shall be charged or credited at the rate that would have governed had the Material been a direct purchase.

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D. CONDITION

(1) Condition "A" – New and unused Material in sound and serviceable condition shall be charged at one hundred percent (100%) of the price as determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*). Material transferred from the Joint Property that was not placed in service shall be credited as charged without gain or loss; provided, however, any unused Material that was charged to the Joint Account through a direct purchase will be credited to the Joint Account at the original cost paid less restocking fees charged by the vendor. New and unused Material transferred from the Joint Property may be credited at a price other than the price originally charged to the Joint Account provided such price is approved by the Parties owning such Material, pursuant to Section I.6.A (*General Matters*). All refurbishing costs required or necessary to return the Material to original condition or to correct handling, transportation, or other damages will be borne by the divesting property. The Joint Account is responsible for Material preparation, handling, and transportation costs for new and unused Material charged to the Joint Property either through a direct purchase or transfer. Any preparation costs incurred, including any internal or external coating and wrapping, will be credited on new Material provided these services were not repeated for such Material for the receiving property.

(2) Condition "B" – Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by seventy-five percent (75%).

Except as provided in Section IV.2.D(3), all reconditioning costs required to return the Material to Condition "B" or to correct handling, transportation or other damages will be borne by the divesting property.

If the Material was originally charged to the Joint Account as used Material and placed in service for the Joint Property, the Material will be credited at the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) multiplied by sixty-five percent (65%).

Unless otherwise agreed to by the Parties that paid for such Material, used Material transferred from the Joint Property that was not placed in service on the property shall be credited as charged without gain or loss.

(3) Condition "C" – Material that is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by fifty percent (50%).

The cost of reconditioning may be charged to the receiving property to the extent Condition "C" value, plus cost of reconditioning, does not exceed Condition "B" value.

(4) Condition "D" – Material that (i) is no longer suitable for its original purpose but useable for some other purpose, (ii) is obsolete, or (iii) does not meet original specifications but still has value and can be used in other applications as a substitute for items with different specifications, is considered Condition "D" Material. Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing, or drill pipe utilized as line pipe shall be priced at used line pipe prices. Casing, tubing, or drill pipe used as higher pressure service lines than standard line pipe, e.g., power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non-upset basis. For other items, the price used should result in the Joint Account being charged or credited with the value of the service rendered or use of the Material, or as agreed to by the Parties pursuant to Section 1.6.A (*General Matters*).

(5) Condition "E" – Junk shall be priced at prevailing scrap value prices.

E. OTHER PRICING PROVISIONS

(1) Preparation Costs

Subject to Section II (*Direct Charges*) and Section III (*Overhead*) of this Accounting Procedure, costs incurred by the Operator in making Material serviceable including inspection, third party surveillance services, and other similar services will be charged to the Joint Account at prices which reflect the Operator's actual costs of the services. Documentation must be provided to the Non-Operators upon request to support the cost of service. New coating and/or wrapping shall be considered a component of the Materials and priced in accordance with Sections IV.1 (*Direct Purchases*) or IV.2.A (*Pricing*), as applicable. No charges or credits shall be made for used coating or wrapping. Charges and credits for inspections shall be made in accordance with COPAS MFI-38 ("Material Pricing Manual").

(2) Loading and Unloading Costs

Loading and unloading costs related to the movement of the Material to the Joint Property shall be charged in accordance with the methods specified in COPAS MFI-38 ("Material Pricing Manual").

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3. DISPOSITION OF SURPLUS

Surplus Material is that Material, whether new or used, that is no longer required for Joint Operations. The Operator may purchase, but shall be under no obligation to purchase, the interest of the Non-Operators in surplus Material.

Dispositions for the purpose of this procedure are considered to be the relinquishment of title of the Material from the Joint Property to either a third party, a Non-Operator, or to the Operator. To avoid the accumulation of surplus Material, the Operator should make good faith efforts to dispose of surplus within twelve (12) months through buy/sale agreements, trade, sale to a third party, division in kind, or other dispositions as agreed to by the Parties.

Disposal of surplus Materials shall be made in accordance with the terms of the Agreement to which this Accounting Procedure is attached. If the Agreement contains no provisions governing disposal of surplus Material, the following terms shall apply:

- The Operator may, through a sale to an unrelated third party or entity, dispose of surplus Material having a gross sale value that is less than or equal to the Operator's expenditure limit as set forth in the Agreement to which this Accounting Procedure is attached without the prior approval of the Parties owning such Material.

- If the gross sale value exceeds the Agreement expenditure limit, the disposal must be agreed to by the Parties owning such Material.

- Operator may purchase surplus Condition "A" or "B" Material without approval of the Parties owning such Material, based on the pricing methods set forth in Section IV.2 (*Transfers*).

- Operator may purchase Condition "C" Material without prior approval of the Parties owning such Material if the value of the Materials, based on the pricing methods set forth in Section IV.2 (*Transfers*), is less than or equal to the Operator's expenditure limitation set forth in the Agreement. The Operator shall provide documentation supporting the classification of the Material as Condition C.

- Operator may dispose of Condition "D" or "E" Material under procedures normally utilized by Operator without prior approval of the Parties owning such Material.

4. SPECIAL PRICING PROVISIONS

A. PREMIUM PRICING

Whenever Material is available only at inflated prices due to national emergencies, strikes, government imposed foreign trade restrictions, or other unusual causes over which the Operator has no control, for direct purchase the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, making it suitable for use, and moving it to the Joint Property. Material transferred or disposed of during premium pricing situations shall be valued in accordance with Section IV.2 (*Transfers*) or Section IV.3 (*Disposition of Surplus*), as applicable.

B. SHOP-MADE ITEMS

Items fabricated by the Operator's employees, or by contract laborers under the direction of the Operator, shall be priced using the value of the Material used to construct the item plus the cost of labor to fabricate the item. If the Material is from the Operator's scrap or junk account, the Material shall be priced at either twenty-five percent (25%) of the current price as determined in Section IV.2.A (*Pricing*) or scrap value, whichever is higher. In no event shall the amount charged exceed the value of the item commensurate with its use.

C. MILL REJECTS

Mill rejects purchased as "limited service" casing or tubing shall be priced at eighty percent (80%) of K-55/J-55 price as determined in Section IV.2 (*Transfers*). Line pipe converted to casing or tubing with casing or tubing couplings attached shall be priced as K-55/J-55 casing or tubing at the nearest size and weight.

V. INVENTORIES OF CONTROLLABLE MATERIAL

The Operator shall maintain records of Controllable Material charged to the Joint Account, with sufficient detail to perform physical inventories.

Adjustments to the Joint Account by the Operator resulting from a physical inventory of Controllable Material shall be made within twelve (12) months following the taking of the inventory or receipt of Non-Operator inventory report. Charges and credits for overages or shortages will be valued for the Joint Account in accordance with Section IV.2 (*Transfers*) and shall be based on the Condition "B" prices in effect on the date of physical inventory unless the inventorying Parties can provide sufficient evidence another Material condition applies.

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1. DIRECTED INVENTORIES

Physical inventories shall be performed by the Operator upon written request of a majority in working interests of the Non-Operators (hereinafter, "directed inventory"); provided, however, the Operator shall not be required to perform directed inventories more frequently than once every five (5) years. Directed inventories shall be commenced within one hundred eighty (180) days after the Operator receives written notice that a majority in interest of the Non-Operators has requested the inventory. All Parties shall be governed by the results of any directed inventory.

Expenses of directed inventories will be borne by the Joint Account; provided, however, costs associated with any post-report follow-up work in settling the inventory will be absorbed by the Party incurring such costs. The Operator is expected to exercise judgment in keeping expenses within reasonable limits. Any anticipated disproportionate or extraordinary costs should be discussed and agreed upon prior to commencement of the inventory. Expenses of directed inventories may include the following:

A. A per diem rate for each inventory person, representative of actual salaries, wages, and payroll burdens and benefits of the personnel performing the inventory or a rate agreed to by the Parties pursuant to Section I.6.A (*General Matters*). The per diem rate shall also be applied to a reasonable number of days for pre-inventory work and report preparation.

B. Actual transportation costs and Personal Expenses for the inventory team.

C. Reasonable charges for report preparation and distribution to the Non-Operators.

2. NON-DIRECTED INVENTORIES

A. OPERATOR INVENTORIES

Physical inventories that are not requested by the Non-Operators may be performed by the Operator, at the Operator's discretion. The expenses of conducting such Operator-initiated inventories shall not be charged to the Joint Account.

B. NON-OPERATOR INVENTORIES

Subject to the terms of the Agreement to which this Accounting Procedure is attached, the Non-Operators may conduct a physical inventory at reasonable times at their sole cost and risk after giving the Operator at least ninety (90) days prior written notice. The Non-Operator inventory report shall be furnished to the Operator in writing within ninety (90) days of completing the inventory fieldwork.

C. SPECIAL INVENTORIES

The expense of conducting inventories other than those described in Sections V.1 (*Directed Inventories, Operator*

EXHIBIT "D"

Attached to and made a part of that certain Operating Agreement dated August 9, 2024, by and among Matador Production Company, as Operator, and MRC Permian Company et al as Non-Operators (this "Agreement")

INSURANCE

1. Operator shall procure and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

A. Workers' Compensation Employer's Liability	Statutory $1,000,000 Each Accident
B. General Liability including bodily injury and property damage liability	$1,000,000 Combined Single Limit
C. Auto Liability	$1,000,000 Combined Single Limit
D. Excess or Umbrella Liability	$10,000,000 Combined Single Limit
E. Cost of Well Control and Care, Custody and Control	$10,000,000 Each Occurrence and $500,000 CCC
F. Pollution Liability	$10,000,000 Combined Single Limit

2. The insurance described in Section 1 above shall include Non-Operators as additional insured (except Workers' Compensation) and shall include a waiver by the insurer of all rights of subrogation in favor of Non-Operators. Such insurance shall be carried at the joint expense of the parties hereto and all premiums and other costs and expenses related thereto shall be charged to the Joint Account in accordance with the Accounting Procedure attached as Exhibit "C" to this Agreement, unless prior to spud a party hereto who desires to provide its own insurance or self-insurance provides Operator with (i) a certificate of insurance from an acceptable third party engaged in the business of insuring oil and gas related activities evidencing such individual coverage in the same amounts as specified in Section 1, above, or (ii) commercially satisfactory assurances of Non-Operator's ability to meet its obligations hereunder.

3. Operator shall endeavor to have its contractors and subcontractors comply with applicable Workers' Compensation laws, rules and regulations and carry such insurance as Operator may deem necessary.

4. Operator shall not be liable to Non-Operators for loss suffered because of insufficiency of the insurance procured and maintained for the Joint Account nor shall Operator be liable to Non-Operator for any loss occurring by reason of Operator's inability to procure or maintain the insurance provided for herein. If, in Operator's opinion, at any time during the term of this Agreement, Operator is unable to procure or maintain said insurance on commercially reasonable terms, or Operator reduces the limits of insurance, Operator shall promptly so notify Non-Operators in writing.

5. In the event of loss not covered by the insurance provided for herein, such loss shall be charged to the Joint Account and borne by the parties in accordance with their respective percentage of participation as determined by this Agreement.

6. Any party hereto may individually and at its own expense procure such additional insurance as it desires; provided, however, such party shall provide Operator with a certificate of insurance evidencing such coverage before spud of the well and such coverage shall include a waiver by the insurer of all rights of subrogation in favor of all parties hereto.

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A.A.P.L. FORM 610-E - GAS BALANCING AGREEMENT - 1992

AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM A.A.P.L. NO. 610-E

INSTRUCTIONS FOR USE OF GAS BALANCING AGREEMENT FORM

GENERAL

This Gas Balancing Agreement form is intended to be used as Exhibit "E" to the 1977, 1982 and 1989 A.A.P.L. Form 610 Model Form Operating Agreements. It is also generally suitable for use with other forms of operating agreements. However, before using this form, both it and the operating agreement in question should be reviewed and revised as required to ensure consistency.

If this form is used as an exhibit to an A.A.P.L. Form 610 Model Form Operating Agreement or other operating agreement, the provisions in Section 15 (Counterparts), the "IN WITNESS WHEREOF" paragraph on page 6 and the signature lines and acknowledgments on page 7 should be omitted.

This Gas Balancing Agreement may also be executed as a separate agreement for properties covered by an existing operating agreement where there is no gas balancing agreement or where the one employed is deemed inadequate. In that event, the properties subject to the form will have to be described, and the provisions of Section 15 (Counterparts), the "IN WITNESS WHEREOF" on page 6 and the signature lines and acknowledgments will have to be employed.

The description of the area covered by the Agreement may be included in the definition of the Balancing Area in Section 1.02. Care should be taken in drafting this description, however, because it may be desirable to cover more than one Balancing Area. Such a definition might, for example, read as follows:

> Each well subject to that Operating Agreement dated August 9, 2024, covering _____ that produces gas or is allocated a share of gas production. If a single well is completed in two or more reservoirs, such well shall be considered a separate well with respect to, but only with respect to, each reservoir from which the gas production is not commingled in the wellbore.

This Gas Balancing Agreement contains both "alternative" and "optional" provisions. In the case of alternative provisions, it will generally be necessary to select one alternative in order to make the Gas Balancing Agreement effective. Provisions which are designated as optional (or as Option 1, 2, etc.) may or may not be used. **Note that, in order for an Alternative or Option to be selected and effective, it must be checked. If, however, an Alternative is not selected, "Alternative 1" in each instance will be deemed to have been adopted by the Parties, but if an Option is not selected, it will not form a part of the Gas Balancing Agreement. See Section 12.6.**

HEADING - Indicate the applicable Operating Agreement and other information. If the Gas Balancing Agreement is to be used without an Operating Agreement, the heading on page 1 should be modified appropriately, and the following references to the "Operating Agreement" should be deleted or modified appropriately: Section 1.12; Section 7.1; Section 9; Section 12.4; Section 13.1; and Section 13.2.

SECTION 1.02 - Select the Balancing Area to be used, or insert a description of the Balancing Area. As a general rule, the use of a mineral lease as a Balancing Area will only be appropriate in certain situations involving offshore wells.

SECTION 1.16 - This definition should be used only if one of the optional seasonal limitation provisions in Section 4.2 is employed. The specific months during which makeup is to be restricted should be included, e.g., "the months of November, December, and the following January and February."

SECTION 2.1 - The parties should decide whether the basis of balancing in the Balancing Area will be in Mcfs or MMBtus. One of the two Alternatives stipulated MUST be selected to avoid an automatic election that Alternative 1 applies.

SECTION 2.2 - Since most gas is now decontrolled, the primary purpose of this provision is to provide for separate application of the form to different price categories in the event that price controls are imposed in the future by governmental entity.

SECTION 3.5 - This provision is intended to limit Overproduction in order to keep a Party from getting too far out of balance. It should be noted that this Section will only have an impact if a Party owns less than a 1/3 working interest in the Balancing Area, since under it a party owning a 1/3 interest will be entitled to take 300%, x 1/3 = 100%.

SECTION 4.1 - Select the number of days' notification that an Underproduced Party must give prior to making up Gas. Also, indicate the percentage of each Overproduced Parties' Gas that Underproduced Parties will be allowed to make up. The percentages should be identical.

SECTION 4.2 - The form sets out two Options for imposing seasonal limitations on making up Gas. It should be noted that it is NOT required that any seasonal limitation be included. If Option 1 is selected, select the number of months prior to the Winter Period that will be used to determine how much Gas an Underproduced Party may make up during the Winter Period. This number and the number of months in the Winter Period (as defined in Section 1.16) should add up to 12 or less. If Option 2 is selected, indicate the percentage of an Overproduced Party's Gas that an Underproduced Party may make up during the Winter Period. This percentage should be lower than the percentage set out in Section 4.1.

SECTION 4.3 - Select the percentage of an Overproduced Party's Gas which it should be required to make available for make up once it has produced all of its share of ultimately recoverable reserves. This percentage should be greater than the percentage set out in Section 4.1.

SECTION 6.2 - One of the two Alternatives stipulated **MUST** be selected as the basis upon which Royalty is to be calculated and paid in order to avoid an automatic election that Alternative 1 applies.

SECTION 7.3 - One of the two Alternatives stipulated for payment of amounts due under a cash settlement **MUST** be selected in order to avoid an automatic election that Alternative 1 applies. Note that Section 7.3.1 is optional, and may **ONLY** be used with Section 7.3, Alternative 2.

SECTION 7.4 - One of the two alternatives stipulated for determining proceeds received by an Overproduced Party for cash settlement purposes **MUST** be selected in order to avoid an automatic election that Alternative 1 applies.

SECTION 7.5.1 through 7.5.2 - Before selecting any of these provisions, the Parties should review the relevant gas processing arrangements for the Gas. Section 7.5.2, Option 1, contemplates that all wellhead MMBtus of Overproduction(will be valued at the gas price per MMBtu received by the Overproduced Party, without regard to whether any of the gas may have been processed. Section 7.5.2, Option 2, on the other hand, would include any enhanced or impaired values resulting from processing in calculating a valuation for the Overproduction. Note that if Section 7.5.2, Option 1, is selected, and residue gas to be sold on an MMBtu basis, it will be necessary to measure the number of MMBtus produced at the well (even if the

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parties have elected to balance on Mcfs), in order to determine the total value of Overproduction.

SECTION 7.7 - Select the interest rate payable for unpaid amounts owed pursuant to a cash settlement.

SECTION 7.9 - In the event that the parties anticipate that Overproduction may be subject to a potential refund by an appropriate governmental authority, the Parties may choose this provision.

SECTION 7.10- If the Parties adopt this provision, an Overproduced Party may make a cash settlement with Underproduced Parties for all or part of outstanding gas imbalances as often as once every twenty-four (24) months.

SECTION 8 - Select the number of days' prior notification required for well tests, as well as the length of such tests.

SECTION 12.9 - Select the appropriate method for computing and reporting income to the Internal Revenue Service based on the "entitlements" or "sales" methods.

SECTION 13 - The purpose of this Section is to stipulate the rights of Parties in the event that any Party sells, exchanges, transfers or assigns its interest in the Balancing Area. Section 13.2 gives the Underproduced Party an option to demand a cash settlement if an Overproduced Party sells its interest, and the number of days' notice and response should be selected to implement this procedure.

SECTION 14 - This provision is intended to provide the Parties an opportunity to modify or supplement any of the Gas balancing Agreement's provisions.

SECTION 15 - This provision is to be utilized ONLY if the Gas Balancing Agreement is NOT agreed to contemporaneously with the execution of an A.A.P.L. Form 610 Model Form Operating Agreement or another suitable operating agreement. If the Gas Balancing Agreement is agreed to contemporaneously with any such operating agreement, Section 15 should be omitted. Otherwise, the Parties must determine the appropriate Percentage Interest which must execute the form to make it effective and the date by which such interests must execute it.

SIGNATURE ELEMENT - The "IN WITNESS WHEREOF," signature and attest/witness elements are ONLY to be utilized if the Gas Balancing Agreement is NOT agreed to contemporaneously with the execution of an A.A.P.L. Form 610 Model Form Operating Agreement or another suitable operating agreement. If the Gas Balancing Agreement is agreed to contemporaneously with any such operating agreement, the "IN WITNESS WHEREOF," signature and attest/witness elements should be omitted. Otherwise, these items should be completed in an appropriate fashion, and any appropriate amendment made to the heading of the Gas Balancing Agreement.

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A.A.P.L. FORM 610-E - GAS BALANCING AGREEMENT - 1992

AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM A.A.P.L. NO. 610-E

NOTE: Instructions For Use of Gas Balancing Agreement MUST be reviewed before finalizing this document.

EXHIBIT "E"
GAS BALANCING AGREEMENT ("AGREEMENT")
ATTACHED TO AND MADE PART OF THAT CERTAIN

OPERATING AGREEMENT DATED August 9, 2024
BY AND BETWEEN Matador Production Company, as Operator
AND MRC Permian Company, et al as Non-Operators **("OPERATING AGREEMENT")**
RELATING TO THE E/2 of Sections 11 & 14, Township 17 South, Range 37 East, N.M.P.M. **AREA,**
Lea **COUNTY/, STATE OF** New Mexico.

1. DEFINITIONS

The following definitions shall apply to this Agreement:

1.01 "Arm's Length Agreement" shall mean any gas sales agreement with an unaffiliated purchaser or any gas sales agreement with an affiliated purchaser where the sales price and delivery conditions under such agreement are representative of prices and delivery conditions existing under other similar agreements in the area between unaffiliated parties at the same time for natural gas of comparable quality and quantity.

1.02 "Balancing Area" shall mean **(select one):**

☐ each well subject to the Operating Agreement that produces Gas or is allocated a share of Gas production. If a single well is completed in two or more producing intervals, each producing interval from which the Gas production is not commingled in the wellbore shall be considered a separate well.

☑ all of the acreage and depths subject to the Operating Agreement.

☐ _____

1.03 "Full Share of Current Production" shall mean the Percentage Interest of each Party in the Gas actually produced from the Balancing Area during each month.

1.04 "Gas" shall mean all hydrocarbons produced or producible from the Balancing Area, whether from a well classified as an oil well or gas well by the regulatory agency having jurisdiction in such matters, which are or may be made available for sale or separate disposition by the Parties, excluding oil, condensate and other liquids recovered by field equipment operated for the joint account. "Gas" does not include gas used in joint operations, such as for fuel, recycling or reinjection, or which is vented or lost prior to its sale or delivery from the Balancing Area.

1.05 "Makeup Gas" shall mean any Gas taken by an Underproduced Party from the Balancing Area in excess of its Full Share of Current Production, whether pursuant to Section 3.3 or Section 4.1 hereof.

1.06 "Mcf" shall mean one thousand cubic feet. A cubic foot of Gas shall mean the volume of gas contained in one cubic foot of space at a standard pressure base and at a standard temperature base.

1.07 "MMBtu" shall mean one million British Thermal Units. A British Thermal Unit shall mean the quantity of heat required to raise one pound avoirdupois of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

1.08 "Operator" shall mean the individual or entity designated under the terms of the Operating Agreement and/or its affiliate Matador Resources Company / or, in the event this Agreement is not employed in connection with an operating agreement, the individual or entity designated as the operator of the well(s) located in the Balancing Area.

1.09 "Overproduced Party" shall mean any Party having taken a greater quantity of Gas from the Balancing Area than the Percentage interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

1.10 "Overproduction" shall mean the cumulative quantity of Gas taken by a Party in excess of its Percentage Interest in the cumulative quantity of all Gas produced from the Balancing Area.

1.11 "Party" shall mean those individuals or entities subject to this Agreement, and their respective heirs, successors, transferees and assigns.

1.12 "Percentage Interest" shall mean the percentage or decimal interest of each Party in the Gas produced from the Balancing Area pursuant to the Operating Agreement covering the Balancing Area.

1.13 "Royalty" shall mean payments on production of Gas from the Balancing Area to all owners of royalties, overriding royalties, production payments or similar interests.

1.14 "Underproduced Party" shall mean any Party having taken a lesser quantity of Gas from the Balancing Area than the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

1.15 "Underproduction" shall mean the deficiency between the cumulative quantity of Gas taken by a Party and its Percentage Interest in the cumulative quantity of all Gas produced from the Balancing Area.

1.16 ☐ **(Optional)** "Winter Period" shall mean the month(s) of _____ in one calendar year and the month(s) of _____ in the succeeding calendar year.

2. BALANCING AREA

2.1 If this Agreement covers more than one Balancing Area, it shall be applied as if each Balancing Area were covered by separate but identical agreements. All balancing hereunder shall be on the basis of Gas taken from the Balancing Area measured in **(Alternative 1)** ☐ Mcfs or **(Alternative 2)** ☑ MMBtus.

2.2 In the event that all or part of the Gas deliverable from a Balancing Area is or becomes subject to one or more maximum lawful prices, any Gas not subject to price controls shall be considered as produced from a single Balancing Area and Gas subject to each maximum lawful price category shall be considered produced from a separate Balancing Area.

3. RIGHT OF PARTIES TO TAKE GAS

3.1 Each Party desiring to take Gas will notify the Operator, or cause the Operator to be notified, of the volumes nominated, the name of the transporting pipeline and the pipeline contract number (if available) and meter station relating to such delivery, sufficiently in advance for the Operator, acting with reasonable diligence, to meet all nomination and other

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requirements. Operator is authorized to deliver the volumes so nominated and confirmed (if confirmation is required) to the transporting pipeline in accordance with the terms of this Agreement.

3.2 Each Party shall make a reasonable, good faith effort to take its Full Share of Current Production each month, to the extent that such production is required to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative rights, or to maintain oil production.

3.3 When a Party fails for any reason to take its Full Share of Current Production (as such Share may be reduced by the right of the other Parties to make up for Underproduction as provided herein), the other Parties shall be entitled to take any Gas which such Party fails to take. To the extent practicable, such Gas shall be made available initially to each Underproduced Party in the proportion that its Percentage Interest in the Balancing Area bears to the total Percentage Interests of all Underproduced Parties desiring to take such Gas. If all such Gas is not taken by the Underproduced Parties, the portion not taken shall then be made available to the other Parties in the proportion that their respective Percentage Interests in the Balancing Area bear to the total Percentage Interests of such Parties.

3.4 All Gas taken by a Party in accordance with the provisions of this Agreement, regardless of whether such Party is underproduced or overproduced, shall be regarded as Gas taken for its own account with title thereto being in such taking Party.

3.5 Notwithstanding the provisions of Section 3.3 hereof, no Overproduced Party shall be entitled in any month to take any Gas in excess of three hundred percent (300%) of its Percentage Interest of the Balancing Area's then-current Maximum Monthly Availability; provided, however, that this limitation shall not apply to the extent that it would preclude production that is required to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative rights, or to maintain oil production. "Maximum Monthly Availability" shall mean the maximum average monthly rate of production at which Gas can be delivered from the Balancing Area, as determined by the Operator, considering the maximum efficient well rate for each well within the Balancing Area, the maximum allowable(s) set by the appropriate regulatory agency, mode of operation, production facility capabilities and pipeline pressures.

3.6 In the event that a Party fails to make arrangements to take its Full Share of Current Production required to be produced to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative rights, or to maintain oil production, the Operator may sell any part of such Party's Full Share of Current Production that such Party fails to take for the account of such Party and render to such Party, on a current basis, the full proceeds of the sale, less any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of such Full Share of Current Production. In making the sale contemplated herein, the Operator shall be obligated only to obtain such price and conditions for the sale as are reasonable under the circumstances and shall not be obligated to share any of its markets. Any such sale by Operator under the terms hereof shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one year. Notwithstanding the provisions of Article 3.4 hereof, Gas sold by Operator for a Party under the provisions hereof shall be deemed to be Gas taken for the account of such Party.

4. IN-KIND BALANCING

4.1 Effective the first day of any calendar month following atleast thirty (30) days' prior written notice to the Operator, any Underproduced Party may begin taking, in addition to its Full Share of Current Production and any Makeup Gas taken pursuant to Section 3.3 of this Agreement, a share of current production determined by multiplying twenty-five percent (25%) of the Full Shares of Current Production of all Overproduced Parties by a fraction, the numerator of which is the Percentage Interest of such Underproduced Party and the denominator of which is the total of the Percentage Interests of all Underproduced Parties desiring to take Makeup Gas. In no event will an Overproduced Party be required to provide more than fifty percent (50%) of its Full Share of Current Production for Makeup Gas. The Operator will promptly notify all Overproduced Parties of the election of an Underproduced Party to begin taking Makeup Gas.

4.2 ☐ **(Optional - Seasonal Limitation on Makeup - Option 1)** Notwithstanding the provisions of Section 4.1, the average monthly amount of Makeup Gas taken by an Underproduced Party during the Winter Period pursuant to Section 4.1 shall not exceed the average monthly amount of Makeup Gas taken by such Underproduced Party during the _____ (_____) months immediately preceding the Winter Period.

4.2 ☐ **(Optional - Seasonal Limitation on Makeup - Option 2)** Notwithstanding the provisions of Section 4.1, no Overproduced Party will be required to provide more than _____ percent (_____%) of its Full Share of Current Production for Makeup Gas during the Winter Period.

4.3 ☑ **(Optional)** Notwithstanding any other provision of this Agreement, at such time and for so long as Operator, or (insofar as concerns production by the Operator) any Underproduced Party, determines in good faith that an Overproduced Party has produced all of its share of the ultimately recoverable reserves in the Balancing Area, such Overproduced Party may be required to make available for Makeup Gas, upon the demand of the Operator or any Underproduced Party, up to seventy-five percent (75%) of such Overproduced Party's Full Share of Current Production./

5. STATEMENT OF GAS BALANCES

5.1 The Operator will maintain appropriate accounting on a monthly and cumulative basis of the volumes of Gas that each Party is entitled to receive and the volumes of Gas actually taken or sold for each Party's account. Within forty-five (45) days after the month of production, the Operator will furnish a statement for such month showing (1) each Party's Full Share of Current Production, (2) the total volume of Gas actually taken or sold for each Party's account, (3) the difference between the volume taken by each Party and that Party's Full Share of Current Production, (4) the Overproduction or Underproduction of each Party, and (5) other data as recommended by the provisions of the Council of Petroleum Accountants Societies Bulletin No.24, as amended or supplemented hereafter. Each Party taking Gas will promptly provide to the Operator any data required by the Operator for preparation of the statements required hereunder.

5.2 If any Party fails to provide the data required herein for four (4) consecutive production months, the Operator, or where the Operator has failed to provide data, another Party, may audit the production and Gas sales and transportation volumes of the non-reporting Party to provide the required data. Such audit shall be conducted only after reasonable notice and during normal business hours in the office of the Party whose records are being audited. All costs associated with such audit will be charged to the account of the Party failing to provide the required data.

6. PAYMENTS ON PRODUCTION

6.1 Each Party taking Gas shall pay or cause to be paid all production and severance taxes due on all volumes of Gas actually taken by such Party.

6.2 ☐ **(Alternative 1 - Entitlements)** Each Party shall pay or cause to be paid all Royalty due with respect to Royalty

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owners to whom it is accountable as if such Party were taking its Full Share of Current Production, and only its Full Share of Current Production.

6.2.1 ☐ **(Optional - For use only with Section 6.2 - Alternative 1 - Entitlement)** Upon written request of a Party taking less than its Full Share of Current Production in a given month ("Current Underproducer"), any Party taking more than its Full Share of Current Production in such month ("Current Overproducer") will pay to such Current Underproducer an amount each month equal to the Royalty percentage of the proceeds received by the Current Overproducer for that portion of the Current Underproducer's Full Share of Current Production taken by the Current Overproducer; provided, however, that such payment will not exceed the Royalty percentage that is common to all Royalty burdens in the Balancing Area. Payments made pursuant to this Section 6.2.1 will be deemed payments to the Underproduced Party's Royalty owners for purposes of Section 7.5.

6.2 ☑ **(Alternative 2 - Sales)** Each Party shall pay or cause to be paid Royalty due with respect to Royalty owners to whom it is accountable based on the volume of Gas actually taken for its account.

6.3 In the event that any governmental authority requires that Royalty payments be made on any other basis than that provided for in this Section 6, each Party agrees to make such Royalty payments accordingly, commencing on the effective date required by such governmental authority, and the method provided for herein shall be thereby superseded.

7. CASH SETTLEMENTS

7.1 Upon the earlier of the plugging and abandonment of the last producing interval in the Balancing Area, the termination of the Operating Agreement or any pooling or unit agreement covering the Balancing Area, or at any time no Gas is taken from the Balancing Area for a period of twelve (12) consecutive months, any Party may give written notice calling for cash settlement of the Gas production imbalances among the Parties. Such notice shall be given to all Parties in the Balancing Area.

7.2 Within sixty (60) days after the notice calling for cash settlement under Section 7.1, the Operator will distribute to each Party a Final Gas Settlement Statement detailing the quantity of Overproduction owed by each Overproduced Party to each Underproduced Party and identifying the month to which such Overproduction is attributed, pursuant to the methodology set out in Section 7.4.

7.3 ☑ **(Alternative 1 - Direct Party-to-Party Settlement)** Within sixty (60) days after receipt of the Final Gas Settlement Statement, each Overproduced Party will pay to each Underproduced Party entitled to settlement the appropriate cash settlement, accompanied by appropriate accounting detail. At the time of payment, the Overproduced Party will notify the Operator of the Gas imbalance settled by the Overproduced Party's payment.

7.3 ☐ **(Alternative 2 - Settlement Through Operator)** Within sixty (60) days after receipt of the Final Gas Settlement Statement, each Overproduced Party will send its cash settlement, accompanied by appropriate accounting detail, to the Operator. The Operator will distribute the monies so received, along with any settlement owed by the Operator as an Overproduced Party, to each Underproduced Party to whom settlement is due within ninety (90) days after issuance of the Final Gas Settlement Statement. In the event that any Overproduced Party fails to pay any settlement due hereunder, the Operator may turn over responsibility for the collection of such settlement to the Party to whom it is owed, and the Operator will have no further responsibility with regard to such settlement.

7.3.1 ☐ **(Optional - For use only with Section 7.3, Alternative 2 - Settlement Through Operator)** Any Party shall have the right at any time upon thirty (30) days' prior written notice to all other Parties to demand that any settlements due such Party for Overproduction be paid directly to such Party by the Overproduced Party, rather than being paid through the Operator. In the event that an Overproduced Party pays the Operator any sums due to an Underproduced Party at any time after thirty (30) days following the receipt of the notice provided for herein, the Overproduced Party will continue to be liable to such Underproduced Party for any sums so paid, until payment is actually received by the Underproduced Party.

7.4 ☑ **(Alternative 1 - Historical Sales Basis)** The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the Gas taken from time to time by the Overproduced Party in excess of the Overproduced Party's Full Share of Current Production. Any Makeup Gas taken by the Underproduced Party prior to monetary settlement hereunder will be applied to offset Overproduction chronologically in the order of accrual.

7.4 ☐ **(Alternative 2 - Most Recent Sales Basis)** The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the volume of Gas that constituted Overproduction by the Overproduced Party from the Balancing Area. For the purpose of implementing the cash settlement provision of the Section 7, an Overproduced Party will not be considered to have produced any of an Underproduced Party's share of Gas until the Overproduced Party has produced cumulatively all of its Percentage Interest share of the Gas ultimately produced from the Balancing Area.

7.5 The values used for calculating the cash settlement under Section 7.4 will include all proceeds received for the sale of the Gas by the Overproduced Party calculated at the Balancing Area, after deducting any production or severance taxes paid and any Royalty actually paid by the Overproduced Party to an Underproduced Party's Royalty owner(s), to the extent said payments amounted to a discharge of said Underproduced Party's Royalty obligation, as well as any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of the Overproduction.

7.5.1 ☑ **(Optional - For Valuation Under Percentage of Proceeds Contracts)** For Overproduction sold under a gas purchase contract providing for payment based on a percentage of the proceeds obtained by the purchaser upon resale of residue gas and liquid hydrocarbons extracted at a gas processing plant, the values used for calculating cash settlement will include proceeds received by the Overproduced Party for both the liquid hydrocarbons and the residue gas attributable to the Overproduction.

7.5.2 ☐ **(Optional - Valuation for Processed Gas - Option 1)** For Overproduction processed for the account of the Overproduced Party at a gas processing plant for the extraction of liquid hydrocarbons, the full quantity of the Overproduction will be valued for purposes of cash settlement at the prices received by the Overproduced Party for the sale of the residue gas attributable to the Overproduction without regard to proceeds attributable to liquid hydrocarbons which may have been extracted from the Overproduction.

7.5.2 ☑ **(Optional - Valuation for Processed Gas - Option 2)** For Overproduction processed for the account of the Overproduced Party at a gas processing plant for the extraction of liquid hydrocarbons, the values used for calculating cash settlement will include the proceeds received by the Overproduced Party for the sale of the liquid hydrocarbons extracted from the Overproduction, less the actual reasonable costs incurred by the Overproduced Party to process the Overproduction and to transport, fractionate and handle the liquid hydrocarbons extracted therefrom prior to sale.

7.6 To the extent the Overproduced Party did not sell all Overproduction under an Arm's Length Agreement, the cash settlement will be based on the weighted average price received by the Overproduced Party for any gas sold from the

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Balancing Area under Arm's Length Agreements during the months to which such Overproduction is attributed. In the event that no sales under Arm's Length Agreements were made during any such month, the cash settlement for such month will be based on the spot sales prices published for the applicable geographic area during such month in a mutually acceptable pricing bulletin.

7.7 Interest compounded at the rate of five percent (5 %) per annum or the maximum lawful rate of interest applicable to the Balancing Area, whichever is less, will accrue for all amounts due under Section 7.1 beginning the first day following the date payment is due pursuant to Section 7.3. Such interest shall be borne by the Operator or any Overproduced Party in the proportion that their respective delays beyond the deadlines set out in Sections 7.2 and 7.3 contributed to the accrual of the interest.

7.8 In lieu of the cash settlement required by Section 7.3, an Overproduced Party may deliver to the Underproduced Party an offer to settle its Overproduction in-kind and at such rates, quantities, times and sources as may be agreed upon by the Underproduced Party. If the Parties are unable to agree upon the manner in which such in-kind settlement gas will be furnished within sixty (60) days after the Overproduced Party's offer to settle in kind, which period may be extended by agreement of said Parties, the Overproduced Party shall make a cash settlement as provided in Section 7.3. The making of an in-kind settlement offer under this Section 7.8 will not delay the accrual of interest on the cash settlement should the Parties fail to reach agreement on an in-kind settlement.

7.9 ☑ **(Optional - For Balancing Areas Subject to Federal Price Regulation)** That portion of any monies collected by an Overproduced Party for Overproduction which is subject to refund by orders of the Federal Energy Regulatory Commission or other governmental authority may be withheld by the Overproduced Party until such prices are fully approved by such governmental authority, unless the Underproduced Party furnishes a corporate undertaking, acceptable to the Overproduced Party, agreeing to hold the Overproduced Party harmless from financial loss due to refund orders by such governmental authority.

7.10 ☑ **(Optional - Interim Cash Balancing)** At any time during the term of this Agreement, any Overproduced Party may, in its sole discretion, make cash settlement(s) with the Underproduced Parties covering all or part of its outstanding Gas imbalance, provided that such settlements must be made with all Underproduced Parties proportionately based on the relative imbalances of the Underproduced Parties, and provided further that such settlements may not be made more often than once every twenty-four (24) months. Such settlements will be calculated in the same manner provided above for final cash settlements. The Overproduced Party will provide Operator a detailed accounting of any such cash settlement within thirty (30) days after the settlement is made.

8. TESTING

Notwithstanding any provision of this Agreement to the contrary, any Party shall have the right, from time to time, to produce and take up to one hundred percent (100%) of a well's entire Gas stream to meet the reasonable deliverability test(s) required by such Party's Gas purchaser, and the right to take any Makeup Gas shall be subordinate to the right of any Party to conduct such tests; provided, however, that such tests shall be conducted in accordance with prudent operating practices only after thirty (30) days' prior written notice to the Operator and shall last no longer than seventy-two (72) hours.

9. OPERATING COSTS

Nothing in this Agreement shall change or affect any Party's obligation to pay its proportionate share of all costs and liabilities incurred in operations on or in connection with the Balancing Area, as its share thereof is set forth in the Operating Agreement, irrespective of whether any Party is at any time selling and using Gas or whether such sales or use are in proportion to its Percentage Interest in the Balancing Area.

10. LIQUIDS

The Parties shall share proportionately in and own all liquid hydrocarbons recovered with Gas by field equipment located on the lease / operated for the joint account in accordance with their Percentage Interests in the Balancing Area.

11. AUDIT RIGHTS

Notwithstanding any provision in this Agreement or any other agreement between the Parties hereto, and further notwithstanding any termination or cancellation of this Agreement, for a period of two (2) years from the end of the calendar year in which any information to be furnished under Section 5 or 7 hereof is supplied, any Party shall have the right to audit the records of any other Party regarding quantity, including but not limited to information regarding Btu-content. Any Underproduced Party shall have the right for a period of two (2) years from the end of the calendar year in which any cash settlement is received pursuant to Section 7 to audit the records of any Overproduced Party as to all matters concerning values, including but not limited to information regarding prices and disposition of Gas from the Balancing Area. Any such audit shall be conducted at the expense of the Party or Parties desiring such audit, and shall be conducted, after reasonable notice, during normal business hours in the office of the Party whose records are being audited. Each Party hereto agrees to maintain records as to the volumes and prices of Gas sold each month and the volumes of Gas used in its own operations, along with the Royalty paid on any such Gas used by a Party in its own operations. The audit rights provided for in this Section 11 shall be in addition to those provided for in Section 5.2 of this Agreement.

12. MISCELLANEOUS

12.1 As between the Parties, in the event of any conflict between the provisions of this Agreement and the provisions of any gas sales contract, or in the event of any conflict between the provisions of this Agreement and the provisions of the Operating Agreement, the provisions of this Agreement shall govern.

12.2 Each Party agrees to defend, indemnify and hold harmless all other Parties from and against any and all liability for any claims, which may be asserted by any third party which now or hereafter stands in a contractual relationship with such indemnifying Party and which arise out of the operation of this Agreement or any activities of such indemnifying Party under the provisions of this Agreement, and does further agree to save the other Parties harmless from all judgments or damages sustained and costs incurred in connection therewith.

12.3 Except as otherwise provided in this Agreement, Operator is authorized to administer the provisions of this Agreement, but shall have no liability to the other Parties for losses sustained or liability incurred which arise out of or in connection with the performance of Operator's duties hereunder, except such as may result from Operator's gross negligence or willful misconduct. Operator shall not be liable to any Underproduced Party for the failure of any Overproduced Party, (other than Operator) to pay any amounts owed pursuant to the terms hereof.

12.4 This Agreement shall remain in full force and effect for as long as the Operating Agreement shall remain in force and effect as to the Balancing Area, and thereafter until the Gas accounts between the Parties are settled in full, and shall inure to the benefit of and be binding upon the Parties hereto, and their respective heirs, successors, legal representatives

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and assigns, if any. The Parties hereto agree to give notice of the existence of this Agreement to any successor in interest of any such Party and to provide that any such successor shall be bound by this Agreement, and shall further make any transfer of any interest subject to the Operating Agreement, or any part thereof, also subject to the terms of this Agreement.

12.5 Unless the context clearly indicates otherwise, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

12.6 In the event that any "Optional" provision of this Agreement is not adopted by the Parties to this Agreement by a typed, printed or handwritten indication, such provision shall not form a part of this Agreement, and no inference shall be made concerning the intent of the Parties in such event. In the event that any "Alternative" provision of this Agreement is not so adopted by the Parties, Alternative 1 in each such instance shall be deemed to have been adopted by the Parties as a result of any such omission. In those cases where it is indicated that an Optional provision may be used only if a specific Alternative is selected: (i) an election to include said Optional provision shall not be effective unless the Alternative in question is selected; and (ii) the election to include said Optional provision must be expressly indicated hereon, it being understood that the selection of an Alternative either expressly or by default as provided herein shall not, in and of itself, constitute an election to include an associated Optional provision.

12.7 This Agreement shall bind the Parties in accordance with the provisions hereof, and nothing herein shall be construed or interpreted as creating any rights in any person or entity not a signatory hereto, or as being a stipulation in favor of any such person or entity.

12.8 If contemporaneously with this Agreement becoming effective, or thereafter, any Party requests that any other Party execute an appropriate memorandum or notice of this Agreement in order to give third parties notice of record of same and submits same for execution in recordable form, such memorandum or notice shall be duly executed by the Party to which such request is made and delivered promptly thereafter to the Party making the request. Upon receipt, the Party making the request shall cause the memorandum or notice to be duly recorded in the appropriate real property or other records affecting the Balancing Area.

12.9 In the event Internal Revenue Service regulations require a uniform method of computing taxable income by all Parties, each Party agrees to compute and report income to the Internal Revenue Service **(select one)** ☐ as if such Party were taking its Full Share of Current Production during each relevant tax period in accordance with such regulations, insofar as same relate to entitlement method tax computations; or ☑ based on the quantity of Gas taken for its account in accordance with such regulations, insofar as same relate to sales method tax computations.

13. ASSIGNMENT AND RIGHTS UPON ASSIGNMENT

13.1 Subject to the provisions of Sections 13.2 (if elected) and 13.3 hereof, and notwithstanding anything in this Agreement or in the Operating Agreement to the contrary, if any Party assigns (including any sale, exchange or other transfer) any of its working interest in the Balancing Area when such Party is an Underproduced or Overproduced Party, the assignment or other act of transfer shall, insofar as the Parties hereto are concerned, include all interest of the assigning or transferring Party in the Gas, all rights to receive or obligations to provide or take Makeup Gas and all rights to receive or obligations to make any monetary payment which may ultimately be due hereunder, as applicable. Operator and each of the other Parties hereto shall thereafter treat the assignment accordingly, and the assigning or transferring Party shall look solely to its assignee or other transferee for any interest in the Gas or monetary payment that such Party may have or to which it may be entitled, and shall cause its assignee or other transferee to assume its obligations hereunder.

13.2 ☑ **(Optional - Cash Settlement Upon Assignment)** Notwithstanding anything in this Agreement (including but not limited to the provisions of Section 13.1 hereof) or in the Operating Agreement to the contrary, and subject to the provisions of Section 13.3 hereof, in the event an Overproduced Party intends to sell, assign, exchange or otherwise transfer any of its interest in a Balancing Area, such Overproduced Party shall notify in writing the other working interest owners who are Parties hereto in such Balancing Area of such fact at least thirty (30) days prior to closing the transaction. Thereafter, any Underproduced Party may demand from such Overproduced Party in writing, within fifteen (15) days after receipt of the Overproduced Party's notice, a cash settlement of its Underproduction from the Balancing Area. The Operator shall be notified of any such demand and of any cash settlement pursuant to this Section 13, and the Overproduction and Underproduction of each Party shall be adjusted accordingly. Any cash settlement pursuant to this Section 13 shall be paid by the Overproduced Party on or before the earlier to occur (i) of sixty (60) days after receipt of the Underproduced Party's demand or (ii) at the closing of the transaction in which the Overproduced Party sells, assigns, exchanges or otherwise transfers its interest in a Balancing Area on the same basis as otherwise set forth in Sections 7.3 through 7.6 hereof, and shall bear interest at the rate set forth in Section 7.7 hereof, beginning sixty (60) days after the Overproduced Party's sale, assignment, exchange or transfer of its interest in the Balancing Area for any amounts not paid. Provided, however, if any Underproduced Party does not so demand such cash settlement of its Underproduction from the Balancing Area, such Underproduced Party shall look exclusively to the assignee or other successor in interest of the Overproduced Party giving notice hereunder for the satisfaction of such Underproduced Party's Underproduction in accordance with the provisions of Section 13.1 hereof.

13.3 The provisions of this Section 13 shall not be applicable in the event any Party mortgages its interest or disposes of its interest by merger, reorganization, consolidation or sale of substantially all of its assets to a subsidiary or parent company, or to any company in which any parent or subsidiary of such Party owns a majority of the stock of such company.

14. OTHER PROVISIONS

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A.A.P.L. FORM 610-E - GAS BALANCING AGREEMENT - 1992

IN WITNESS WHEREOF, this Agreement shall be effective as of the 9th day of August, 2024.

EXHIBIT "H"

Attached to and made a part of that certain Operating Agreement dated August 9, 2024, by and among Matador Production Company, as Operator, and MRC Permian Company et al as Non-Operators (this "Agreement")

MEMORANDUM OF OPERATING AGREEMENT, MORTGAGE AND FINANCING STATEMENT

STATE OF NEW MEXICO §

COUNTY OF LEA §

WHEREAS, Matador Production Company, as "Operator", MRC Permian Company et al as "Non-Operator", entered into that certain Operating Agreement dated August 9, 2024 (the "Operating Agreement") covering oil and gas operations on those certain oil, gas and mineral leases and fee mineral interests described on Exhibit "A" (the "Contract Area"), attached hereto and made a part hereof, as said Exhibit "A" may be amended from time to time. Operator and Non-Operator are sometimes referred to collectively as the "Parties" and individually as a "Party"; and

WHEREAS, Operator and Non-Operator desire to give third parties notice of the existence of the Operating Agreement, and of the rights and obligations of Operator and Non-Operators thereunder.

NOW, THEREFORE, for and consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Operator and Non-Operator hereby stipulate and agree as follows:

I.

The Operating Agreement is an A.A.P.L. Form 610-1989 Model Form Operating Agreement, as amended by the Parties, plus exhibits.

II.

Article VI.G. provides that each party to the Operating Agreement shall take in kind its proportionate share of all oil and gas produced from the Contract Area. Additionally, the Parties have agreed to be bound by a volumetric Gas Balancing Agreement which is attached as Exhibit "E" to the Operating Agreement.

III.

Pursuant to Article VII.B., Non-Operator mortgages to Operator, and grants to Operator a lien upon, its oil and gas leasehold estates and "oil and gas interests", as that term is defined in Article I. thereof, in the Contract Area, and grants to Operator a security interest in its share of oil or gas when extracted from the Contract Area and its interest in all equipment located thereon to secure payment of its share of expense under the Operating Agreement, together with interest thereon in accordance with the Operating Agreement, in addition to any other remedies available to Operator in law or pursuant to the Operating Agreement. Upon default by Non-Operator in the payment of its share of expense, without prejudice to any other rights and remedies, Operator shall have the right to collect from the purchaser of production from the Contract Area the proceeds from the sale of Non-Operator's share of oil or gas produced and sold from the Contract Area until the amount owed by Non-Operator, including interest, has been paid. Each purchaser of oil and gas produced from the Contract Area shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like mortgage, lien and security interest to Non-Operator to secure payment of Operator's proportionate share of expense.

This Memorandum shall constitute a Mortgage and Financing Statement covering oil and gas extracted from the Contract Area to the extent that such oil and gas is owned by a defaulting party under the Operating Agreement. Upon its own motion or upon the request of any Non-Operator, this Mortgage and Financing Statement shall be filed by Operator in the real estate records of any county or parish in which the Contract Area is situated and/or the records of the Secretary of State.. The undersigned Non-Operator shall be considered as both a debtor, to the extent that Non-Operator has failed to pay its share of expense pursuant to the Joint Operating Agreement, and as a secured party and mortgagee.

Operator, upon the consent of all Parties, may terminate the effect of this Memorandum as to all or any portion of the Contract Area by recording a full or partial release hereof.

IV.

Any third party requiring additional information concerning the rights and obligations of the Parties under the Operating Agreement may contact the Operator at the following address:

OPERATOR: Matador Production Company
5400 LBJ Freeway Ste. 1500
Dallas, TX 75240

V.

This Memorandum of Operating Agreement, Mortgage and Financing Statement may be executed in any number of counterparts, each of which shall be considered an original for all purposes and shall be binding upon the heirs, successors and assigns of the Parties. The Operator is hereby authorized to compile the signature and notary pages from each of the counterparts in order to have one instrument containing signature and notarial acknowledgments of all Parties for recording purposes.

IN WITNESS WHEREOF, this Memorandum of Operating Agreement, Mortgage and Financing Statement is executed effective on this 9th day of August 2024.

1. Matador Production Company

By: _____
Name: Bryan A. Erman
Title: E.V.P. & General Counsel & Head of M&A

2. MRC Permian Company

By: _____
Name: Bryan A. Erman
Title: E.V.P. & General Counsel & Head of M&A

3.
By: _____
Name: _____
Title: _____

4.
By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENTS

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2024, by _____, as _____, for _____on behalf of said corporation.

_____
Signature

_____
Name (Print)
My commission expires_____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2024, by _____, as _____, for _____on behalf of said corporation.

_____
Signature

_____
Name (Print)
My commission expires_____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2024, by _____, as _____, for _____on behalf of said corporation.

_____
Signature

_____
Name (Print)
My commission expires_____

EXHIBIT "H-A"

Attached to and made a part of that certain Operating Agreement dated August 9, 2024, by and among Matador Production Company, as Operator, and MRC Permian Company et al as Non-Operators (this "Agreement")

I. CONTRACT AREA:

E/2 of Sections 11 and 14, Township 17 South, Range 37 East, Lea County, New Mexico.

II. DEPTH RESTRICTIONS:

All Depths.

III. ADDRESS OF THE PARTIES:

Matador Production Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
Attn: Land Department

MRC Permian Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
Attn: Land Department

IV. Oil and Gas Leases subject to this Agreement:

V. Burdens on Production:

Burdens of record as of the effective date of this Agreement.

End of Exhibit "H-A"

***Final Exhibit "A" will be sent to Non-operators from Operator pending final elections and execution of Operating Agreement.**

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Chevron USA, Inc.
6301 Deauville Blvd
Midland, TX 79706

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.619.4341 • Fax 214.866.4946
hanna.rhoades@matadorresources.com

Hanna Rhoades
Senior Landman

December 20, 2024

VIA CERTIFIED RETURN RECEIPT MAIL

Chevron Midcontinent, LP
1400 Smith Street
Houston, TX 77002

Re: Matador Production Company – Emmett Fed Com 10&9-24S-28E #112H, #122H & #132H
Participation Proposal
Sections 9 & 10, Township 24 South, Range 28 East
Eddy County, New Mexico

Dear Sir/Madam:

Pursuant to the enclosed Order No. R-23187 (the "Order"), MRC Permian Company and its operating company, Matador Production Company (collectively "Matador"), hereby furnish an itemized schedule of the estimated costs of drilling, completing and equipping the Emmett Fed Com 10&9-24S-28E #112H, Emmett Fed Com 10&9-24S-28E #122H & Emmett Fed Com 10&9-24S-28E #132H wells (the "Wells"). The Order established a standard 320-acre oil spacing unit and project area (the "Unit") in the Bone Spring formation Malaga; Bone Spring, North (Pool Code 42800) consisting of the S2N2 of Section 9 and Section 10, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, pooling all uncommitted interest owners within the Unit. Additionally, the Order authorized Matador to withhold the following costs and charges from production from each well drilled in the Unit:

- the proportionate share of reasonable well costs
- as a charge for the risk involved in drilling the well, 200% of the above costs
- $8,000.00 per month drilling overhead rates and $800.00 per month producing overhead rates, adjusted annually pursuant to Section III.1.A.3 of the COPAS form titled "*Accounting Procedure-Joint Operations*"

As a pooled interest owner subject to the Order, you are entitled to a thirty (30) day election period whereby you may choose to participate in the Well by paying your proportionate share of the estimated well costs outlined on the enclosed AFE. Alternatively, if you choose not to participate in the Well or fail to pay your proportionate share of the costs outlined on the AFE, you will remain a pooled working interest owner subject to the aforementioned charges and penalties.

Chevron Midcontinent, LP will own an approximate 0.29020346 working interest in the proposed Well, subject to title verification.

Matador respectfully requests you indicate your election in the space provided below, sign and return one (1) copy of this letter to the undersigned.

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Additionally, if your election is to participate, please accept this letter as an invoice notice and request for payment for your share of the estimated well costs, which is due within 30 days after the expiration of the above-referenced election period. Please remit payment for your proportionate share of costs to Matador Production Company on or before such deadline. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.
Please contact me if you have any questions.

Sincerely,

MRC PERMIAN COMPANY

Hanna Rhoades

Enclosure(s)

Please elect one of the following and return to sender:

___✓___ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Emmett Fed Com 10&9-24S-28E #112H** well, in the estimated amount of **$2,922,889.25**
_____ Not to participate in the **Emmett Fed Com 10&9-24S-28E #112H**

___✓___ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Emmett Fed Com 10&9-24S-28E #122H** well, in the estimated amount of **$2,815,029.91.**
_____ Not to participate in the **Emmett Fed Com 10&9-24S-28E #122H**

___✓___ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Emmett Fed Com 10&9-24S-28E #132H** well, in the estimated amount of **$3,182,341.59.**
_____ Not to participate in the **Emmett Fed Com 10&9-24S-28E #132H**

Chevron Midcontinent, LP

By: Meriolem Sharry

Title: NOJV Petroleum Engineer

Date: 01/23/2025

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	December 19, 2024	AFE NO.:	500002.900.01.001
WELL NAME:	Emmett State Com #112H	FIELD:	Bone Spring
LOCATION:	Section 10&9 24S 28E	MD/TVD:	17500'/7350'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	10,000
MRC WI:			
GEOLOGIC TARGET:	First Bone Spring Sand		
REMARKS:	Drill and complete a horizontal 2 mile long First Bone Spring sand target with about 46 frac stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	$ 78,000	$	$ 10,000	$ 10,000	$ 98,000
Location, Surveys & Damages	128,333	13,000	50,000	15,000	206,333
Drilling	781,750				781,750
Cementing & Float Equip	184,000				184,000
Logging / Formation Evaluation	-	3,000	3,000		6,000
Flowback - Labor			52,785		52,785
Flowback - Surface Rentals			190,200		190,200
Flowback - Rental Living Quarters			21,000		21,000
Mud Logging	16,875				16,875
Mud Circulation System	44,938				44,938
Mud & Chemicals	211,650	49,000	31,000		291,650
Mud / Wastewater Disposal	130,000	-	9,000	-	139,000
Freight / Transportation	12,750	26,700	12,000	-	51,450
Rig Supervision / Engineering	94,000	91,500	13,200	12,600	211,300
Drill Bits	98,700				98,700
Fuel & Power	152,000	352,098	10,000	-	514,098
Water	75,500	682,500	3,000	-	761,000
Drlg & Completion Overhead	11,750	-		-	11,750
Plugging & Abandonment	-				-
Directional Drilling, Surveys	267,500				267,500
Completion Unit, Swab, CTU	-	118,000	11,400		129,400
Perforating, Wireline, Slickline	-	178,609	7,000		185,609
High Pressure Pump Truck	-	61,875	5,000	-	66,875
Stimulation	-	2,329,859			2,329,859
Stimulation Flowback & Disp	-	15,500	10,000		25,500
Insurance	31,500				31,500
Labor	141,500	59,750	12,500	-	213,750
Rental - Surface Equipment	72,985	329,988	15,000	-	417,973
Rental - Downhole Equipment	152,375	86,000	-	-	238,375
Rental - Living Quarters	41,355	39,333	-	-	80,688
Contingency	82,360	210,685	43,509	-	336,554
MaxCom	17,871				17,871
TOTAL INTANGIBLES >	**2,827,692**	**4,647,395**	**509,594**	**37,600**	**8,022,281**

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	$ 25,138	$	$	$	$ 25,138
Intermediate Casing	252,169				252,169
Drilling Liner	-				-
Production Casing	718,625				718,625
Production Liner	-				-
Tubing	-		132,660		132,660
Wellhead	68,000		55,000		123,000
Packers, Liner Hangers	-	58,989	6,000		64,989
Tanks	-			25,000	25,000
Production Vessels	-			160,000	160,000
Flow Lines	-			125,000	125,000
Rod string	-				-
Artificial Lift Equipment	-		40,000		40,000
Compressor	-			25,000	25,000
Installation Costs	-		-	50,000	50,000
Surface Pumps	-		5,000	25,000	30,000
Non-controllable Surface	-		-	-	-
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		15,000	50,000	65,000
Gas Conditioning / Dehydration				-	-
Interconnecting Facility Piping			5,000	80,000	85,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			2,000	-	2,000
Tank / Facility Containment			-	10,000	10,000
Flare Stack			-	20,000	20,000
Electrical / Grounding			2,000	50,000	52,000
Communications / SCADA			2,000	-	2,000
Instrumentation / Safety				42,000	42,000
TOTAL TANGIBLES >	**1,063,932**	**58,989**	**264,660**	**662,000**	**2,049,582**
TOTAL COSTS >	**3,891,624**	**4,706,385**	**774,254**	**699,600**	**10,071,862**

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Tyler Kinnon
Completions Engineer: Trace Saha
Production Engineer: Dirk Philip van den Berg
Team Lead - WTX/NM: JME (JME)

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, Res: _____ (WTE)
SVP Geoscience: _____ (NLF)
COO- Drilling, Completion and Production: _____ (CC)
Executive VP, Legal: _____ (CA)
President: _____ (BG)

NON OPERATING PARTNER APPROVAL:

Company Name: Chevron U.S.A
Working Interest (%): _____
Tax ID: _____
Signed by: Mariclem Sharry
Date: 01/23/2025
Title: NOJV Petroleum Engineer
Approval: ✓ Yes ____ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	December 19, 2024	AFE NO.:	500002.901.01.001
WELL NAME:	Emmett State Com #122H	FIELD:	Bone Spring
LOCATION:	Section 10&9 24S 28E	MD/TVD:	18300'/8180'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	10,000
MRC WI:			
GEOLOGIC TARGET:	Second Bone Spring Sand		
REMARKS:	Drill and complete a horizontal 2 mile long Second Bone Spring sand target with about 46 frac stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	$ 78,000	$	$ 10,000	$ 10,000	$ 98,000
Location, Surveys & Damages	128,333	13,000	50,000	15,000	206,333
Drilling	600,500				600,500
Cementing & Float Equip	184,000				184,000
Logging / Formation Evaluation	-	3,000	3,000		6,000
Flowback - Labor			52,785		52,785
Flowback - Surface Rentals			190,200		190,200
Flowback - Rental Living Quarters			21,000		21,000
Mud Logging	15,000				15,000
Mud Circulation System	39,513				39,513
Mud & Chemicals	207,150	49,000	31,000		287,150
Mud / Wastewater Disposal	130,000	-	9,000	-	139,000
Freight / Transportation	12,750	26,700	12,000	-	51,450
Rig Supervision / Engineering	74,000	91,500	13,200	12,600	191,300
Drill Bits	45,800				45,800
Fuel & Power	75,600	352,098	10,000	-	437,698
Water	65,500	682,500	3,000	-	751,000
Drlg & Completion Overhead	9,250	-		-	9,250
Plugging & Abandonment	-				-
Directional Drilling, Surveys	257,900				257,900
Completion Unit, Swab, CTU	-	118,000	11,400		129,400
Perforating, Wireline, Slickline	-	178,609	7,000		185,609
High Pressure Pump Truck	-	61,875	5,000	-	66,875
Stimulation	-	2,329,859			2,329,859
Stimulation Flowback & Disp	-	15,500	10,000		25,500
Insurance	32,940				32,940
Labor	133,500	59,750	12,500	-	205,750
Rental - Surface Equipment	54,310	329,988	15,000	-	399,298
Rental - Downhole Equipment	150,300	86,000	-	-	236,300
Rental - Living Quarters	36,705	39,333	-	-	76,038
Contingency	46,882	210,685	43,509	-	301,075
MaxCom	13,041				13,041
TOTAL INTANGIBLES >	**2,390,974**	**4,647,395**	**509,594**	**37,600**	**7,585,563**

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	$ 25,138	$	$	$	$ 25,138
Intermediate Casing	283,318				283,318
Drilling Liner	-				-
Production Casing	752,527				752,527
Production Liner	-				-
Tubing	-		132,660		132,660
Wellhead	68,000		55,000		123,000
Packers, Liner Hangers	-	58,989	6,000		64,989
Tanks	-			25,000	25,000
Production Vessels	-			160,000	160,000
Flow Lines	-			125,000	125,000
Rod string	-				-
Artificial Lift Equipment	-		40,000		40,000
Compressor	-			25,000	25,000
Installation Costs	-		-	50,000	50,000
Surface Pumps	-		5,000	25,000	30,000
Non-controllable Surface	-		-	-	-
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		15,000	50,000	65,000
Gas Conditioning / Dehydration				-	-
Interconnecting Facility Piping			5,000	80,000	85,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			2,000	-	2,000
Tank / Facility Containment			-	10,000	10,000
Flare Stack			-	20,000	20,000
Electrical / Grounding			2,000	50,000	52,000
Communications / SCADA			2,000	-	2,000
Instrumentation / Safety				42,000	42,000
TOTAL TANGIBLES >	**1,128,983**	**58,989**	**264,660**	**662,000**	**2,114,632**
TOTAL COSTS >	**3,519,956**	**4,706,385**	**774,254**	**699,600**	**9,700,194**

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Tyler Kinnon
Completions Engineer: Trace Saha
Production Engineer: Dirk Philip van den Berg
Team Lead - WTX/NM: JME (JME)

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, Res _____ (WTE)
SVP Geoscience _____ (NLF)
COO- Drilling, Completion and Production _____ (CC)
Executive VP, Legal _____ (CA)
President _____ (BG)

NON OPERATING PARTNER APPROVAL:

Company Name: Chevron U.S.A
Working Interest (%): _____
Tax ID: _____
Signed by: Mariclem Sharry
Date: 01/23/2025
Title: NOJV Petroleum Engineer
Approval: ✓ Yes ____ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	December 19, 2024	AFE NO.:	500003.253.01.001
WELL NAME:	Emmett State Com #132H	FIELD:	Bone Spring
LOCATION:	Section 10&9 24S 28E	MD/TVD:	19067'/8180'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	10,320
MRC WI:			
GEOLOGIC TARGET:	Third Bone Spring Sand		
REMARKS:	Drill and complete a horizontal 2 mile long Third Bone Spring sand target with about 46 frac stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	$ 78,000	$	$ 10,000	$ 10,000	$ 98,000
Location, Surveys & Damages	128,333	13,000	50,000	15,000	206,333
Drilling	588,000				588,000
Cementing & Float Equip	184,000				184,000
Logging / Formation Evaluation	-	3,000	3,000		6,000
Flowback - Labor			52,785		52,785
Flowback - Surface Rentals			190,200		190,200
Flowback - Rental Living Quarters			21,000		21,000
Mud Logging	15,000				15,000
Mud Circulation System	43,413				43,413
Mud & Chemicals	210,750	49,000	31,000		290,750
Mud / Wastewater Disposal	130,000	-	9,000	-	139,000
Freight / Transportation	12,750	26,700	12,000	-	51,450
Rig Supervision / Engineering	90,000	91,500	13,200	12,600	207,300
Drill Bits	83,300				83,300
Fuel & Power	122,500	352,098	10,000	-	484,598
Water	65,500	682,500	3,000	-	751,000
Drlg & Completion Overhead	11,250	-		-	11,250
Plugging & Abandonment	-				-
Directional Drilling, Surveys	229,737				229,737
Completion Unit, Swab, CTU	-	118,000	11,400		129,400
Perforating, Wireline, Slickline	-	178,609	7,000		185,609
High Pressure Pump Truck	-	61,875	5,000	-	66,875
Stimulation	-	2,329,859			2,329,859
Stimulation Flowback & Disp	-	15,500	10,000		25,500
Insurance	34,321				34,321
Labor	141,500	59,750	12,500	-	213,750
Rental - Surface Equipment	69,135	329,988	15,000	-	414,123
Rental - Downhole Equipment	164,300	86,000	-	-	250,300
Rental - Living Quarters	40,425	39,333	-	-	79,758
Contingency	73,774	210,685	43,509	-	327,967
MaxCom	16,905				16,905
TOTAL INTANGIBLES >	**2,532,892**	**4,647,395**	**509,594**	**37,600**	**7,727,481**

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	$ 29,230	$	$	$	$ 29,230
Intermediate Casing	155,350				155,350
Drilling Liner	-				-
Production Casing	527,467				527,467
Production Liner	-				-
Tubing	-		147,400		147,400
Wellhead	68,000		55,000		123,000
Packers, Liner Hangers	-	58,989	6,000		64,989
Tanks	-			25,000	25,000
Production Vessels	-			160,000	160,000
Flow Lines	-			125,000	125,000
Rod string	-				-
Artificial Lift Equipment	-		40,000		40,000
Compressor	-			25,000	25,000
Installation Costs	-		-	50,000	50,000
Surface Pumps	-		5,000	25,000	30,000
Non-controllable Surface	-		-	-	-
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		15,000	50,000	65,000
Gas Conditioning / Dehydration				-	-
Interconnecting Facility Piping			5,000	80,000	85,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			2,000	-	2,000
Tank / Facility Containment			-	10,000	10,000
Flare Stack			-	20,000	20,000
Electrical / Grounding			2,000	50,000	52,000
Communications / SCADA			2,000	-	2,000
Instrumentation / Safety				42,000	42,000
TOTAL TANGIBLES >	**780,047**	**58,989**	**279,400**	**662,000**	**1,780,436**
TOTAL COSTS >	**3,312,939**	**4,706,385**	**788,994**	**699,600**	**9,507,917**

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Tyler Kinnon
Completions Engineer: Trace Saha
Production Engineer: Dirk Philip van den Berg
Team Lead - WTX/NM: JME (JME)

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, Res: _____ (WTE)
SVP Geoscience: _____ (NLF)
EVP COO- Drilling, Completion and Production: _____ (BG)
Executive VP, Legal: _____ (CA)
President: _____ (BG)

NON OPERATING PARTNER APPROVAL:

Company Name: Chevron U.S.A
Working Interest (%): _____
Tax ID: _____
Signed by: Mariclem Sharry
Date: 01/23/2025
Title: NOJV Petroleum Engineer
Approval: ✓ Yes ____ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

AFE - Version 3

Page 119 of 277

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09/02/2025

Gregory
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Houston 1400 Smith Street/45123
HOU140

GTQZ@chevron.com

9589071052702631844708

Chevron U.S.A Inc.
1400 Smith Street
Houston, TX 77002
RE: Bridge State Unit 27 Proposal (PO)

PERMIAN RESOURCES

300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

August 25, 2025 *Sent via USPS Certified Mail*

Chevron U.S.A Inc
1400 Smith Street
Houston, TX 77002

RE: Well Proposals – Bridge State Unit 27 Wells
W/2 of Sections 27 & 22, T22S-R35E
Lea County, New Mexico

To Whom It May Concern:

Enclosed for your review, please find copies of the State of New Mexico Oil Conservation Division Compulsory Pooling Order Nos. R-22939 and R-22940 ("Pooling Order(s)"), effective as of the date listed therein, encompassing the Bridge State Unit 27 501H & 502H wells (the Well(s)"). Pursuant to the Pooling Orders, Permian Resources Operating, LLC ("Permian") submits this letter to you seeking your election to participate in each Well.

1. **Bridge State Unit 27 #501H**
SHL: 560' FSL & 1,581' FWL of Section 27, or at a legal location in the SW/4 of Section 27
BHL: 100' FNL & 985' FWL of Section 22
FTP: 100' FSL & 982' FWL of Section 27
LTP: 100' FNL & 985' FWL of Section 22
TVD: Approximately 10,320'
TMD: Approximately 20,855'
Targeted Interval: 2nd Bone Spring
Proration Unit: W/2W/2 of Sections 27 & 22
Total Cost: See attached AFE

2. **Bridge State Unit 27 #502H**
SHL: 559' FSL & 1,614' FWL of Section 27, or at a legal location in the SW/4 of Section 27
BHL: 100' FNL & 2,301' FWL of Section 22
FTP: 100' FSL & 2,293' FWL of Section 27
LTP: 100' FNL & 2,301' FWL of Section 22
TVD: Approximately 10,320'
TMD: Approximately 20,855'
Targeted Interval: 2nd Bone Spring
Proration Unit: E/2W/2 of Sections 27 & 22
Total Cost: See attached AFE

Under Article 25 on page 3 of the Pooling Order, you have thirty (30) days following your receipt of this letter to elect to participate and subsequently pay your proportionate share of the well costs or elect to go non-consent in these Wells and be considered a "Non-Consenting Pooled Working Interest".

In the event you elect to participate in any of the Wells, please indicate your election by signing and returning one copy of the enclosed ballot, AFE and insurance declaration to the undersigned, along with your full payment for each Well within thirty (30) days following your thirty (30) day election period. Failure to timely elect or remit payment will result in you being deemed non-consent.

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns. The enclosed AFEs represent the Estimated Well Costs that will be incurred to drill and complete these Wells, but those electing to participate in the Wells are responsible for their share of the actual well costs incurred.

If you have any questions or concerns regarding this proposal, please contact me at Reagan.Armstrong@permianres.com.

Respectfully,

PERMIAN RESOURCES OPERATING, LLC

Reagan Armstrong
Landman

Enclosures

Participate / Rejection Declaration

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

☐ I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.

☒ I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Agreed this 25 day of September, 2025 by:

Chevron U.S.A Inc.

By: _____

Printed Name: Andrew M. Armpriester

Title: General Manger, North America Non-Operated Joint Venture and Royalty

Date: 09/25/2025

PERMIAN RESOURCES

Cost Estimate

Printed Date: Aug 21, 2025

AFE Number:	505258	**Description:**	BRIDGE STATE UNIT 27 501H
AFE Name:	BRIDGE STATE UNIT 27 501H	**AFE TYPE:**	Drill and Complete
Well Operator:	CENTENNIAL RESOURCE PRODUCTION, LLC		
Operator AFE #:			

Account	Description		Gross Est. ($)
Pipeline			
8036.3200	PLN - VALVES FITTINGS & PIPE		$10,000.00
8036.2200	PLN - CONTRACT LABOR		$154,862.00
8036.2800	PLN - FLOWLINE MATERIAL		$154,862.00
		Sub-total	**$319,724.00**
Drilling Intangible			
8015.4300	IDC - WELLSITE SUPERVISION		$87,000.00
8015.4100	IDC - RENTAL EQUIPMENT		$82,500.00
8015.1200	IDC - LEGAL, TITLE SERVICES		$13,000.00
8015.5000	IDC - WELL CONTROL INSURANCE		$8,250.00
8015.4600	IDC - SAFETY / ENVIRONMENTAL		$16,500.00
8015.1600	IDC - RIG MOB / STANDBY RATE		$36,800.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS		$60,000.00
8015.3700	IDC - DISPOSAL		$113,000.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR		$37,000.00
8015.4200	IDC - MANCAMP		$39,000.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP		$269,000.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT		$27,000.00
8015.1700	IDC - DAYWORK CONTRACT		$586,500.00
8015.1300	IDC - SURFACE DAMAGE / ROW		$35,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP		$22,500.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE		$42,500.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING		$189,873.49
8015.1900	IDC - DIRECTNL DRILL & SURVEY		$247,031.25
8015.1310	IDC - PERMANENT EASEMENT		$12,000.00
8015.2150	IDC - DRILL BIT		$98,000.00
8015.5200	IDC - CONTINGENCY		$117,774.74
8015.1500	IDC - RIG MOB / TRUCKING		$116,875.00
8015.1100	IDC - STAKING & SURVEYING		$15,000.00
8015.2300	IDC - FUEL / POWER		$120,527.34
8015.1400	IDC - ROAD, LOCATIONS, PITS		$95,625.00
8015.3400	IDC - MATERIALS & SUPPLIES		$5,000.00
8015.1000	IDC - PERMITS,LICENSES,ETC		$15,000.00
8015.2400	IDC - RIG WATER		$18,750.00
8015.3100	IDC - CASING CREW & TOOLS		$70,000.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR		$12,500.00
8015.2350	IDC - FUEL/MUD		$66,515.63
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM		$58,968.75
		Sub-total	**$2,734,991.20**
Flowback Intangible			
8040.3420	IFC - TANK RENTALS		$10,000.00

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PERMIAN RESOURCES

Cost Estimate

Printed Date: Aug 21, 2025

Account	Description		Gross Est. ($)
8040.2000	IFC - TRUCKING/VACUUM/TRANSP		$8,000.00
8040.3400	IFC - RENTAL EQUIPMENT		$10,000.00
8040.3430	IFC - SURFACE PUMP RENTAL		$10,000.00
8040.2900	IFC - WELL TESTING / FLOWBACK		$98,000.00
8040.3500	IFC - WELLSITE SUPERVISION		$8,000.00
8040.1100	IFC - ROADS LOCATIONS / PITS		$2,000.00
8040.4000	IFC - CHEMICALS		$14,000.00
8040.1899	IFC - FRAC WATER RECOVERY		$293,700.00
		Sub-total	**$453,700.00**
Artificial Lift Tangible			
8065.1100	TAL - TUBING		$55,000.00
8065.1310	TAL - ESP EQUIPMENT/INSTALL		$120,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA		$5,000.00
8065.2000	TAL - WELLHEAD EQUIPMENT		$50,000.00
8065.1300	TAL - DOWNHOLE ARTIFICIAL LIFT EQPT		$15,000.00
8065.2200	TAL - OHP INFRASTRUCTURE EQUIPMENT/INSTALL		$20,000.00
8065.2100	TAL - WELL SITE POWER EQUIPMENT/INSTALL		$75,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS		$15,000.00
8065.3100	TAL - MEASUREMENT EQUIPMENT		$5,000.00
		Sub-total	**$360,000.00**
Facilities			
8035.1900	FAC - WATER DISPOSAL / SWD		$1,000.00
8035.1600	FAC - TRANSPORTATION TRUCKING		$2,500.00
8035.3000	FAC - HEATER TREATER/SEPARATOR		$85,000.00
8035.4500	FAC - CONTINGENCY		$6,754.00
8035.2100	FAC - INSPECTION & TESTING		$625.00
8035.2000	FAC - WASTE DISPOSAL		$1,000.00
8035.3700	FAC - AUTOMATION MATERIAL		$10,000.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB		$25,000.00
8035.3200	FAC - VALVES FITTINGS & PIPE		$40,000.00
8035.3400	FAC - METERS		$18,500.00
8035.4400	FAC - COMPANY LABOR		$1,250.00
8035.1700	FAC - RENTAL EQUIPMENT		$10,000.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL		$3,750.00
8035.2400	FAC - SUPERVISION		$4,000.00
8035.1310	FAC - PERMANENT EASEMENT/ROW		$1,250.00
8035.3600	FAC - ELECTRICAL		$16,250.00
8035.1400	FAC - ROAD LOCATIONS PITS		$1,250.00
8035.2500	FAC - CONSULTING SERVICES		$1,250.00
8035.1500	FAC - MATERIALS & SUPPLIES		$2,500.00
		Sub-total	**$231,879.00**
Drilling Tangible			
8020.1400	TDC - CASING - PRODUCTION		$469,808.88
8020.1500	TDC - WELLHEAD EQUIPMENT		$53,125.00
8020.1700	TDC - PACKER/DOWNHOLE TOOLS		$53,125.00
8020.1200	TDC - CASING - INTERMEDIATE - 1		$174,547.50

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PERMIAN RESOURCES

Cost Estimate

Printed Date: Aug 21, 2025

Account	Description		Gross Est. ($)
8020.1100	TDC - CASING - SURFACE		$81,436.38
		Sub-total	**$832,042.76**
Artificial Lift Intangible			
8060.2300	IAL - COMPLETION FLUIDS		$5,000.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP		$5,000.00
8060.3420	IAL - REVERSE UNIT RENTAL		$5,000.00
8060.1100	IAL - ROAD, LOCATIONS, PITS		$2,000.00
8060.2010	IAL - KILL TRUCK		$5,000.00
8060.1210	IAL - SPOOLING SERVICES		$10,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT		$15,000.00
8060.3400	IAL - RENTAL EQUIPMENT		$15,000.00
8060.1200	IAL - WORKOVER RIG		$20,000.00
8060.3410	IAL - LAYDOWN MACHINE		$5,000.00
8060.3500	IAL - WELLSITE SUPERVISION		$10,000.00
8060.1900	IAL - INSPECTION & TESTING		$3,000.00
		Sub-total	**$100,000.00**
Completion Intangible			
8025.1100	ICC - ROAD, LOCATIONS, PITS		$10,500.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE		$40,000.00
8025.1500	ICC - FUEL / POWER		$385,971.00
8025.1600	ICC - COILED TUBING		$181,546.00
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK		$20,160.00
8025.2000	ICC - TRUCKING		$14,375.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING		$246,845.00
8025.2300	ICC - COMPLETION FLUIDS		$10,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR		$1,398,640.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT		$15,000.00
8025.3000	ICC - WATER HANDLING		$200,000.00
8025.3050	ICC - SOURCE WATER		$253,500.00
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR		$40,000.00
8025.3400	ICC - RENTAL EQUIPMENT		$181,341.00
8025.3500	ICC - WELLSITE SUPERVISION		$48,600.00
8025.3600	ICC - SUPERVISION/ENGINEERING		$5,000.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL		$15,000.00
8025.3800	ICC - OVERHEAD		$10,000.00
		Sub-total	**$3,076,478.00**
Completion Tangible			
8030.2000	TCC - WELLHEAD EQUIPMENT		$47,250.00
		Sub-total	**$47,250.00**
		Grand Total	**$8,156,064.96**

Accepted and Approved By:

Company Name (If Applicable): Chevron USA

By: _____

Printed Name: Andrew M. Armpriester

Title: General Manager, North America Non-Operated Joint Venture and Royalty

Date: 09/25/2025

Released to Imaging: 5/7/2026 12:00:26 PM

Received by OCD: 5/7/2026 8:22:37 AM

PERMIAN RESOURCES

Cost Estimate

Printed Date: Aug 21, 2025

AFE Number:	505259	**Description:**	BRIDGE STATE UNIT 27 502H
AFE Name:	BRIDGE STATE UNIT 27 502H	**AFE TYPE:**	Drill and Complete
Well Operator:	PERMIAN RESOURCES		
Operator AFE #:			

Account	Description		Gross Est. ($)
Drilling Intangible			
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING		$253,720.05
8015.1700	IDC - DAYWORK CONTRACT		$860,200.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR		$12,500.00
8015.1310	IDC - PERMANENT EASEMENT		$12,000.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS		$81,000.00
8015.1500	IDC - RIG MOB / TRUCKING		$116,875.00
8015.4100	IDC - RENTAL EQUIPMENT		$121,000.00
8015.3700	IDC - DISPOSAL		$135,400.00
8015.5000	IDC - WELL CONTROL INSURANCE		$12,100.00
8015.1200	IDC - LEGAL, TITLE SERVICES		$13,000.00
8015.5200	IDC - CONTINGENCY		$157,333.91
8015.1100	IDC - STAKING & SURVEYING		$15,000.00
8015.4600	IDC - SAFETY / ENVIRONMENTAL		$24,200.00
8015.1400	IDC - ROAD, LOCATIONS, PITS		$95,625.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM		$86,487.50
8015.1300	IDC - SURFACE DAMAGE / ROW		$35,000.00
8015.2700	IDC - INSPECTION, TESTING & REPAIR		$37,000.00
8015.1000	IDC - PERMITS,LICENSES,ETC		$15,000.00
8015.2300	IDC - FUEL / POWER		$176,773.44
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT		$27,000.00
8015.2400	IDC - RIG WATER		$27,500.00
8015.1600	IDC - RIG MOB / STANDBY RATE		$36,800.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE		$42,500.00
8015.2150	IDC - DRILL BIT		$98,000.00
8015.4200	IDC - MANCAMP		$57,200.00
8015.2900	IDC - OPEN/CASED HOLE LOGGING		$90,000.00
8015.3100	IDC - CASING CREW & TOOLS		$70,000.00
8015.2350	IDC - FUEL/MUD		$66,515.63
8015.4300	IDC - WELLSITE SUPERVISION		$127,600.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY		$362,312.50
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP		$350,000.00
8015.3400	IDC - MATERIALS & SUPPLIES		$5,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP		$33,000.00
		Sub-total	**$3,653,643.03**
Drilling Tangible			
8020.1500	TDC - WELLHEAD EQUIPMENT		$53,125.00
8020.1100	TDC - CASING - SURFACE		$81,436.38
8020.1700	TDC - PACKER/DOWNHOLE TOOLS		$53,125.00
8020.1200	TDC - CASING - INTERMEDIATE - 1		$174,547.50
8020.1400	TDC - CASING - PRODUCTION		$469,808.88

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PERMIAN RESOURCES

Cost Estimate

Printed Date: Aug 21, 2025

Account	Description		Gross Est. ($)
		Sub-total	**$832,042.76**
Facilities			
8035.1700	FAC - RENTAL EQUIPMENT		$10,000.00
8035.2000	FAC - WASTE DISPOSAL		$1,000.00
8035.2500	FAC - CONSULTING SERVICES		$1,250.00
8035.2100	FAC - INSPECTION & TESTING		$625.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL		$3,750.00
8035.1500	FAC - MATERIALS & SUPPLIES		$2,500.00
8035.4500	FAC - CONTINGENCY		$6,754.00
8035.1310	FAC - PERMANENT EASEMENT/ROW		$1,250.00
8035.3600	FAC - ELECTRICAL		$16,250.00
8035.1600	FAC - TRANSPORTATION TRUCKING		$2,500.00
8035.3700	FAC - AUTOMATION MATERIAL		$10,000.00
8035.1900	FAC - WATER DISPOSAL / SWD		$1,000.00
8035.3400	FAC - METERS		$18,500.00
8035.2400	FAC - SUPERVISION		$4,000.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB		$25,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR		$85,000.00
8035.3200	FAC - VALVES FITTINGS & PIPE		$40,000.00
8035.4400	FAC - COMPANY LABOR		$1,250.00
8035.1400	FAC - ROAD LOCATIONS PITS		$1,250.00
		Sub-total	**$231,879.00**
Artificial Lift Tangible			
8065.2200	TAL - OHP INFRASTRUCTURE EQUIPMENT/INSTALL		$20,000.00
8065.2000	TAL - WELLHEAD EQUIPMENT		$50,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS		$15,000.00
8065.1310	TAL - ESP EQUIPMENT/INSTALL		$120,000.00
8065.1300	TAL - DOWNHOLE ARTIFICIAL LIFT EQPT		$15,000.00
8065.1100	TAL - TUBING		$55,000.00
8065.2100	TAL - WELL SITE POWER EQUIPMENT/INSTALL		$75,000.00
8065.3100	TAL - MEASUREMENT EQUIPMENT		$5,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA		$5,000.00
		Sub-total	**$360,000.00**
Artificial Lift Intangible			
8060.2010	IAL - KILL TRUCK		$5,000.00
8060.1100	IAL - ROAD, LOCATIONS, PITS		$2,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT		$15,000.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP		$5,000.00
8060.3410	IAL - LAYDOWN MACHINE		$5,000.00
8060.1200	IAL - WORKOVER RIG		$20,000.00
8060.3500	IAL - WELLSITE SUPERVISION		$10,000.00
8060.1210	IAL - SPOOLING SERVICES		$10,000.00
8060.3420	IAL - REVERSE UNIT RENTAL		$5,000.00
8060.1900	IAL - INSPECTION & TESTING		$3,000.00
8060.3400	IAL - RENTAL EQUIPMENT		$15,000.00
8060.2300	IAL - COMPLETION FLUIDS		$5,000.00

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PERMIAN RESOURCES

Cost Estimate

Printed Date: Aug 21, 2025

Account	Description		Gross Est. ($)
		Sub-total	**$100,000.00**
Flowback Intangible			
8040.3400	IFC - RENTAL EQUIPMENT		$10,000.00
8040.2900	IFC - WELL TESTING / FLOWBACK		$98,000.00
8040.1100	IFC - ROADS LOCATIONS / PITS		$2,000.00
8040.1899	IFC - FRAC WATER RECOVERY		$293,700.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP		$8,000.00
8040.3420	IFC - TANK RENTALS		$10,000.00
8040.4000	IFC - CHEMICALS		$14,000.00
8040.3500	IFC - WELLSITE SUPERVISION		$8,000.00
8040.3430	IFC - SURFACE PUMP RENTAL		$10,000.00
		Sub-total	**$453,700.00**
Pipeline			
8036.3200	PLN - VALVES FITTINGS & PIPE		$10,000.00
8036.2800	PLN - FLOWLINE MATERIAL		$154,862.00
8036.2200	PLN - CONTRACT LABOR		$154,862.00
		Sub-total	**$319,724.00**
Completion Intangible			
8025.1100	ICC - ROAD, LOCATIONS, PITS		$10,500.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE		$40,000.00
8025.1500	ICC - FUEL / POWER		$385,971.00
8025.1600	ICC - COILED TUBING		$181,546.00
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK		$20,160.00
8025.2000	ICC - TRUCKING		$14,375.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING		$246,845.00
8025.2300	ICC - COMPLETION FLUIDS		$10,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR		$1,398,640.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT		$15,000.00
8025.3000	ICC - WATER HANDLING		$200,000.00
8025.3050	ICC - SOURCE WATER		$253,500.00
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR		$40,000.00
8025.3400	ICC - RENTAL EQUIPMENT		$181,341.00
8025.3500	ICC - WELLSITE SUPERVISION		$48,600.00
8025.3600	ICC - SUPERVISION/ENGINEERING		$5,000.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL		$15,000.00
8025.3800	ICC - OVERHEAD		$10,000.00
		Sub-total	**$3,076,478.00**
Completion Tangible			
8030.2000	TCC - WELLHEAD EQUIPMENT		$47,250.00
		Sub-total	**$47,250.00**
		Grand Total	**$9,074,716.79**

Accepted and Approved By:

Company Name (If Applicable): Chevron USA

By: _____

Printed Name: Andrew M. Armpriester

Title: General Manager, North America Non-Operated Joint Venture and Royalty

Date: 09/25/2025

Released to Imaging: 5/7/2026 12:00:20 PM

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY PERMIAN RESOURCES OPERATING, LLC

CASE NO. 25308
ORDER NO. R-23939

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 8, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Permian Resources Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.

20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

21. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Operator requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Operator must set the case for a hearing.

22. Operator may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.

23. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

24. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

25. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

26. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

27. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

28. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

29. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall

be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

31. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

32. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.

33. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

34. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

35. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

36. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

37. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

ALBERT CHANG
DIRECTOR
AC/jag

Date: 8/16/2025

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25308	APPLICANT'S RESPONSE
Date: May 8, 2025	
Applicant	Permian Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Permian Resources Operating, LLC (OGRID No. 372165)
Applicant's Counsel:	Hardy McLean LLC
Case Title:	Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None
Well Family	Bridge State
Formation/Pool	
Formation Name(s) or Vertical Extent:	Second Bone Spring Interval of the Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	The base of the First Bone Spring interval, at a stratigraphic equivalent of approximately 10,122' TVD, to the base of the Second Bone Spring interval, at a stratigraphic equivalent of approximately 10,509' TVD, as observed on the Northern AKQ State #001 well log (API No. 30-025-25443).
Pool Name and Pool Code:	Rock Lake; Bone Spring Pool (Code 52766)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	quarter-quarter
Orientation:	South to North
Description: TRS/County	W/2 W/2 of Sections 27 and 22, Township 22 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	Yes. A depth severance exists in the Bone Spring formation within the Unit. Therefore, Applicant seeks to pool uncommitted interests from the base of the First Bone Spring interval, at a stratigraphic equivalent of approximately 10,122' TVD, to the base of the Second Bone Spring interval, at a stratigraphic equivalent of approximately 10,509' TVD, as observed on the Northern AKQ State #001 well log (API No. 30-025-25443).
Proximity Tracts: If yes, description	No.
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Bridge State Unit 27 501H (API # 30-025-54229) SHL: 560' FSL & 1,581' FWL (Unit N), Section 27, T22S-R35E BHL: 100' FNL & 985' FWL (Unit D), Section 22, T22S-R35E Completion Target: Second Bone Spring (Approx. 10,320' TVD)
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$10,000
Production Supervision/Month $	$1,000
Justification for Supervision Costs	Exhibit A-4
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4

Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	Exhibit A-3
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	Exhibit A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	4/28/2025

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY PERMIAN RESOURCES OPERATING, LLC

CASE NO. 25309
ORDER NO. R-23940

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 8, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Permian Resources Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.

20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

21. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Operator requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Operator must set the case for a hearing.

22. Operator may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.

23. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

24. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

25. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

26. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

27. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

28. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

29. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall

be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

31. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

32. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.

33. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

34. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

35. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

36. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

37. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

Date: 8/16/2025

ALBERT CHANG
DIRECTOR
AC/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25309	APPLICANT'S RESPONSE
Date: May 8, 2025	
Applicant	Permian Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Permian Resources Operating, LLC (OGRID No. 372165)
Applicant's Counsel:	Hardy McLean LLC
Case Title:	Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None
Well Family	Bridge State
Formation/Pool	
Formation Name(s) or Vertical Extent:	Second Bone Spring Interval of the Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	The base of the First Bone Spring interval, at a stratigraphic equivalent of approximately 10,122' TVD, to the base of the Second Bone Spring interval, at a stratigraphic equivalent of approximately 10,509' TVD, as observed on the Northern AKQ State #001 well log (API No. 30-025-25443).
Pool Name and Pool Code:	Rock Lake; Bone Spring Pool (Code 52766)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	quarter-quarter
Orientation:	South to North
Description: TRS/County	E/2 W/2 of Sections 27 and 22, Township 22 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	Yes. A depth severance exists in the Bone Spring formation within the Unit. Therefore, Applicant seeks to pool uncommitted interests from the base of the First Bone Spring interval, at a stratigraphic equivalent of approximately 10,122' TVD, to the base of the Second Bone Spring interval, at a stratigraphic equivalent of approximately 10,509' TVD, as observed on the Northern AKQ State #001 well log (API No. 30-025-25443).
Proximity Tracts: If yes, description	No.
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Bridge State Unit 27 502H (API # 30-025-54231) SHL: 559' FSL & 1,614' FWL (Unit N), Section 27, T22S-R35E BHL: 100' FNL & 2,301' FWL (Unit C), Section 22, T22S-R35E Completion Target: Second Bone Spring (Approx. 10,320' TVD)
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$10,000
Production Supervision/Month $	$1,000
Justification for Supervision Costs	Exhibit A-4
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4

CASE NO. 25309
ORDER NO. R-23940

Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	Exhibit A-3
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	Exhibit A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	4/28/2025

CERTIFIED MAIL™

JAIME GRAINGER
MRC ENERGY COMPANY
5400 LBJ FWY, STE 1500
DALLAS TX 75240-1017

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ZIP 75240
DEC 04 2025

CHEVRON U.S.A. INC.
1400 SMITH ST.
HOUSTON TX 77002

12/15/2025

Gregory
Truax

Priority: 3

Envelope

Houston 1500 Louisiana Street/
34TH Floor
HOU150

GTQZ@chevron.com

9414809898643576313587

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5474
addison.costley@matadorresources.com

Addison Costley
Landman

December 4, 2025

VIA CERTIFIED RETURN RECEIPT MAIL

Chevron U.S.A. Inc.
1400 Smith St.
Houston, TX 77002

Re: Matador Production Company – Kyle Pipkin State Com #202H (the "Well")
Participation Proposal
Sections 14, 23, and 26 & Lot 3 of irregular Section 35, Township 26 South, Range 36 East
Lea County, New Mexico

Dear Sir/Madam:

Pursuant to the enclosed Order No. R-24073 (the "Order"), MRC Permian Company and its operating company, Matador Production Company (collectively "Matador"), hereby furnish an itemized schedule of the estimated costs of drilling, completing and equipping the Kyle Pipkin State Com #202H well (the "Well"). The Order established a standard 553.55-acre oil spacing unit and project area (the "Unit") in the Wolfcamp formation, Wolfcamp Pool (Pool code 98234) consisting of the E2W2 of Section 14, 23 and 26, and the NE4NW4 & Lot 3 of irregular Section 35, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, pooling all uncommitted interest owners within the Unit. Additionally, the Order authorized Matador to withhold the following costs and charges from production from each well drilled in the Unit:

- the proportionate share of reasonable well costs
- as a charge for the risk involved in drilling the well, 200% of the above costs
- $10,000.00 per month drilling overhead rates and $1,000.00 per month producing overhead rates, adjusted annually pursuant to Section III.1.A.3 of the COPAS form titled "*Accounting Procedure-Joint Operations*"

As a pooled interest owner subject to the Order, you are entitled to a thirty (30) day election period whereby you may choose to participate in the Well as a working interest owner by paying your proportionate share of the estimated well costs outlined on the enclosed AFE(s). Alternatively, if you choose not to participate in the Well as a working interest owner or fail to pay your proportionate share of the costs outlined on the AFE within such thirty (30) day period, you will remain a pooled interest owner subject to the aforementioned charges and penalties.

Chevron U.S.A. Inc. will own an approximate 0.07226086 working interest in the proposed Well, subject to title verification.

Matador respectfully requests you indicate your election to participate as a working interest owner or a pooled interest owner in the space provided below by signing and returning one (1) copy of this letter to the undersigned. Failure to return such a signed copy of this letter and remit payment as described above within such thirty (30) day period shall be deemed an election by Chevron U.S.A. Inc.to NOT become a working interest owner in the proposed Well.

Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Additionally, if your election is to participate, please accept this letter as an invoice notice and request for payment for your share of the estimated well costs, which is due within 30 days after the expiration of the above-referenced election period. Please remit payment for your proportionate share of costs to Matador Production Company on or before such deadline.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

MRC PERMIAN COMPANY

Addison Costley

Addison Costley

Chevron U.S.A. Inc. hereby elects to:

_____Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Kyle Pipkin State Com #202H** well, in the estimated amount of **$1,263,427.84.**

_____Not to participate in the **Kyle Pipkin State Com #202H**

Chevron U.S.A. Inc.

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 25th, 2025	AFE NO.:	
WELL NAME:	Kyle Pipkin State Com 202H	FIELD:	
LOCATION:	Sections 14/23/26/35 26S-36E	MD/TVD:	28896'/11350'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp A		
REMARKS:	Drill and complete a horizontal 3.4 mile long Wolfcamp A target with about 68 frac stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	$ 58,000	$	$ 10,000	$ 10,000	$ 78,000
Location, Surveys & Damages	161,667	13,000	25,000	124,020	323,687
Drilling	1,405,692				1,405,692
Cementing & Float Equip	396,000				396,000
Logging / Formation Evaluation	-	3,750	3,000		6,750
Flowback - Labor			21,000		21,000
Flowback - Surface Rentals			151,450		151,450
Flowback - Rental Living Quarters			30,000		30,000
Mud Logging	46,879				46,879
Mud Circulation System	186,904				186,904
Mud & Chemicals	480,000	63,000	17,000		560,000
Mud / Wastewater Disposal	235,000	-	-	4,000	239,000
Freight / Transportation	25,300	46,500	3,000	-	74,800
Rig Supervision / Engineering	200,100	120,000	15,000	25,200	360,300
Drill Bits	163,900				163,900
Fuel & Power	211,750	543,381	2,000	-	757,131
Water	60,000	1,079,795	-	-	1,139,795
Drlg & Completion Overhead	10,000			-	10,000
Plugging & Abandonment	-				-
Directional Drilling, Surveys	404,200				404,200
Completion Unit, Swab, CTU	-	222,500	20,000		242,500
Perforating, Wireline, Slickline	-	258,432	7,000		265,432
High Pressure Pump Truck	-	136,350	5,000	-	141,350
Stimulation	-	4,298,061			4,298,061
Stimulation Flowback & Disp	-	15,500	-		15,500
Insurance	23,117				23,117
Labor	234,500	65,500	15,000	11,250	326,250
Rental - Surface Equipment	181,743	378,720	10,000	42,000	612,463
Rental - Downhole Equipment	318,200	94,500	-	-	412,700
Rental - Living Quarters	59,955	52,805	-	11,250	124,010
Contingency	146,952	309,373	33,445	22,772	512,542
Operations Center	35,497				35,497
TOTAL INTANGIBLES >	5,045,356	7,701,168	367,895	250,492	13,364,910

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	$ 87,357	$	$	$	$ 87,357
Intermediate Casing	243,961				243,961
Drilling Liner	380,232				380,232
Production Casing	997,942				997,942
Production Liner	-				-
Tubing	-		136,800		136,800
Wellhead	158,000		100,000	12,000	270,000
Packers, Liner Hangers	-	80,020	6,000		86,020
Tanks	-			149,375	149,375
Production Vessels	-			261,125	261,125
Flow Lines	-			32,500	32,500
Rod string	-				-
Artificial Lift Equipment	-		25,000		25,000
Compressor	-			3,000	3,000
Installation Costs	-		-	266,700	266,700
Surface Pumps	-		10,000	89,569	99,569
Non-controllable Surface	-		-		-
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		11,000	196,000	207,000
Gas Conditioning / Dehydration			-	-	-
Interconnecting Facility Piping			-	400,000	400,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			-	43,420	43,420
Tank / Facility Containment			-	19,750	19,750
Flare Stack			-	86,100	86,100
Electrical / Grounding			3,500	160,000	163,500
Communications / SCADA			20,000	40,000	60,000
Instrumentation / Safety				100,000	100,000
TOTAL TANGIBLES >	1,867,492	80,020	312,300	1,859,539	4,119,352
TOTAL COSTS >	6,912,848	7,781,188	680,195	2,110,031	17,484,262

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Perry Hawks	Team Lead - WTX/NM	LMW
Completions Engineer:	Trace Saha		
Production Engineer:	Eddy Mercedes		

MATADOR RESOURCES COMPANY APPROVAL:

EVP, Co-COO	CPC	Executive VP, CFO	BW	EVP Reservoir	WTE
President Land	VHS	EVP Geoscience	ELF	EVP Production	GS
EVP, CAO	RTM	EVP, General Counsel	BAE		

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____

Signed by: _____ Date: _____

Title: _____ Approval: ____ Yes ____ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

AFE - Version 3

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5474
addison.costley@matadorresources.com

Addison Costley
Landman

December 4, 2025

VIA CERTIFIED RETURN RECEIPT MAIL

Chevron U.S.A. Inc.
1400 Smith St.
Houston, TX 77002

Re: Matador Production Company – Kyle Pipkin State Com #203H (the "Well")
Participation Proposal
Sections 14, 23, and 26 & Lot 2 of irregular Section 35, Township 26 South, Range 36 East
Lea County, New Mexico

Dear Sir/Madam:

Pursuant to the enclosed Order No. R-24074 (the "Order"), MRC Permian Company and its operating company, Matador Production Company (collectively "Matador"), hereby furnish an itemized schedule of the estimated costs of drilling, completing and equipping the Kyle Pipkin State Com #203H well (the "Well"). The Order established a standard 553.55-acre oil spacing unit and project area (the "Unit") in the Wolfcamp formation, Wolfcamp Pool (Pool code 98234) consisting of the W2E2 of Section 14, 23 and 26, and the NW4NE4 & Lot 2 of irregular Section 35, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, pooling all uncommitted interest owners within the Unit. Additionally, the Order authorized Matador to withhold the following costs and charges from production from each well drilled in the Unit:

- the proportionate share of reasonable well costs
- as a charge for the risk involved in drilling the well, 200% of the above costs
- $10,000.00 per month drilling overhead rates and $1,000.00 per month producing overhead rates, adjusted annually pursuant to Section III.1.A.3 of the COPAS form titled "*Accounting Procedure-Joint Operations*"

As a pooled interest owner subject to the Order, you are entitled to a thirty (30) day election period whereby you may choose to participate in the Well as a working interest owner by paying your proportionate share of the estimated well costs outlined on the enclosed AFE(s). Alternatively, if you choose not to participate in the Well as a working interest owner or fail to pay your proportionate share of the costs outlined on the AFE within such thirty (30) day period, you will remain a pooled interest owner subject to the aforementioned charges and penalties.

Chevron U.S.A. Inc. will own an approximate 0.07226608 working interest in the proposed Well, subject to title verification.

Matador respectfully requests you indicate your election to participate as a working interest owner or a pooled interest owner in the space provided below by signing and returning one (1) copy of this letter to the undersigned. Failure to return such a signed copy of this letter and remit payment as described above within such thirty (30) day period shall be deemed an election by Chevron U.S.A. Inc. to NOT become a working interest owner in the proposed Well.

Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.
If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Additionally, if your election is to participate, please accept this letter as an invoice notice and request for payment for your share of the estimated well costs, which is due within 30 days after the expiration of the above-referenced election period. Please remit payment for your proportionate share of costs to Matador Production Company on or before such deadline.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

MRC PERMIAN COMPANY

Addison Costley

Addison Costley

Chevron U.S.A. Inc. hereby elects to:

_____Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Kyle Pipkin State Com #203H** well, in the estimated amount of **$1,506,320.97.**

_____Not to participate in the **Kyle Pipkin State Com #203H**

Chevron U.S.A. Inc.

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 25th, 2025	AFE NO.:	
WELL NAME:	Kyle Pipkin State Com 203H	FIELD:	
LOCATION:	Sections 14/23/26/35 26S-36E	MD/TVD:	28846'/11300'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp A		
REMARKS:	Drill and complete a horizontal 3.4 mile long Wolfcamp A target with about 68 frac stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	$ 58,000	$	$ 10,000	$ 10,000	$ 78,000
Location, Surveys & Damages	186,667	13,000	25,000	124,020	348,687
Drilling	2,319,598				2,319,598
Cementing & Float Equip	591,000				591,000
Logging / Formation Evaluation	815,000	3,750	3,000		821,750
Flowback - Labor			21,000		21,000
Flowback - Surface Rentals			151,450		151,450
Flowback - Rental Living Quarters			30,000		30,000
Mud Logging	96,831				96,831
Mud Circulation System	314,492				314,492
Mud & Chemicals	515,000	63,000	17,000		595,000
Mud / Wastewater Disposal	305,000	-	-	4,000	309,000
Freight / Transportation	44,000	46,500	3,000	-	93,500
Rig Supervision / Engineering	335,800	120,000	15,000	25,200	496,000
Drill Bits	178,900				178,900
Fuel & Power	336,600	543,381	2,000	-	881,981
Water	60,000	1,079,795	-	-	1,139,795
Drlg & Completion Overhead	10,000			-	10,000
Plugging & Abandonment	-				-
Directional Drilling, Surveys	612,267				612,267
Completion Unit, Swab, CTU	-	222,500	20,000		242,500
Perforating, Wireline, Slickline	-	258,432	7,000		265,432
High Pressure Pump Truck	-	136,350	5,000	-	141,350
Stimulation	-	4,298,061			4,298,061
Stimulation Flowback & Disp	-	15,500	-		15,500
Insurance	23,077				23,077
Labor	329,500	65,500	15,000	11,250	421,250
Rental - Surface Equipment	317,443	378,720	10,000	42,000	748,163
Rental - Downhole Equipment	466,156	94,500	-	-	560,656
Rental - Living Quarters	118,450	52,805	-	11,250	182,505
Contingency	323,859	309,373	33,445	22,772	689,449
Operations Center	62,696				62,696
TOTAL INTANGIBLES >	8,420,335	7,701,168	367,895	250,492	16,739,890

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	$ 87,357	$	$	$	$ 87,357
Intermediate Casing	243,961				243,961
Drilling Liner	378,676				378,676
Production Casing	996,351				996,351
Production Liner	-				-
Tubing	-		136,800		136,800
Wellhead	146,000		100,000	12,000	258,000
Packers, Liner Hangers	-	80,020	6,000		86,020
Tanks	-			149,375	149,375
Production Vessels	-			261,125	261,125
Flow Lines	-			32,500	32,500
Rod string	-				-
Artificial Lift Equipment	-		25,000		25,000
Compressor	-			3,000	3,000
Installation Costs	-		-	266,700	266,700
Surface Pumps	-		10,000	89,569	99,569
Non-controllable Surface	-		-		-
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		11,000	196,000	207,000
Gas Conditioning / Dehydration			-	-	-
Interconnecting Facility Piping			-	400,000	400,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			-	43,420	43,420
Tank / Facility Containment			-	19,750	19,750
Flare Stack			-	86,100	86,100
Electrical / Grounding			3,500	160,000	163,500
Communications / SCADA			20,000	40,000	60,000
Instrumentation / Safety				100,000	100,000
TOTAL TANGIBLES >	1,852,344	80,020	312,300	1,859,539	4,104,204
TOTAL COSTS >	10,272,679	7,781,188	680,195	2,110,031	20,844,093

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Perry Hawks	Team Lead - WTX/NM	
Completions Engineer:	Trace Saha		LMW
Production Engineer:	Eddy Mercedes		

MATADOR RESOURCES COMPANY APPROVAL:

EVP, Co-COO	CPC	Executive VP, CFO	BW	EVP Reservoir	WTE
President Land	VHS	EVP Geoscience	ELF	EVP Production	GS
EVP, CAO	RTM	EVP, General Counsel	BAE		

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____

Signed by: _____ Date: _____

Title: _____ Approval: ____ Yes ____ No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

AFE - Version 3

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY MRC TORO, LLC

CASE NO. 25582
ORDER NO. R-24074

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on September 11 and October 14, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. MRC Toro, LLC ("Applicant") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. Applicant seeks to be designated the operator of the Unit.

2. Applicant seeks to have Matador Production Company ("Operator") designated the operator of the Unit.

3. Applicant will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

4. Applicant proposes the supervision and risk charges for the Well(s) described in Exhibit A.

5. Applicant identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

6. The Application was heard by the Hearing Examiner on the date specified above, during which Applicant presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

8. Applicant is the owner of an oil and gas working interest within the Unit.

9. Applicant satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

10. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

11. Applicant has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

12. The Unit contains separately owned uncommitted interests in oil and gas minerals.

13. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

14. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

15. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

16. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

17. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

18. Operator is designated as operator of the Unit and the Well(s).

19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

20. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.

21. Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

22. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Applicant requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is

automatically granted up to one year. If a protest is received the extension is not granted and the Applicant must set the case for a hearing.

23. Applicant may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Applicant must set the case for a hearing.

24. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

25. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

26. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

27. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

28. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

29. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

30. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

31. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

32. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

33. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.

34. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

35. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

36. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.

37. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Applicant shall inform OCD no later than thirty (30) days after such occurrence.

38. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

Date: 12/1/2025

ALBERT C. S. CHANG
DIRECTOR
AC/dm

R-24074 EXHIBIT A

AMENDED COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25582	**APPLICANT'S RESPONSE**
Date:	**October 9, 2025**
Applicant	**MRC Toro, LLC**
Designated Operator & OGRID (affiliation if applicable)	**Matador Production Company [OGRID 228937]**
Applicant's Counsel:	**Holland & Hart LLP**
Case Title:	**APPLICATION OF MRC TORO, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**
Entries of Appearance/Intervenors:	**PBEX LLC**
Well Family	**Kyle Pipkin State Com**
Formation/Pool	
Formation Name(s) or Vertical Extent:	**Wolfcamp**
Primary Product (Oil or Gas):	**Oil**
Pooling this vertical extent:	**Wolfcamp formation**
Pool Name and Pool Code:	**WC-025 G-09 S263619C Wolfcamp [98234]**
Well Location Setback Rules:	**Statewide rules**
Spacing Unit	
Type (Horizontal/Vertical)	**Horizontal**
Size (Acres)	**553.55 acres, more or less**
Building Blocks:	**40 acres**
Orientation:	**Standup**
Description: TRS/County	**W/2 E/2 of Sections 14, 23, and 26, and the NW/4 NE/4 and Lot 2 (W/2 NE/4 equivalent) of irregular Section 35, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico**
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	**Yes**
Other Situations	
Depth Severance: Y/N. If yes, description	**No**
Proximity Tracts: If yes, description	**No**
Proximity Defining Well: if yes, description	**N/A**
Applicant's Ownership in Each Tract	**Exhibit C-2**
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

R-24074 EXHIBIT A

Well #1	**Kyle Pipkin State Com 203H** **(API No. Pending)** **SHL: 711' FNL & 2525' FEL (Unit B) of Section 14** **BHL: 110' FSL & 1980' FEL (Lot 2) of irregular Section 35** **Completion Target: Wolfcamp formation** **Well Orientation: Standup**
Horizontal Well First and Last Take Points	**Exhibit C-1**
Completion Target (Formation, TVD and MD)	**Exhibit C-4**
AFE Capex and Operating Costs	
Drilling Supervision/Month $	**$10,000**
Production Supervision/Month $	**$1,000**
Justification for Supervision Costs	**Exhibit C**
Requested Risk Charge	**200%**
Notice of Hearing	
Proposed Notice of Hearing	**Exhibit B**
Proof of Mailed Notice of Hearing (20 days before hearing)	**Exhibit E**
Proof of Published Notice of Hearing (10 days before hearing)	**Exhibit F**
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	**Exhibit C-2**
Tract List (including lease numbers and owners)	**Exhibit C-2 & C-3**
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	**N/A**
Pooled Parties (including ownership type)	**Exhibit C-3**
Unlocatable Parties to be Pooled	**N/A**
Ownership Depth Severance (including percentage above & below)	**N/A**
Joinder	
Sample Copy of Proposal Letter	**Exhibit C-4**
List of Interest Owners (ie Exhibit A of JOA)	**Exhibit C-3**
Chronology of Contact with Non-Joined Working Interests	**Exhibit C-5**
Overhead Rates In Proposal Letter	**Exhibit C-4**
Cost Estimate to Drill and Complete	**Exhibit C-4**
Cost Estimate to Equip Well	**Exhibit C-4**
Cost Estimate for Production Facilities	**Exhibit C-4**
Geology	
Summary (including special considerations)	**Exhibit D**
Spacing Unit Schematic	**Exhibit D-2**
Gunbarrel/Lateral Trajectory Schematic	**Exhibit D-2**

R-24074 EXHIBIT A

Well Orientation (with rationale)	**Exhibit D**
Target Formation	**Exhibit D, D-3**
HSU Cross Section	**Exhibit D-3**
Depth Severance Discussion	**N/A**
Forms, Figures and Tables	
C-102	**Exhibit C-1**
Tracts	**Exhibit C-2**
Summary of Interests, Unit Recapitulation (Tracts)	**Exhibit C-2 & C-3**
General Location Map (including basin)	**Exhibit D**
Well Bore Location Map	**Exhibit D-1**
Structure Contour Map - Subsea Depth	**Exhibit D-2**
Cross Section Location Map (including wells)	**Exhibit D-2**
Cross Section (including Landing Zone)	**Exhibit D-3**
Additional Information	
Special Provisions/Stipulations	**N/A**
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	**Paula M. Vance**
Signed Name (Attorney or Party Representative):	Paula M. Vance
Date:	**10/02/25**

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY MRC TORO, LLC

CASE NO. 25581
ORDER NO. R-24073

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on September 11 and October 14, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. MRC Toro, LLC ("Applicant") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. Applicant seeks to be designated the operator of the Unit.

2. Applicant seeks to have Matador Production Company ("Operator") designated the operator of the Unit.

3. Applicant will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

4. Applicant proposes the supervision and risk charges for the Well(s) described in Exhibit A.

5. Applicant identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

6. The Application was heard by the Hearing Examiner on the date specified above, during which Applicant presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

8. Applicant is the owner of an oil and gas working interest within the Unit.

9. Applicant satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

10. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

11. Applicant has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

12. The Unit contains separately owned uncommitted interests in oil and gas minerals.

13. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

14. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

15. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

16. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

17. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

18. Operator is designated as operator of the Unit and the Well(s).

19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

20. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.

21. Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

22. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Applicant requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is

automatically granted up to one year. If a protest is received the extension is not granted and the Applicant must set the case for a hearing.

23. Applicant may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Applicant must set the case for a hearing.

24. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

25. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

26. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

27. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

28. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

29. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

30. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

31. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

32. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

33. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.

34. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

35. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

36. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.

37. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Applicant shall inform OCD no later than thirty (30) days after such occurrence.

38. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

Date: 12/1/2025

ALBERT C. S. CHANG
DIRECTOR
AC/dm

R-24073 EXHIBIT A

AMENDED COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25581	**APPLICANT'S RESPONSE**
Date:	**October 9, 2025**
Applicant	**MRC Toro, LLC**
Designated Operator & OGRID (affiliation if applicable)	**Matador Production Company [OGRID 228937]**
Applicant's Counsel:	**Holland & Hart LLP**
Case Title:	**APPLICATION OF MRC TORO, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**
Entries of Appearance/Intervenors:	**PBEX LLC**
Well Family	**Kyle Pipkin State Com**
Formation/Pool	
Formation Name(s) or Vertical Extent:	**Wolfcamp**
Primary Product (Oil or Gas):	**Oil**
Pooling this vertical extent:	**Wolfcamp formation**
Pool Name and Pool Code:	**WC-025 G-09 S263619C Wolfcamp [98234]**
Well Location Setback Rules:	**Statewide rules**
Spacing Unit	
Type (Horizontal/Vertical)	**Horizontal**
Size (Acres)	**553.55 acres, more or less**
Building Blocks:	**40 acres**
Orientation:	**Standup**
Description: TRS/County	**E/2 W/2 of Sections 14, 23, and 26, and the NE/4 NW/4 and Lot 3 (E/2 NW/4 equivalent) of irregular Section 35, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico**
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	**Yes**
Other Situations	
Depth Severance: Y/N. If yes, description	**No**
Proximity Tracts: If yes, description	**No**
Proximity Defining Well: if yes, description	**N/A**
Applicant's Ownership in Each Tract	**Exhibit C-2**
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

R-24073 EXHIBIT A

Well #1	**Kyle Pipkin State Com 202H** **(API No. Pending)** **SHL: 710' FNL & 2555' FEL (Unit B) of Section 14** **BHL: 110' FSL & 1980' FWL (Lot 3) of irregular Section 35** **Completion Target: Wolfcamp formation** **Well Orientation: Standup**
Horizontal Well First and Last Take Points	**Exhibit C-1**
Completion Target (Formation, TVD and MD)	**Exhibit C-4**
AFE Capex and Operating Costs	
Drilling Supervision/Month $	**$10,000**
Production Supervision/Month $	**$1,000**
Justification for Supervision Costs	**Exhibit C**
Requested Risk Charge	**200%**
Notice of Hearing	
Proposed Notice of Hearing	**Exhibit B**
Proof of Mailed Notice of Hearing (20 days before hearing)	**Exhibit E**
Proof of Published Notice of Hearing (10 days before hearing)	**Exhibit F**
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	**Exhibit C-2**
Tract List (including lease numbers and owners)	**Exhibit C-2 & C-3**
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	**N/A**
Pooled Parties (including ownership type)	**Exhibit C-3**
Unlocatable Parties to be Pooled	**N/A**
Ownership Depth Severance (including percentage above & below)	**N/A**
Joinder	
Sample Copy of Proposal Letter	**Exhibit C-4**
List of Interest Owners (ie Exhibit A of JOA)	**Exhibit C-3**
Chronology of Contact with Non-Joined Working Interests	**Exhibit C-5**
Overhead Rates In Proposal Letter	**Exhibit C-4**
Cost Estimate to Drill and Complete	**Exhibit C-4**
Cost Estimate to Equip Well	**Exhibit C-4**
Cost Estimate for Production Facilities	**Exhibit C-4**
Geology	
Summary (including special considerations)	**Exhibit D**
Spacing Unit Schematic	**Exhibit D-2**
Gunbarrel/Lateral Trajectory Schematic	**Exhibit D-2**
Well Orientation (with rationale)	**Exhibit D**

R-24073 EXHIBIT A

Target Formation	**Exhibit D, D-3**
HSU Cross Section	**Exhibit D-3**
Depth Severance Discussion	**N/A**
Forms, Figures and Tables	
C-102	**Exhibit C-1**
Tracts	**Exhibit C-2**
Summary of Interests, Unit Recapitulation (Tracts)	**Exhibit C-2 & C-3**
General Location Map (including basin)	**Exhibit D**
Well Bore Location Map	**Exhibit D-1**
Structure Contour Map - Subsea Depth	**Exhibit D-2**
Cross Section Location Map (including wells)	**Exhibit D-2**
Cross Section (including Landing Zone)	**Exhibit D-3**
Additional Information	
Special Provisions/Stipulations	**N/A**
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	**Paula M. Vance**
Signed Name (Attorney or Party Representative):	Paula M. Vance
Date:	**10/02/25**

Page 167 of 277

Mewbourne Oil Company
Josh Anderson
500 WEST TEXAS AVE
STE 1020
MIDLAND TX 79701

US POSTAGE PAID IMI
2025-12-18
79701
C4000004
Retail
5.0 OZFLAT

easypos

090100001077

USPS CERTIFIED MAIL™

9414 8362 0855 1292 6987 98

CHEVRON USA INC.
1400 SMITH ST
HOUSTON TX 77002-7311

12/24/2025
Gregory
Truax

Priority: 3
Envelope

Houston 1500 Louisiana Street/34th Floor
HOU150

GTQZ@chevron.com

9414836208551292698798

Received by OCD: 5/7/2026 8:22:37 AM

Released to Imaging: 5/7/2026 12:00:26 PM

MEWBOURNE OIL COMPANY
414 WEST TEXAS AVENUE
MIDLAND, TEXAS 79701

TELEPHONE (432) 682-3715

December 18, 2025

Via Certified Mail

Chevron U.S.A. Inc.
1400 Smith St.
Houston, Texas 77002

Re: Fresh Squeezed 6/5 Fed Com #521H (B2DA)
Fresh Squeezed 6/5 Fed Com #523H (B2EH)
Fresh Squeezed 6/5 Fed Com #404H (B1EH)
Order No. R-24096
Sections 6 & 5, T18S, R31E
Eddy County, New Mexico

To Whom It May Concern:

Attached for your information and further handling is a copy of the referenced pooling order dated December 10, 2025 regarding the captioned proposed wells. Pursuant to ordering paragraph number 24 on page 3 of the order, enclosed are copies of our AFEs dated November 14, 2024 regarding your 12.746286% working interest in the captioned proposed wells. The enclosed AFEs are an estimated well cost for the proposed wells. Pursuant to ordering paragraph number 25 on page 3 of the pooling order, please sign and return the AFEs within 30 days of your receipt of same in the event you elect to participate in the proposed wells. Should you elect to participate in the above captioned wells, please send me your check for $1,136,752.02, covering the Fresh Squeezed 6/5 Fed Com No. 521H, a check for $1,145,024.36, covering the Fresh Squeezed 6/5 Fed Com No. 523H, and a check for $1,131,946.67, covering the Fresh Squeezed 6/5 Fed Com No. 404H, all made payable to Mewbourne Oil Company within 30 days with the signed AFE.

Should you have any questions regarding the above, please email me at janderson@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Josh Anderson, RPL
Landman

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY MEWBOURNE OIL COMPANY

CASE NO. 25661
ORDER NO. R-24096

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 13 and 18, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Mewbourne Oil Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.

20. Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

21. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Operator requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Operator must set the case for a hearing.

22. Operator may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the

deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.

23. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

24. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

25. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

26. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

27. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

28. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

29. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

31. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

32. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.

33. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

34. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

35. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.

36. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

37. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

Date: 12/10/2025

ALBERT C. S. CHANG
DIRECTOR
AC/dm

R-24096 EXHIBIT A

Received by OCD: 11/13/2025 7:43:38 PM

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case:	**25661**
Date:	**10/9/2025**
Applicant	Mewbourne Oil Company
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company/OGRID No. 14744
Applicant's Counsel:	James Bruce
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Fresh Squeezed 6/5 Bone Spring wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Shugart; Bone Spring, North/Pool Code 56405
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	627.32 acres
Building Blocks:	40 acres
Orientation:	West-East
Description: TRS/County	N/2 equivalent §6 and N/2equivalent §5-18S-31E, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	No. Applicant has filed for an NSP administratively.
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit 2-B
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Fresh Squeezed 6/5 Fed. Com. Well No. 404H API 30-015-57112 SHL: 1340 FNL & 850 FWL §6 BHL: 2310 FNL & 100 FEL §5 FTP: 2310 FNL & 100 FWL §6 LTP: 2310 FNL & 100 FEL §5 First Bone Spring/TVD 7106 feet/MD 16233 feet

R-24096 EXHIBIT A

	Fresh Squeezed 6/5 Fed. Com. Well No. 521H API 30-015-56991 SHL: 1300 FNL & 850 FWL §6 BHL: 350 FNL & 100 FEL §5 FTP: 350 FNL & 100 FWL §6 LTP: 350 FNL & 100 FEL §5 Second Bone Spring/TVD 8040 feet/MD 17077 feet Fresh Squeezed 6/5 Fed. Com. Well No. 523H API 30-015-57113 SHL: 1320 FNL & 850 FWL §6 BHL: 1895 FNL & 100 FEL §5 FTP: 1895 FNL & 100 FWL §6 LTP: 1895 FNL & 100 FEL §5 Second Bone Spring/TVD 8194 feet/MD 17249 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$10000
Production Supervision/Month $	$1000
Justification for Supervision Costs	Exhibit 2, page 2
Requested Risk Charge	Cost + 200%/Exhibit 2, page 2
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 6
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 5
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and owners)	Exhibit 2-B
Pooled Parties (including ownership type)	Exhibit 2-B
Unlocatable Parties to be Pooled	Not applicable
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 2-C
List of Interest Owners (*i.e.* Exhibit A of JOA)	Exhibit 2-B
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-D
Cost Estimate to Equip Well	Exhibit 2-D

R-24096 EXHIBIT A

Cost Estimate for Production Facilities	Exhibit 2-D
Geology	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibits 3-A and 3-B
Gunbarrel/Lateral Trajectory Schematic	Exhibits 3-C and 3-D
Well Orientation (with rationale)	Laydown
Target Formation	Bone Spring
HSU Cross Section	Exhibits 3-C and 3-D
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit 2-A
Tracts	Exhibit 2-B
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-B
General Location Map (including basin)	Exhibit 2-A
Well Bore Location Map	Exhibit 2-A
Structure Contour Map - Subsea Depth	Exhibits 3-A and 3-B
Cross Section Location Map (including wells)	Exhibits 3-A and 3-C
Cross Section (including Landing Zone)	Exhibits 3-C and 3-D
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	James Bruce
Date:	10/2/2025

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: FRESH SQUEEZED 6/5 FED COM #521H (B2DA) **Prospect:** FRESH SQUEEZED

Location: SL: 1300 FNL & 850 FWL (6); BHL: 350 FNL & 100 FEL (5) **County:** EDDY **ST:** NM

Sec. 6 **Blk:** **Survey:** **TWP:** 18S **RNG:** 31E **Prop. TVD:** 8040 **TMD:** 17077

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	$100,000	0180-0205	$35,000
Location / Restoration		0180-0106	$150,000	0180-0206	$100,000
Daywork / Turnkey / Footage Drilling	16 days drlg / 3 days comp @ $28,000/d	0180-0110	$478,500	0180-0210	$89,700
Fuel	1700 gal/day @ $3.90/gal	0180-0114	$113,300	0180-0214	$232,600
Alternate Fuels		0180-0115		0180-0215	$72,000
Mud, Chemical & Additives		0180-0120	$40,000	0180-0220	
Mud - Specialized		0180-0121	$240,000	0180-0221	
Horizontal Drillout Services				0180-0222	$300,000
Stimulation Toe Preparation				0180-0223	$25,000
Cementing		0180-0125	$170,000	0180-0225	$65,000
Logging & Wireline Services		0180-0130	$40,000	0180-0230	$303,700
Casing / Tubing / Snubbing Service		0180-0134	$45,000	0180-0234	$18,000
Mud Logging		0180-0137	$15,000		
Stimulation	51 Stg 20.2 MMgal & 20.2 MMlbs			0180-0241	$2,146,000
Stimulation Rentals & Other				0180-0242	$240,000
Water & Other		0180-0145	$35,000	0180-0245	$436,600
Bits		0180-0148	$74,800	0180-0248	
Inspection & Repair Services		0180-0150	$50,000	0180-0250	$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	$10,000
Testing & Flowback Services		0180-0158	$12,000	0180-0258	$24,000
Completion / Workover Rig				0180-0260	$10,500
Rig Mobilization		0180-0164	$150,000		
Transportation		0180-0165	$30,000	0180-0265	$90,000
Welding, Construction, & Maint. Services		0180-0168	$4,000	0180-0268	$16,500
Contract Services & Supervision		0180-0170	$108,300	0180-0270	$66,500
Directional Services	Includes vertical control	0180-0175	$350,000		
Equipment Rental		0180-0180	$123,900	0180-0280	$120,000
Well / Lease Legal		0180-0184	$5,000	0180-0284	
Well / Lease Insurance		0180-0185	$5,200	0180-0285	
Intangible Supplies		0180-0188	$7,000	0180-0288	$1,000
Damages		0180-0190	$10,000	0180-0290	$10,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	$5,000
Company Supervision		0180-0195	$68,400	0180-0295	$25,200
Overhead Fixed Rate		0180-0196	$10,000	0180-0296	$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	$122,800	0180-0299	$223,400
	TOTAL		$2,578,200		$4,690,700

TANGIBLE COSTS 0181					
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	445' - 13 3/8" 54.5# J-55 ST&C @ $42.93/ft	0181-0794	$20,400		
Casing (8.1" - 10.0")	1785' - 9 5/8" 40# J-55 LT&C @ $33.60/ft	0181-0795	$64,100		
Casing (6.1" - 8.0")	8005' - 7" 29# HPP110 BT&C @ $30.89/ft	0181-0796	$264,100		
Casing (4.1" - 6.0")	9220' - 4 1/2" 13.5# P-110 CDC-HTQ @ $17.99/ft			0181-0797	$177,100
Tubing	7290' - 2 7/8" 6.5# L-80 IPC Tbg @ $10.75/ft			0181-0798	$83,700
Drilling Head		0181-0860	$50,000		
Tubing Head & Upper Section				0181-0870	$30,000
Horizontal Completion Tools				0181-0871	$75,000
Subsurface Equip. & Artificial Lift				0181-0880	$25,000
Service Pumps	(1/6) TP/CP/Circ pump			0181-0886	$13,000
Storage Tanks	(1/6) (10)OT/(6)WT/(2)GB			0181-0890	$100,000
Emissions Control Equipment	(1/6) (6)VRT/(2)VRU/(1)FLARE/(3)KO/(1)AIR			0181-0892	$95,000
Separation / Treating Equipment	(1/6) (6)H SEP/(2)V SEP/(4)VHT/(2)HHT			0181-0895	$86,000
Automation Metering Equipment				0181-0898	$73,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	$23,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	
On-site Valves/Fittings/Lines&Misc				0181-0906	$125,000
Wellhead Flowlines - Construction				0181-0907	$58,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	$191,000
Equipment Installation				0181-0910	$63,000
Oil/Gas Pipeline - Construction				0181-0920	$33,000
Water Pipeline - Construction				0181-0921	
	TOTAL		$398,600		$1,250,800
	SUBTOTAL		$2,976,800		$5,941,500
	TOTAL WELL COST		$8,918,300		

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☒ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: H. Buckley Date: 11/14/2024

Company Approval: Date:

Joint Owner Interest: 12.74628600% Amount: $1,136,752.02

Joint Owner Name: Chevron U.S.A. Inc.

Signature:

Andrew M. Armpriester

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: FRESH SQUEEZED 6/5 FED COM #523H (B2EH) **Prospect:** FRESH SQUEEZED

Location: SL: 1320 FNL & 850 FWL (6); BHL: 1895 FNL & 100 FEL (5) **County:** EDDY **ST:** NM

Sec. 6 **Blk:** **Survey:** **TWP:** 18S **RNG:** 31E **Prop. TVD:** 8194 **TMD:** 17249

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	$100,000	0180-0205	$35,000
Location / Restoration		0180-0106	$150,000	0180-0206	$100,000
Daywork / Turnkey / Footage Drilling	17 days drlg / 3 days comp @ $28,000/d	0180-0110	$508,400	0180-0210	$89,700
Fuel	1700 gal/day @ $3.90/gal	0180-0114	$120,400	0180-0214	$232,600
Alternate Fuels		0180-0115		0180-0215	$72,000
Mud, Chemical & Additives		0180-0120	$40,000	0180-0220	
Mud - Specialized		0180-0121	$240,000	0180-0221	
Horizontal Drillout Services				0180-0222	$300,000
Stimulation Toe Preparation				0180-0223	$25,000
Cementing		0180-0125	$170,000	0180-0225	$65,000
Logging & Wireline Services		0180-0130	$40,000	0180-0230	$303,700
Casing / Tubing / Snubbing Service		0180-0134	$45,000	0180-0234	$18,000
Mud Logging		0180-0137	$15,000		
Stimulation	51 Stg 20.2 MMgal & 20.2 MMlbs			0180-0241	$2,146,000
Stimulation Rentals & Other				0180-0242	$240,000
Water & Other		0180-0145	$35,000	0180-0245	$436,600
Bits		0180-0148	$74,800	0180-0248	
Inspection & Repair Services		0180-0150	$50,000	0180-0250	$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	$10,000
Testing & Flowback Services		0180-0158	$12,000	0180-0258	$24,000
Completion / Workover Rig				0180-0260	$10,500
Rig Mobilization		0180-0164	$150,000		
Transportation		0180-0165	$30,000	0180-0265	$90,000
Welding, Construction, & Maint. Services		0180-0168	$4,000	0180-0268	$16,500
Contract Services & Supervision		0180-0170	$114,000	0180-0270	$66,500
Directional Services	Includes vertical control	0180-0175	$350,000		
Equipment Rental		0180-0180	$131,600	0180-0280	$120,000
Well / Lease Legal		0180-0184	$5,000	0180-0284	
Well / Lease Insurance		0180-0185	$5,200	0180-0285	
Intangible Supplies		0180-0188	$7,000	0180-0288	$1,000
Damages		0180-0190	$10,000	0180-0290	$10,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	$5,000
Company Supervision		0180-0195	$72,000	0180-0295	$25,200
Overhead Fixed Rate		0180-0196	$10,000	0180-0296	$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	$125,500	0180-0299	$223,400
	TOTAL		$2,634,900		$4,690,700

TANGIBLE COSTS 0181					
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	445' - 13 3/8" 54.5# J-55 ST&C @ $42.93/ft	0181-0794	$20,400		
Casing (8.1" - 10.0")	1785' - 9 5/8" 40# J-55 LT&C @ $33.60/ft	0181-0795	$64,100		
Casing (6.1" - 8.0")	8200' - 7" 29# HPP110 BT&C @ $30.89/ft	0181-0796	$270,500		
Casing (4.1" - 6.0")	9195' - 4 1/2" 13.5# P-110 CDC-HTQ @ $17.99/ft			0181-0797	$176,700
Tubing	7485' - 2 7/8" 6.5# L-80 IPC Tbg @ $10.75/ft			0181-0798	$85,900
Drilling Head		0181-0860	$50,000		
Tubing Head & Upper Section				0181-0870	$30,000
Horizontal Completion Tools				0181-0871	$75,000
Subsurface Equip. & Artificial Lift				0181-0880	$25,000
Service Pumps	(1/6) TP/CP/Circ pump			0181-0886	$13,000
Storage Tanks	(1/6) (10)OT/(6)WT/(2)GB			0181-0890	$100,000
Emissions Control Equipment	(1/6) (6)VRT/(2)VRU/(1)FLARE/(3)KO/(1)AIR			0181-0892	$95,000
Separation / Treating Equipment	(1/6) (6)H SEP/(2)V SEP/(4)VHT/(2)HHT			0181-0895	$86,000
Automation Metering Equipment				0181-0898	$73,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	$23,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	
On-site Valves/Fittings/Lines&Misc				0181-0906	$125,000
Wellhead Flowlines - Construction				0181-0907	$58,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	$191,000
Equipment Installation				0181-0910	$63,000
Oil/Gas Pipeline - Construction				0181-0920	$33,000
Water Pipeline - Construction				0181-0921	
	TOTAL		$405,000		$1,252,600
	SUBTOTAL		$3,039,900		$5,943,300
	TOTAL WELL COST		$8,983,200		

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☒ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: H. Buckley Date: 11/14/2024

Company Approval: Date:

Joint Owner Interest: 12.74628600% Amount: $1,145,024.36

Joint Owner Name: Chevron U.S.A. Inc.

Signature:

Andrew M. Armpriester

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name:	FRESH SQUEEZED 6/5 FED COM #404H (B1EH)			**Prospect:**	FRESH SQUEEZED				
Location:	SL: 1340 FNL & 850 FWL (6); BHL: 2310 FNL & 100 FEL (5)			**County:**	EDDY			**ST:**	NM
Sec.	6	**Blk:**		**Survey:**		**TWP:**	18S	**RNG:**	31E

Prop. TVD: 7106 **TMD:** 16233

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	$100,000	0180-0205	$35,000
Location / Restoration		0180-0106	$150,000	0180-0206	$100,000
Daywork / Turnkey / Footage Drilling	16 days drlg / 3 days comp @ $28,000/d	0180-0110	$478,500	0180-0210	$89,700
Fuel	1700 gal/day @ $3.90/gal	0180-0114	$113,300	0180-0214	$232,600
Alternate Fuels		0180-0115		0180-0215	$72,000
Mud, Chemical & Additives		0180-0120	$40,000	0180-0220	
Mud - Specialized		0180-0121	$240,000	0180-0221	
Horizontal Drillout Services				0180-0222	$300,000
Stimulation Toe Preparation				0180-0223	$25,000
Cementing		0180-0125	$170,000	0180-0225	$65,000
Logging & Wireline Services		0180-0130	$40,000	0180-0230	$303,700
Casing / Tubing / Snubbing Service		0180-0134	$45,000	0180-0234	$18,000
Mud Logging		0180-0137	$15,000		
Stimulation	51 Stg 20.2 MMgal & 20.2 MMlbs			0180-0241	$2,146,000
Stimulation Rentals & Other				0180-0242	$240,000
Water & Other		0180-0145	$35,000	0180-0245	$436,600
Bits		0180-0148	$74,800	0180-0248	
Inspection & Repair Services		0180-0150	$50,000	0180-0250	$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	$10,000
Testing & Flowback Services		0180-0158	$12,000	0180-0258	$24,000
Completion / Workover Rig				0180-0260	$10,500
Rig Mobilization		0180-0164	$150,000		
Transportation		0180-0165	$30,000	0180-0265	$90,000
Welding, Construction, & Maint. Services		0180-0168	$4,000	0180-0268	$16,500
Contract Services & Supervision		0180-0170	$108,300	0180-0270	$66,500
Directional Services	Includes vertical control	0180-0175	$350,000		
Equipment Rental		0180-0180	$123,900	0180-0280	$120,000
Well / Lease Legal		0180-0184	$5,000	0180-0284	
Well / Lease Insurance		0180-0185	$5,200	0180-0285	
Intangible Supplies		0180-0188	$7,000	0180-0288	$1,000
Damages		0180-0190	$10,000	0180-0290	$10,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	$5,000
Company Supervision		0180-0195	$68,400	0180-0295	$25,200
Overhead Fixed Rate		0180-0196	$10,000	0180-0296	$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	$122,800	0180-0299	$223,400
	TOTAL		**$2,578,200**		**$4,690,700**

TANGIBLE COSTS 0181					
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	445' - 13 3/8" 54.5# J-55 ST&C @ $42.93/ft	0181-0794	$20,400		
Casing (8.1" - 10.0")	1785' - 9 5/8" 40# J-55 LT&C @ $33.60/ft	0181-0795	$64,100		
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Casing (4.1" - 6.0")	9230' - 4 1/2" 13.5# P-110 CDC-HTQ @ $17.99/ft			0181-0797	$177,300
Tubing	6435' - 2 7/8" 6.5# L-80 IPC Tbg @ $10.75/ft			0181-0798	$73,900
Drilling Head		0181-0860	$50,000		
Tubing Head & Upper Section				0181-0870	$30,000
Horizontal Completion Tools				0181-0871	$75,000
Subsurface Equip. & Artificial Lift				0181-0880	$25,000
Service Pumps	(1/6) TP/CP/Circ pump			0181-0886	$13,000
Storage Tanks	(1/6) (10)OT/(6)WT/(2)GB			0181-0890	$100,000
Emissions Control Equipment	(1/6) (6)VRT/(2)VRU/(1)FLARE/(3)KO/(1)AIR			0181-0892	$95,000
Separation / Treating Equipment	(1/6) (6)H SEP/(2)V SEP/(4)VHT/(2)HHT			0181-0895	$86,000
Automation Metering Equipment				0181-0898	$73,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	$23,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	
On-site Valves/Fittings/Lines&Misc				0181-0906	$125,000
Wellhead Flowlines - Construction				0181-0907	$58,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	$191,000
Equipment Installation				0181-0910	$63,000
Oil/Gas Pipeline - Construction				0181-0920	$33,000
Water Pipeline - Construction				0181-0921	
	TOTAL		**$370,500**		**$1,241,200**
	SUBTOTAL		**$2,948,700**		**$5,931,900**
	TOTAL WELL COST		**$8,880,600**		

Extra Expense Insurance

☐ **I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.**
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☒ **I elect to purchase my own well control insurance policy.**

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: H. Buckley Date: 11/14/2024

Company Approval: _____ Date: _____

Joint Owner Interest: 12.74628600% Amount: $1,131,946.67

Joint Owner Name: Chevron U.S.A. Inc.

Signature: _____

Andrew M. Armpriester

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Panagopoulos Enterprises, LLC
5111 San Jorge. NW
Albuquerque, NM 87120

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
Grey Goose 20 8 Federal Com 449H (API 30-015-55013)
Grey Goose 20 8 Federal Com 450H (API 30-015-55022)
Grey Goose 20 8 Federal Com 451H (API 30-015-55024)
Grey Goose 20 8 Federal Com 452H (API 30-015-55092)
Grey Goose 20 8 Federal Com 453H (API 30-015-55093)

All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

Dear Interest Owner:

Reference is made to the enclosed Compulsory Pooling Order ("Order") issued by the New Mexico Oil Conservation Division covering your interest in the above-described drilling unit. In accordance with the terms of the Order, in particular paragraph 25, you may elect to either participate in the wells by paying your share of the Estimated Well Costs as described in the attached AFEs or pay your share out of production from the wells (subject to any applicable risk penalties). Please make your elections by completing the attached form and returning it to me at the address below within 30 days from the date of this letter.

Chevron is open to negotiating an Oil and Gas Lease or acquiring your mineral interest in the project area, if you do not wish to participate as a mineral interest owner. Should you be interested or have any questions, please feel free to contact me at the contact information listed below.

Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St., #14441, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Exhibit A-10

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Panagopoulos Enterprises, LLC	0.001969%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Panagopoulos Enterprises, LLC

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St., #14441, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

MRC Permian Company
One Lincoln Centre
5400 LBJ Freeway, Ste 1500
Dallas, TX 75240

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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Grey Goose 20 8 Federal Com 453H (API 30-015-55093)

All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St., #14441, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	MRC Permian Company	0.324582%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: MRC Permian Company

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Jo Ann McNeil
P.O. Box 21116
Billings, MT 59104

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Jo Ann McNeil	0.000208%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Jo Ann McNeil

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Chasity Garza
P.O. Box 71
Brownfield, TX 79316

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

Dear Interest Owner:

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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Chasity Garza	0.000087%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Chasity Garza

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Robert Scott Pace
P.O. Box 1015
Wolfforth, TX 79382

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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Eddy County, New Mexico, being 1920 acres, more or less

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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Robert Scott Pace	0.000850%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Robert Scott Pace

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

John Edward Hall, IV
504 Castlegate St.
Howe, TX 75459

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	John Edward Hall, IV	0.003881%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: John Edward Hall, IV

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Mary Lee Hall Stewart
201 Rodriguez Rd.
Yoakum, TX 77995

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
Grey Goose 20 8 Federal Com 449H (API 30-015-55013)
Grey Goose 20 8 Federal Com 450H (API 30-015-55022)
Grey Goose 20 8 Federal Com 451H (API 30-015-55024)
Grey Goose 20 8 Federal Com 452H (API 30-015-55092)
Grey Goose 20 8 Federal Com 453H (API 30-015-55093)

All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

Dear Interest Owner:

Reference is made to the enclosed Compulsory Pooling Order ("Order") issued by the New Mexico Oil Conservation Division covering your interest in the above-described drilling unit. In accordance with the terms of the Order, in particular paragraph 25, you may elect to either participate in the wells by paying your share of the Estimated Well Costs as described in the attached AFEs or pay your share out of production from the wells (subject to any applicable risk penalties). Please make your elections by completing the attached form and returning it to me at the address below within 30 days from the date of this letter.

Chevron is open to negotiating an Oil and Gas Lease or acquiring your mineral interest in the project area, if you do not wish to participate as a mineral interest owner. Should you be interested or have any questions, please feel free to contact me at the contact information listed below.

Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Mary Lee Hall Stewart	0.000850%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Mary Lee Hall Stewart

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Mark Anthony Carrillo
434 Lever Hill Rd.
Chapin, SC 29036

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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Grey Goose 20 8 Federal Com 450H (API 30-015-55022)
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Grey Goose 20 8 Federal Com 453H (API 30-015-55093)

All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

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Katie Halley
Land Representative

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Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Mark Anthony Carrillo	0.000495%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Mark Anthony Carrillo

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Table Rock Energy, LLC
8086 S. Yale Ave., Ste 199
Tulsa, OK 74136

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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Eddy County, New Mexico, being 1920 acres, more or less

Dear Interest Owner:

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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Table Rock Energy, LLC	0.000247%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Table Rock Energy, LLC

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

BTC Brotherhood, LLC
8086 S. Yale Ave., Ste 199
Tulsa, OK 74136

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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Grey Goose 20 8 Federal Com 452H (API 30-015-55092)
Grey Goose 20 8 Federal Com 453H (API 30-015-55093)

All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	BTC Brotherhood, LLC	0.000247%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: BTC Brotherhood, LLC

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Estate of Clarence W. Ervin and Wife Mary I Ervin
4016 Jones St.
Carlsbad, NM

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
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All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

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Sincerely,

Katie Halley
Land Representative

Enclosures

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Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Estate of Clarence W. Ervin and Wife Mary I Ervin	0.000872%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Estate of Clarence W. Ervin and Wife Mary I Ervin

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Katie Halley
Land Representative, MCBU Land Department

January 29, 2026

Via Certified Mail – Return Receipt Requested

Kirby, Ratliff, Manning & Greak
8008 Slide Rd., Ste.33
Lubbock, TX 79424

RE: **Compulsory Pooling Order R-23946**
Grey Goose 20 8 Federal Com 446H (API 30-015-55020)
Grey Goose 20 8 Federal Com 447H (API 30-015-55019)
Grey Goose 20 8 Federal Com 448H (API 30-015-55018)
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All of Section 8, 17, & 20, Township 25 South, Range 27 East
Eddy County, New Mexico, being 1920 acres, more or less

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Sincerely,

Katie Halley
Land Representative

Enclosures

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Your interest in the proposed contract area is as follows (*subject to change pending further title verification):

Interest	Owner	Percentage*
UMI	Kirby, Ratliff, Manning & Greak	0.000151%

Please elect one of the following regarding participation in the subject wells:

_____ Elects to participate in the above-captioned wells and agrees to bear a proportionate share of the costs associated with each well, detailed in the enclosed AFEs.

_____ Elects to pay its proportionate share of Actual Well Costs out of production, subject to any applicable risk penalties.

_____ Elects NOT to participate in the above-captioned wells.

Company / Individual: Kirby, Ratliff, Manning & Greak

By: _____

Name: _____

Title: _____

Date: _____

Mid-Continent Business Unit
Americas Exploration & Production
a division of Chevron U.S.A. Inc.
1400 Smith St. #41114, Houston, TX 77002
Tel 432 687 7572 Mobile 432 231 2081
khalley@chevron.com

Chevron U.S.A. Inc. - Operator				
County, State	**Field**	**Well Name:**		
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 446H		
Area	**Objective**	**Estimated Duration (days)**		
Hayhurst	Wolfcamp A	21.8 days (Drilling) / 14.1 (Completion)		
API	**SHL Location**	**BHL Location**	**Depth**	
30-015-55020	Sec 20-25S-27E	Sec 8-25S-27E	MD:	24739.00
	301' FSL; 1422' FWL	250' FNL; 330' FWL	TVD:	8869.00

Drilling						
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**	
Rig Daywork	Rig Daywork	7440	0001	Int	$	720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$	670,000
Company Labor	Company Labor	6601	0100	Int	$	133,574
Contract Labor	Contract Labor	7000	0200	Int	$	28,480
Fuel & Utilities	Fuel & Utilities	7129	0100	Int	$	125,398
Fuel & Utilities	Fuel & Utilities	7129	0300	Int	$	9,747
Drilling & Completion Fluids	Drilling & Completion Fluids	7190	1900	Int	$	256,201
Materials, Supplies, & Parts	Materials, Supplies, & Parts	7190	0500	Int	$	36,200
Transportation	Transportation	7340	0300	Int	$	178,944
Directional Survey	Directional Survey	7440	0006	Int	$	414,030
Drill String & Drill Bits	Drill String & Drill Bits	7440	0007	Int	$	230,207
Equipment Rentals	Equipment Rentals	7230	0100	Int	$	242,027
Well Services	Well Services	7230	0200	Int	$	191,083
Solid Waste Disposal	Solid Waste Disposal	7420	0300	Int	$	92,810
Logging - Mud	Logging - Mud	7440	0021	Int	$	16,777
Casing	Casing	7190	0022	Tan	$	1,088,506
Wellheads & Trees	Wellheads & Trees	7190	0110	Tan	$	40,128
Cement & Cementing	Cement & Cementing	7440	0024	Int	$	219,814
Sitework / Roads / Location	Sitework / Roads / Location	7450	0021	Int	$	16,671
Completions						
Rigs	Workover Rigs			Int	$	18,000
Rigs	Snubbing Rigs			Int	$	216,000
100	Company Labor			Int	$	84,396
Industrial Services	Safety Services			Int	$	82,316
Fuel	Fuel			Int	$	425,256
Water	Frac Water			Tan	$	848,549
Well Construction Services	Pressure Control Equipment			Int	$	425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$	199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$	130,235
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Tan	$	1,168,963
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Int	$	1,352,973
Well Construction Services	D and C Misc Surface Rentals and Services			Int	$	320,336
Well Construction Services	Coiled Tubing			Int	$	390,360
Well Construction Services	D and C Waste Management			Int	$	-
Well Construction Services	Wireline - Cased Hole			Int	$	97,433
Well Construction Services	Wireline - Cased Hole			Int	$	492,046
Well Construction Commodities	OCTG			Tan	$	459,000
Well Construction Services	Completions Equipment and Installation Services			Int	$	72,490
Well Construction Commodities	Surface Wellheads and Production Trees			Tan	$	41,461
Oilfield O and M Services	Oilfield Site Prep and Maintenance Services			Int	$	1,699

Facilities					
Wellpad, Wellhead Hookup, Flowlines & Electrical			Tan	$	1,065,391
			Int	$	456,596
			Total	**$**	**13,058,904**

Participation & Authorization	**Share (%)**	**Amount ($)**
Chevron U.S.A. Inc.	92.2690030%	$12,049,321
Paloma Permian Asset Co., LLC	0.7221354%	$94,303
Premier Oil & Gas, Inc.	5.5555833%	$725,498
Calvary Energy Partners LLC	0.3472188%	$45,343
DENM Holdco, LLC	0.4583298%	$59,853
Brian L. McGonagill and wife Shirley C. McGonaill	0.0025783%	$337
Panagopoulos Enterprises, LLC	0.0019688%	$257
MRC Permian Company	0.3245815%	$42,387
Martha Joy Stribling Revocable Trust	0.1081938%	$14,129
John D. Stribling	0.1081938%	$14,129
Pico Canyon Properties, LLC	0.0214845%	$2,806
Sue Osborn Powell	0.0053711%	$701
Mary Camille Hall	0.0053711%	$701
Jo Ann McNeil	0.0002083%	$27
Patricia Ann Long	0.0002083%	$27
Chasity Garza	0.0000872%	$11
Trabajo Del Spear, LP	0.0555555%	$7,255
Vince Holdings, LLC	0.0056953%	$744
Robert Scott Pace	0.0008500%	$111
John Edward Hall, IV	0.0038813%	$507
Mary Lee Hall Stewart	0.0008500%	$111
Michael Shayne Matekovic	0.0004948%	$65
Mark Anthony Carrillo	0.0004948%	$65
Table Rock Energy, LLC	0.0002474%	$32
BTC Brotherhood, LLC	0.0002474%	$32
Estate of Clarence W. Ervin and Wife Mary I Ervin	0.0008721%	$114
Kirby, Ratliff, Manning & Greak	0.0001508%	$20
Nevill Manning	0.0001435%	$19

Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

Chevron U.S.A. Inc. - Operator					
County, State	**Field**	**Well Name:**			
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 447H			
Area	**Objective**	**Estimated Duration (days)**			
Hayhurst	Wolfcamp A	16.8 days (Drilling) / 14.1 (Completion)			
API	**SHL Location**	**BHL Location**	**Depth**		
30-015-55019	Sec 20-25S-27E	Sec 8-25S-27E	MD:	24523.00	
	301' FSL; 1447' FWL	250' FNL; 990' FWL	TVD:	8747.00	

Drilling						
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**	
Rig Daywork	Rig Daywork	7440	0001	Int	$	720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$	-
Company Labor	Company Labor	6601	0100	Int	$	133,574
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Completions						
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Rigs	Snubbing Rigs			Int	$	216,000
100	Company Labor			Int	$	84,396
Industrial Services	Safety Services			Int	$	82,316
Fuel	Fuel			Int	$	425,256
Water	Frac Water			Tan	$	848,549
Well Construction Services	Pressure Control Equipment			Int	$	425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$	199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$	130,235
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Tan	$	1,168,963
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Int	$	1,352,973
Well Construction Services	D and C Misc Surface Rentals and Services			Int	$	320,336
Well Construction Services	Coiled Tubing			Int	$	390,360
Well Construction Services	D and C Waste Management			Int	$	-
Well Construction Services	Wireline - Cased Hole			Int	$	97,433
Well Construction Services	Wireline - Cased Hole			Int	$	492,046
Well Construction Commodities	OCTG			Tan	$	459,000
Well Construction Services	Completions Equipment and Installation Services			Int	$	72,490
Well Construction Commodities	Surface Wellheads and Production Trees			Tan	$	41,461
Oilfield O and M Services	Oilfield Site Prep and Maintenance Services			Int	$	1,699

Facilities					
Wellpad, Wellhead Hookup, Flowlines & Electrical			Tan	$	1,065,391
			Int	$	456,596
			Total	**$**	**12,388,904**

Participation & Authorization	**Share (%)**	**Amount ($)**
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Paloma Permian Asset Co., LLC	0.7221354%	$89,465
Premier Oil & Gas, Inc.	5.5555833%	$688,276
Calvary Energy Partners LLC	0.3472188%	$43,017
DENM Holdco, LLC	0.4583298%	$56,782
Brian L. McGonagill and wife Shirley C. McGonaill	0.0025783%	$319
Panagopoulos Enterprises, LLC	0.0019688%	$244
MRC Permian Company	0.3245815%	$40,212
Martha Joy Stribling Revocable Trust	0.1081938%	$13,404
John D. Stribling	0.1081938%	$13,404
Pico Canyon Properties, LLC	0.0214845%	$2,662
Sue Osborn Powell	0.0053711%	$665
Mary Camille Hall	0.0053711%	$665
Jo Ann McNeil	0.0002083%	$26
Patricia Ann Long	0.0002083%	$26
Chasity Garza	0.0000872%	$11
Trabajo Del Spear, LP	0.0555555%	$6,883
Vince Holdings, LLC	0.0056953%	$706
Robert Scott Pace	0.0008500%	$105
John Edward Hall, IV	0.0038813%	$481
Mary Lee Hall Stewart	0.0008500%	$105
Michael Shayne Matekovic	0.0004948%	$61
Mark Anthony Carrillo	0.0004948%	$61
Table Rock Energy, LLC	0.0002474%	$31
BTC Brotherhood, LLC	0.0002474%	$31
Estate of Clarence W. Ervin and Wife Mary I Ervin	0.0008721%	$108
Kirby, Ratliff, Manning & Greak	0.0001508%	$19
Nevill Manning	0.0001435%	$18

Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

Chevron U.S.A. Inc. - Operator				
County, State	**Field**	**Well Name:**		
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 448H		
Area	**Objective**	**Estimated Duration (days)**		
Hayhurst	Wolfcamp A	16.8 days (Drilling) / 14.1 (Completion)		
API	**SHL Location**	**BHL Location**	**Depth**	
30-015-55018	Sec 20-25S-27E	Sec 8-25S-27E	MD:	24665.00
	301' FSL; 1472' FWL	250' FNL; 1600' FWL	TVD:	8900.00

Drilling					
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**
Rig Daywork	Rig Daywork	7440	0001	Int	$ 720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$ -
Company Labor	Company Labor	6601	0100	Int	$ 133,574
Contract Labor	Contract Labor	7000	0200	Int	$ 28,480
Fuel & Utilities	Fuel & Utilities	7129	0100	Int	$ 125,398
Fuel & Utilities	Fuel & Utilities	7129	0300	Int	$ 9,747
Drilling & Completion Fluids	Drilling & Completion Fluids	7190	1900	Int	$ 256,201
Materials, Supplies, & Parts	Materials, Supplies, & Parts	7190	0500	Int	$ 36,200
Transportation	Transportation	7340	0300	Int	$ 178,944
Directional Survey	Directional Survey	7440	0006	Int	$ 414,030
Drill String & Drill Bits	Drill String & Drill Bits	7440	0007	Int	$ 230,207
Equipment Rentals	Equipment Rentals	7230	0100	Int	$ 242,027
Well Services	Well Services	7230	0200	Int	$ 191,083
Solid Waste Disposal	Solid Waste Disposal	7420	0300	Int	$ 92,810
Logging - Mud	Logging - Mud	7440	0021	Int	$ 16,777
Casing	Casing	7190	0022	Tan	$ 1,088,506
Wellheads & Trees	Wellheads & Trees	7190	0110	Tan	$ 40,128
Cement & Cementing	Cement & Cementing	7440	0024	Int	$ 219,814
Sitework / Roads / Location	Sitework / Roads / Location	7450	0021	Int	$ 16,671
Completions					
Rigs	Workover Rigs			Int	$ 18,000
Rigs	Snubbing Rigs			Int	$ 216,000
100	Company Labor			Int	$ 84,396
Industrial Services	Safety Services			Int	$ 82,316
Fuel	Fuel			Int	$ 425,256
Water	Frac Water			Tan	$ 848,549
Well Construction Services	Pressure Control Equipment			Int	$ 425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$ 199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$ 130,235
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Tan	$ 1,168,963
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Int	$ 1,352,973
Well Construction Services	D and C Misc Surface Rentals and Services			Int	$ 320,336
Well Construction Services	Coiled Tubing			Int	$ 390,360
Well Construction Services	D and C Waste Management			Int	$ -
Well Construction Services	Wireline - Cased Hole			Int	$ 97,433
Well Construction Services	Wireline - Cased Hole			Int	$ 492,046
Well Construction Commodities	OCTG			Tan	$ 459,000
Well Construction Services	Completions Equipment and Installation Services			Int	$ 72,490
Well Construction Commodities	Surface Wellheads and Production Trees			Tan	$ 41,461
Oilfield O and M Services	Oilfield Site Prep and Maintenance Services			Int	$ 1,699

Facilities					
Wellpad, Wellhead Hookup, Flowlines & Electrical			Tan	$	1,065,391
			Int	$	456,596
			Total	**$**	**12,388,904**

Participation & Authorization	**Share (%)**	**Amount ($)**
Chevron U.S.A. Inc.	92.2690030%	$11,431,118
Paloma Permian Asset Co., LLC	0.7221354%	$89,465
Premier Oil & Gas, Inc.	5.5555833%	$688,276
Calvary Energy Partners LLC	0.3472188%	$43,017
DENM Holdco, LLC	0.4583298%	$56,782
Brian L. McGonagill and wife Shirley C. McGonaill	0.0025783%	$319
Panagopoulos Enterprises, LLC	0.0019688%	$244
MRC Permian Company	0.3245815%	$40,212
Martha Joy Stribling Revocable Trust	0.1081938%	$13,404
John D. Stribling	0.1081938%	$13,404
Pico Canyon Properties, LLC	0.0214845%	$2,662
Sue Osborn Powell	0.0053711%	$665
Mary Camille Hall	0.0053711%	$665
Jo Ann McNeil	0.0002083%	$26
Patricia Ann Long	0.0002083%	$26
Chasity Garza	0.0000872%	$11
Trabajo Del Spear, LP	0.0555555%	$6,883
Vince Holdings, LLC	0.0056953%	$706
Robert Scott Pace	0.0008500%	$105
John Edward Hall, IV	0.0038813%	$481
Mary Lee Hall Stewart	0.0008500%	$105
Michael Shayne Matekovic	0.0004948%	$61
Mark Anthony Carrillo	0.0004948%	$61
Table Rock Energy, LLC	0.0002474%	$31
BTC Brotherhood, LLC	0.0002474%	$31
Estate of Clarence W. Ervin and Wife Mary I Ervin	0.0008721%	$108
Kirby, Ratliff, Manning & Greak	0.0001508%	$19
Nevill Manning	0.0001435%	$18

Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

Chevron U.S.A. Inc. - Operator				
County, State	**Field**	**Well Name:**		
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 449H		
Area	**Objective**	**Estimated Duration (days)**		
Hayhurst	Wolfcamp A	16.8 days (Drilling) / 14.1 (Completion)		
API	**SHL Location**	**BHL Location**	**Depth**	
30-015-55013	Sec 20-25S-27E	Sec 8-25S-27E	MD:	24604.00
	301' FSL; 1497' FWL	25' FNL; 2310' FWL	TVD:	8777.00

Drilling					
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**
Rig Daywork	Rig Daywork	7440	0001	Int	$ 720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$ -
Company Labor	Company Labor	6601	0100	Int	$ 133,574
Contract Labor	Contract Labor	7000	0200	Int	$ 28,480
Fuel & Utilities	Fuel & Utilities	7129	0100	Int	$ 125,398
Fuel & Utilities	Fuel & Utilities	7129	0300	Int	$ 9,747
Drilling & Completion Fluids	Drilling & Completion Fluids	7190	1900	Int	$ 256,201
Materials, Supplies, & Parts	Materials, Supplies, & Parts	7190	0500	Int	$ 36,200
Transportation	Transportation	7340	0300	Int	$ 178,944
Directional Survey	Directional Survey	7440	0006	Int	$ 414,030
Drill String & Drill Bits	Drill String & Drill Bits	7440	0007	Int	$ 230,207
Equipment Rentals	Equipment Rentals	7230	0100	Int	$ 242,027
Well Services	Well Services	7230	0200	Int	$ 191,083
Solid Waste Disposal	Solid Waste Disposal	7420	0300	Int	$ 92,810
Logging - Mud	Logging - Mud	7440	0021	Int	$ 16,777
Casing	Casing	7190	0022	Tan	$ 1,088,506
Wellheads & Trees	Wellheads & Trees	7190	0110	Tan	$ 40,128
Cement & Cementing	Cement & Cementing	7440	0024	Int	$ 219,814
Sitework / Roads / Location	Sitework / Roads / Location	7450	0021	Int	$ 16,671
Completions					
Rigs	Workover Rigs			Int	$ 18,000
Rigs	Snubbing Rigs			Int	$ 216,000
100	Company Labor			Int	$ 84,396
Industrial Services	Safety Services			Int	$ 82,316
Fuel	Fuel			Int	$ 425,256
Water	Frac Water			Tan	$ 848,549
Well Construction Services	Pressure Control Equipment			Int	$ 425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$ 199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$ 130,235
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Tan	$ 1,168,963
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Int	$ 1,352,973
Well Construction Services	D and C Misc Surface Rentals and Services			Int	$ 320,336
Well Construction Services	Coiled Tubing			Int	$ 390,360
Well Construction Services	D and C Waste Management			Int	$ -
Well Construction Services	Wireline - Cased Hole			Int	$ 97,433
Well Construction Services	Wireline - Cased Hole			Int	$ 492,046
Well Construction Commodities	OCTG			Tan	$ 459,000
Well Construction Services	Completions Equipment and Installation Services			Int	$ 72,490
Well Construction Commodities	Surface Wellheads and Production Trees			Tan	$ 41,461
Oilfield O and M Services	Oilfield Site Prep and Maintenance Services			Int	$ 1,699

Facilities					
Wellpad, Wellhead Hookup, Flowlines & Electrical			Tan	$	1,065,391
			Int	$	456,596
			Total	**$**	**12,388,904**

Participation & Authorization	**Share (%)**	**Amount ($)**
Chevron U.S.A. Inc.	92.2690030%	$11,431,118
Paloma Permian Asset Co., LLC	0.7221354%	$89,465
Premier Oil & Gas, Inc.	5.5555833%	$688,276
Calvary Energy Partners LLC	0.3472188%	$43,017
DENM Holdco, LLC	0.4583298%	$56,782
Brian L. McGonagill and wife Shirley C. McGonaill	0.0025783%	$319
Panagopoulos Enterprises, LLC	0.0019688%	$244
MRC Permian Company	0.3245815%	$40,212
Martha Joy Stribling Revocable Trust	0.1081938%	$13,404
John D. Stribling	0.1081938%	$13,404
Pico Canyon Properties, LLC	0.0214845%	$2,662
Sue Osborn Powell	0.0053711%	$665
Mary Camille Hall	0.0053711%	$665
Jo Ann McNeil	0.0002083%	$26
Patricia Ann Long	0.0002083%	$26
Chasity Garza	0.0000872%	$11
Trabajo Del Spear, LP	0.0555555%	$6,883
Vince Holdings, LLC	0.0056953%	$706
Robert Scott Pace	0.0008500%	$105
John Edward Hall, IV	0.0038813%	$481
Mary Lee Hall Stewart	0.0008500%	$105
Michael Shayne Matekovic	0.0004948%	$61
Mark Anthony Carrillo	0.0004948%	$61
Table Rock Energy, LLC	0.0002474%	$31
BTC Brotherhood, LLC	0.0002474%	$31
Estate of Clarence W. Ervin and Wife Mary I Ervin	0.0008721%	$108
Kirby, Ratliff, Manning & Greak	0.0001508%	$19
Nevill Manning	0.0001435%	$18

Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

Chevron U.S.A. Inc. - Operator				
County, State	**Field**	**Well Name:**		
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 450H		
Area	**Objective**	**Estimated Duration (days)**		
Hayhurst	Wolfcamp A	21.8 days (Drilling) / 14.1 (Completion)		
API	**SHL Location**	**BHL Location**	**Depth**	
30-021-55022	Sec 20-25S-27E	Sec 8-25S-27E	MD:	25024.00
	496' FSL; 385' FEL	250' FNL; 2310' FEL	TVD:	8946.00

Drilling					
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**
Rig Daywork	Rig Daywork	7440	0001	Int	$ 720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$ 670,000
Company Labor	Company Labor	6601	0100	Int	$ 133,574
Contract Labor	Contract Labor	7000	0200	Int	$ 28,480
Fuel & Utilities	Fuel & Utilities	7129	0100	Int	$ 125,398
Fuel & Utilities	Fuel & Utilities	7129	0300	Int	$ 9,747
Drilling & Completion Fluids	Drilling & Completion Fluids	7190	1900	Int	$ 256,201
Materials, Supplies, & Parts	Materials, Supplies, & Parts	7190	0500	Int	$ 36,200
Transportation	Transportation	7340	0300	Int	$ 178,944
Directional Survey	Directional Survey	7440	0006	Int	$ 414,030
Drill String & Drill Bits	Drill String & Drill Bits	7440	0007	Int	$ 230,207
Equipment Rentals	Equipment Rentals	7230	0100	Int	$ 242,027
Well Services	Well Services	7230	0200	Int	$ 191,083
Solid Waste Disposal	Solid Waste Disposal	7420	0300	Int	$ 92,810
Logging - Mud	Logging - Mud	7440	0021	Int	$ 16,777
Casing	Casing	7190	0022	Tan	$ 1,088,506
Wellheads & Trees	Wellheads & Trees	7190	0110	Tan	$ 40,128
Cement & Cementing	Cement & Cementing	7440	0024	Int	$ 219,814
Sitework / Roads / Location	Sitework / Roads / Location	7450	0021	Int	$ 16,671
Completions					
Rigs	Workover Rigs			Int	$ 18,000
Rigs	Snubbing Rigs			Int	$ 216,000
100	Company Labor			Int	$ 84,396
Industrial Services	Safety Services			Int	$ 82,316
Fuel	Fuel			Int	$ 425,256
Water	Frac Water			Tan	$ 848,549
Well Construction Services	Pressure Control Equipment			Int	$ 425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$ 199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$ 130,235
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Tan	$ 1,168,963
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Int	$ 1,352,973
Well Construction Services	D and C Misc Surface Rentals and Services			Int	$ 320,336
Well Construction Services	Coiled Tubing			Int	$ 390,360
Well Construction Services	D and C Waste Management			Int	$ -
Well Construction Services	Wireline - Cased Hole			Int	$ 97,433
Well Construction Services	Wireline - Cased Hole			Int	$ 492,046
Well Construction Commodities	OCTG			Tan	$ 459,000
Well Construction Services	Completions Equipment and Installation Services			Int	$ 72,490
Well Construction Commodities	Surface Wellheads and Production Trees			Tan	$ 41,461
Oilfield O and M Services	Oilfield Site Prep and Maintenance Services			Int	$ 1,699

Facilities					
Wellpad, Wellhead Hookup, Flowlines & Electrical			Tan	$	947,470
			Int	$	406,059
			Total	**$**	**12,890,445**

Participation & Authorization	**Share (%)**	**Amount ($)**
Chevron U.S.A. Inc.	92.2690030%	$11,893,885
Paloma Permian Asset Co., LLC	0.7221354%	$93,086
Premier Oil & Gas, Inc.	5.5555833%	$716,139
Calvary Energy Partners LLC	0.3472188%	$44,758
DENM Holdco, LLC	0.4583298%	$59,081
Brian L. McGonagill and wife Shirley C. McGonaill	0.0025783%	$332
Panagopoulos Enterprises, LLC	0.0019688%	$254
MRC Permian Company	0.3245815%	$41,840
Martha Joy Stribling Revocable Trust	0.1081938%	$13,947
John D. Stribling	0.1081938%	$13,947
Pico Canyon Properties, LLC	0.0214845%	$2,769
Sue Osborn Powell	0.0053711%	$692
Mary Camille Hall	0.0053711%	$692
Jo Ann McNeil	0.0002083%	$27
Patricia Ann Long	0.0002083%	$27
Chasity Garza	0.0000872%	$11
Trabajo Del Spear, LP	0.0555555%	$7,161
Vince Holdings, LLC	0.0056953%	$734
Robert Scott Pace	0.0008500%	$110
John Edward Hall, IV	0.0038813%	$500
Mary Lee Hall Stewart	0.0008500%	$110
Michael Shayne Matekovic	0.0004948%	$64
Mark Anthony Carrillo	0.0004948%	$64
Table Rock Energy, LLC	0.0002474%	$32
BTC Brotherhood, LLC	0.0002474%	$32
Estate of Clarence W. Ervin and Wife Mary I Ervin	0.0008721%	$112
Kirby, Ratliff, Manning & Greak	0.0001508%	$19
Nevill Manning	0.0001435%	$19

Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

Chevron U.S.A. Inc. - Operator				
County, State	**Field**	**Well Name:**		
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 451H		
Area	**Objective**	**Estimated Duration (days)**		
Hayhurst	Wolfcamp A	16.8 days (Drilling) / 14.1 (Completion)		
API	**SHL Location**	**BHL Location**	**Depth**	
30-021-55024	Sec 20-25S-27E	Sec 8-25S-27E	MD:	24731.00
	496' FSL; 360' FEL	250' FNL; 1650' FEL	TVD:	8818.00

Drilling						
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**	
Rig Daywork	Rig Daywork	7440	0001	Int	$	720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$	-
Company Labor	Company Labor	6601	0100	Int	$	133,574
Contract Labor	Contract Labor	7000	0200	Int	$	28,480
Fuel & Utilities	Fuel & Utilities	7129	0100	Int	$	125,398
Fuel & Utilities	Fuel & Utilities	7129	0300	Int	$	9,747
Drilling & Completion Fluids	Drilling & Completion Fluids	7190	1900	Int	$	256,201
Materials, Supplies, & Parts	Materials, Supplies, & Parts	7190	0500	Int	$	36,200
Transportation	Transportation	7340	0300	Int	$	178,944
Directional Survey	Directional Survey	7440	0006	Int	$	414,030
Drill String & Drill Bits	Drill String & Drill Bits	7440	0007	Int	$	230,207
Equipment Rentals	Equipment Rentals	7230	0100	Int	$	242,027
Well Services	Well Services	7230	0200	Int	$	191,083
Solid Waste Disposal	Solid Waste Disposal	7420	0300	Int	$	92,810
Logging - Mud	Logging - Mud	7440	0021	Int	$	16,777
Casing	Casing	7190	0022	Tan	$	1,088,506
Wellheads & Trees	Wellheads & Trees	7190	0110	Tan	$	40,128
Cement & Cementing	Cement & Cementing	7440	0024	Int	$	219,814
Sitework / Roads / Location	Sitework / Roads / Location	7450	0021	Int	$	16,671
Completions						
Rigs	Workover Rigs			Int	$	18,000
Rigs	Snubbing Rigs			Int	$	216,000
100	Company Labor			Int	$	84,396
Industrial Services	Safety Services			Int	$	82,316
Fuel	Fuel			Int	$	425,256
Water	Frac Water			Tan	$	848,549
Well Construction Services	Pressure Control Equipment			Int	$	425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$	199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$	130,235
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Tan	$	1,168,963
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Int	$	1,352,973
Well Construction Services	D and C Misc Surface Rentals and Services			Int	$	320,336
Well Construction Services	Coiled Tubing			Int	$	390,360
Well Construction Services	D and C Waste Management			Int	$	-
Well Construction Services	Wireline - Cased Hole			Int	$	97,433
Well Construction Services	Wireline - Cased Hole			Int	$	492,046
Well Construction Commodities	OCTG			Tan	$	459,000
Well Construction Services	Completions Equipment and Installation Services			Int	$	72,490
Well Construction Commodities	Surface Wellheads and Production Trees			Tan	$	41,461
Oilfield O and M Services	Oilfield Site Prep and Maintenance Services			Int	$	1,699

Facilities					
Wellpad, Wellhead Hookup, Flowlines & Electrical			Tan	$	947,470
			Int	$	406,059
			Total	**$**	**12,220,445**

Participation & Authorization	**Share (%)**	**Amount ($)**
Chevron U.S.A. Inc.	92.2690030%	$11,275,683
Paloma Permian Asset Co., LLC	0.7221354%	$88,248
Premier Oil & Gas, Inc.	5.5555833%	$678,917
Calvary Energy Partners LLC	0.3472188%	$42,432
DENM Holdco, LLC	0.4583298%	$56,010
Brian L. McGonagill and wife Shirley C. McGonaill	0.0025783%	$315
Panagopoulos Enterprises, LLC	0.0019688%	$241
MRC Permian Company	0.3245815%	$39,665
Martha Joy Stribling Revocable Trust	0.1081938%	$13,222
John D. Stribling	0.1081938%	$13,222
Pico Canyon Properties, LLC	0.0214845%	$2,626
Sue Osborn Powell	0.0053711%	$656
Mary Camille Hall	0.0053711%	$656
Jo Ann McNeil	0.0002083%	$25
Patricia Ann Long	0.0002083%	$25
Chasity Garza	0.0000872%	$11
Trabajo Del Spear, LP	0.0555555%	$6,789
Vince Holdings, LLC	0.0056953%	$696
Robert Scott Pace	0.0008500%	$104
John Edward Hall, IV	0.0038813%	$474
Mary Lee Hall Stewart	0.0008500%	$104
Michael Shayne Matekovic	0.0004948%	$60
Mark Anthony Carrillo	0.0004948%	$60
Table Rock Energy, LLC	0.0002474%	$30
BTC Brotherhood, LLC	0.0002474%	$30
Estate of Clarence W. Ervin and Wife Mary I Ervin	0.0008721%	$107
Kirby, Ratliff, Manning & Greak	0.0001508%	$18
Nevill Manning	0.0001435%	$18

Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

Chevron U.S.A. Inc. - Operator				
County, State	**Field**	**Well Name:**		
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 452H		
Area	**Objective**	**Estimated Duration (days)**		
Hayhurst	Wolfcamp A	16.8 days (Drilling) / 14.1 (Completion)		
API	**SHL Location**	**BHL Location**	**Depth**	
30-021-55092	Sec 20-25S-27E	Sec 8-25S-27E	MD:	24796.00
	497' FSL; 335' FEL	250' FNL; 1040' FEL	TVD:	8982.00

Drilling					
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**
Rig Daywork	Rig Daywork	7440	0001	Int	$ 720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$ -
Company Labor	Company Labor	6601	0100	Int	$ 133,574
Contract Labor	Contract Labor	7000	0200	Int	$ 28,480
Fuel & Utilities	Fuel & Utilities	7129	0100	Int	$ 125,398
Fuel & Utilities	Fuel & Utilities	7129	0300	Int	$ 9,747
Drilling & Completion Fluids	Drilling & Completion Fluids	7190	1900	Int	$ 256,201
Materials, Supplies, & Parts	Materials, Supplies, & Parts	7190	0500	Int	$ 36,200
Transportation	Transportation	7340	0300	Int	$ 178,944
Directional Survey	Directional Survey	7440	0006	Int	$ 414,030
Drill String & Drill Bits	Drill String & Drill Bits	7440	0007	Int	$ 230,207
Equipment Rentals	Equipment Rentals	7230	0100	Int	$ 242,027
Well Services	Well Services	7230	0200	Int	$ 191,083
Solid Waste Disposal	Solid Waste Disposal	7420	0300	Int	$ 92,810
Logging - Mud	Logging - Mud	7440	0021	Int	$ 16,777
Casing	Casing	7190	0022	Tan	$ 1,088,506
Wellheads & Trees	Wellheads & Trees	7190	0110	Tan	$ 40,128
Cement & Cementing	Cement & Cementing	7440	0024	Int	$ 219,814
Sitework / Roads / Location	Sitework / Roads / Location	7450	0021	Int	$ 16,671
Completions					
Rigs	Workover Rigs			Int	$ 18,000
Rigs	Snubbing Rigs			Int	$ 216,000
100	Company Labor			Int	$ 84,396
Industrial Services	Safety Services			Int	$ 82,316
Fuel	Fuel			Int	$ 425,256
Water	Frac Water			Tan	$ 848,549
Well Construction Services	Pressure Control Equipment			Int	$ 425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$ 199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$ 130,235
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Tan	$ 1,168,963
Well Construction Services	Pressure Pumping - Stimulation and Sand Control			Int	$ 1,352,973
Well Construction Services	D and C Misc Surface Rentals and Services			Int	$ 320,336
Well Construction Services	Coiled Tubing			Int	$ 390,360
Well Construction Services	D and C Waste Management			Int	$ -
Well Construction Services	Wireline - Cased Hole			Int	$ 97,433
Well Construction Services	Wireline - Cased Hole			Int	$ 492,046
Well Construction Commodities	OCTG			Tan	$ 459,000
Well Construction Services	Completions Equipment and Installation Services			Int	$ 72,490
Well Construction Commodities	Surface Wellheads and Production Trees			Tan	$ 41,461
Oilfield O and M Services	Oilfield Site Prep and Maintenance Services			Int	$ 1,699

Facilities					
Wellpad, Wellhead Hookup, Flowlines & Electrical			Tan	$	947,470
			Int	$	406,059
			Total	**$**	**12,220,445**

Participation & Authorization	**Share (%)**	**Amount ($)**
Chevron U.S.A. Inc.	92.2690030%	$11,275,683
Paloma Permian Asset Co., LLC	0.7221354%	$88,248
Premier Oil & Gas, Inc.	5.5555833%	$678,917
Calvary Energy Partners LLC	0.3472188%	$42,432
DENM Holdco, LLC	0.4583298%	$56,010
Brian L. McGonagill and wife Shirley C. McGonaill	0.0025783%	$315
Panagopoulos Enterprises, LLC	0.0019688%	$241
MRC Permian Company	0.3245815%	$39,665
Martha Joy Stribling Revocable Trust	0.1081938%	$13,222
John D. Stribling	0.1081938%	$13,222
Pico Canyon Properties, LLC	0.0214845%	$2,626
Sue Osborn Powell	0.0053711%	$656
Mary Camille Hall	0.0053711%	$656
Jo Ann McNeil	0.0002083%	$25
Patricia Ann Long	0.0002083%	$25
Chasity Garza	0.0000872%	$11
Trabajo Del Spear, LP	0.0555555%	$6,789
Vince Holdings, LLC	0.0056953%	$696
Robert Scott Pace	0.0008500%	$104
John Edward Hall, IV	0.0038813%	$474
Mary Lee Hall Stewart	0.0008500%	$104
Michael Shayne Matekovic	0.0004948%	$60
Mark Anthony Carrillo	0.0004948%	$60
Table Rock Energy, LLC	0.0002474%	$30
BTC Brotherhood, LLC	0.0002474%	$30
Estate of Clarence W. Ervin and Wife Mary I Ervin	0.0008721%	$107
Kirby, Ratliff, Manning & Greak	0.0001508%	$18
Nevill Manning	0.0001435%	$18

Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

Chevron U.S.A. Inc. - Operator				
County, State	**Field**	**Well Name:**		
Eddy, NM	Delaware Basin	GREY GOOSE 20 8 FEDERAL COM 453H		
Area	**Objective**	**Estimated Duration (days)**		
Hayhurst	Wolfcamp A	16.8 days (Drilling) / 14.1 (Completion)		
API	**SHL Location**	**BHL Location**	**Depth**	
30-021-55093	Sec 20-25S-27E	Sec 20-25S-27E	MD:	24606.00
	497' FSL; 310' FEL	250' FNL; 330' FEL	TVD:	8851.00

Drilling					
Cost Category		**Code**	**Sub-code**	**Int/Tan**	**Amount ($)**
Rig Daywork	Rig Daywork	7440	0001	Int	$ 720,304
Rig Daywork	Rig Daywork	7440	0001	Int	$ -
Company Labor	Company Labor	6601	0100	Int	$ 133,574
Contract Labor	Contract Labor	7000	0200	Int	$ 28,480
Fuel & Utilities	Fuel & Utilities	7129	0100	Int	$ 125,398
Fuel & Utilities	Fuel & Utilities	7129	0300	Int	$ 9,747
Drilling & Completion Fluids	Drilling & Completion Fluids	7190	1900	Int	$ 256,201
Materials, Supplies, & Parts	Materials, Supplies, & Parts	7190	0500	Int	$ 36,200
Transportation	Transportation	7340	0300	Int	$ 178,944
Directional Survey	Directional Survey	7440	0006	Int	$ 414,030
Drill String & Drill Bits	Drill String & Drill Bits	7440	0007	Int	$ 230,207
Equipment Rentals	Equipment Rentals	7230	0100	Int	$ 242,027
Well Services	Well Services	7230	0200	Int	$ 191,083
Solid Waste Disposal	Solid Waste Disposal	7420	0300	Int	$ 92,810
Logging - Mud	Logging - Mud	7440	0021	Int	$ 16,777
Casing	Casing	7190	0022	Tan	$ 1,088,506
Wellheads & Trees	Wellheads & Trees	7190	0110	Tan	$ 40,128
Cement & Cementing	Cement & Cementing	7440	0024	Int	$ 219,814
Sitework / Roads / Location	Sitework / Roads / Location	7450	0021	Int	$ 16,671
Completions					
Rigs	Workover Rigs			Int	$ 18,000
Rigs	Snubbing Rigs			Int	$ 216,000
100	Company Labor			Int	$ 84,396
Industrial Services	Safety Services			Int	$ 82,316
Fuel	Fuel			Int	$ 425,256
Water	Frac Water			Tan	$ 848,549
Well Construction Services	Pressure Control Equipment			Int	$ 425,256
Well Construction Services	Downhole Rental Tools - Drill String and BHA			Int	$ 199,248
Well Construction Commodities	Drill Bits and Reamers			Int	$ 130,235
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Approved by (Print Name)	**Approved by (Signature)**
Entity (Print Name)	**Date**

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY CHEVRON U.S.A. INC

CASE NO. 25332
ORDER NO. R-23946

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 8, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Chevron U.S.A. Inc ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. Operator seeks to be designated the operator of the Unit.

2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.

3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.

4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.

12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.

17. Operator is designated as operator of the Unit and the Well(s).

18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.

19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.

20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.

21. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Operator requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Operator must set the case for a hearing.

22. Operator may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.

23. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

24. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

25. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

26. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

27. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

28. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

29. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall

be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

31. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

32. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.

33. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

34. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

35. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

36. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

37. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

Date: 8/13/2025

ALBERT CHANG
DIRECTOR
AC/jag

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25332	**APPLICANT'S RESPONSE**
Hearing Date:	**May 8, 2025**
Applicant	**Chevron U.S.A. Inc.**
Designated Operator & OGRID (affiliation if applicable)	**Chevron U.S.A. Inc. (4323)**
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	None
Well Family	Grey Goose
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Wolfcamp excluding that portion from the top of the Wolfcamp to 100' below the top of the Wolfcamp. See description of depth severance below.
Pool Name and Pool Code:	Purple Sage Wolfcamp (98220)
Well Location Setback Rules:	Purple Sage Order
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	1920
Building Blocks:	320 acres
Orientation:	**North-South**
Description: TRS/County	All of Sections 8, 17, and 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	Yes. There is a depth severance within the proposed spacing unit in the Wolfcamp formation at 100' below the top of the Wolfcamp, which was created by Pugh clauses in certain existing Oil and Gas leases. It is described as the interval located between the top of the Wolfcamp (being the stratigraphic equivalent of 8,642' TVD) and 8,742' TVD, as described on the Gamma Ray Neutron/Density log for the Cottonwood Draw Unit #1 at API # 30-015-21530. Chevron is seeking to pool from 100' below the top of the Wolfcamp (being the stratigraphic equivalent of 8,742' TVD) to the base of the Wolfcamp (being the stratigraphic equivalent of 10,260' TVD).

Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit A-4/A-5
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1: Grey Goose 20 8 Federal Com #446H	API No. 30-015-55020 SHL: 301' FSL & 1422' FWL, (Unit N), Section 20, T25S, R27E BHL: 250' FNL & 330' FWL, (Unit D) Section 8, T25S, R27E FTP: 330' FSL & 330' FWL, Section 20, T25S, R27E LTP: 330' FNL & 330' FWL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,869' TVD) Orientation: North/South
Well #1: Grey Goose 20 8 Federal Com #447H	API No. 30-015-55019 SHL: 301' FSL & 1447' FWL, (Unit N), Section 20, T25S, R27E BHL: 250' FNL & 990' FWL, (Unit D) Section 8, T25S, R27E FTP: 330' FSL & 990' FWL, Section 20, T25S, R27E LTP: 330' FNL & 990' FWL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,747' TVD) Orientation: North/South
Well #2: Grey Goose 20 8 Federal Com #448H	API No. 30-015-55018 SHL: 301' FSL & 1472' FWL, (Unit N), Section 20, T25S, R27E BHL: 250' FNL & 1600' FWL, (Unit D) Section 8, T25S, R27E FTP: 330' FSL & 1600' FWL, Section 20, T25S, R27E LTP: 330' FNL & 1600' FWL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,900' TVD) Orientation: North/South
Well #3: Grey Goose 20 8 Federal Com #449H	API No. 30-015-55013 SHL: 301' FSL & 1497' FWL, (Unit N), Section 20, T25S, R27E BHL: 250' FNL & 2320' FWL, (Unit C) Section 8, T25S, R27E FTP: 330' FSL & 2320' FWL, Section 20, T25S, R27E LTP: 330' FNL & 2320' FWL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,777' TVD) Orientation: North/South
Well #4: Grey Goose 20 8 Federal Com #450H	API No. 30-015-55022 SHL: 496' FSL & 385' FEL, (Unit P), Section 20, T25S, R27E BHL: 250' FNL & 2310' FEL, (Unit B) Section 8, T25S, R27E FTP: 330' FSL & 2310' FEL, Section 20, T25S, R27E LTP: 330' FNL & 2310' FEL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,946' TVD) Orientation: North/South

Well #1: Grey Goose 20 8 Federal Com #451H	API No. 30-015-55024 SHL: 496' FSL & 360' FEL, (Unit P), Section 20, T25S, R27E BHL: 250' FNL & 1650' FEL, (Unit B) Section 8, T25S, R27E FTP: 330' FSL & 1650' FEL, Section 20, T25S, R27E LTP: 330' FNL & 1650' FEL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,818' TVD) Orientation: North/South
Well #1: Grey Goose 20 8 Federal Com #452H	API No. 30-015-55092 SHL: 497' FSL & 335' FEL, (Unit P), Section 20, T25S, R27E BHL: 250' FNL & 1040' FEL, (Unit A) Section 8, T25S, R27E FTP: 330' FSL & 1040' FEL, Section 20, T25S, R27E LTP: 330' FNL & 1040' FEL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,892' TVD) Orientation: North/South
Well #1: Grey Goose 20 8 Federal Com #453H	API No. 30-015-55093 SHL: 497' FSL & 310' FEL, (Unit P), Section 20, T25S, R27E BHL: 250' FNL & 330' FEL, (Unit A) Section 8, T25S, R27E FTP: 330' FSL & 330' FEL, Section 20, T25S, R27E LTP: 330' FNL & 330' FEL, Section 8, T25S, R27E Completion Target: Wolfcamp A (Approx. 8,777' TVD) Orientation: North/South
Horizontal Well First and Last Take Points	Exhibit A-3
Completion Target (Formation, TVD and MD)	Exhibit A-6
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$14,240. See Exhibit A-6 (Proposal Letter)
Production Supervision/Month $	$1,600. See Exhibit A-6 (Proposal Letter)
Justification for Supervision Costs	See Exhibit A-2, Paragrah 20
Requested Risk Charge	200%. See Exhibit A-6 (Proposal Letter)
Notice of Hearing	
Proposed Notice of Hearing	Exhibits A-1; C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2 and C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-4
Tract List (including lease numbers and owners)	Exhibit A-4
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice	NA
Pooled Parties (including ownership type)	Exhibit A-5
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	See Exhibit A.2, Paragraph 14

Joinder	
Sample Copy of Proposal Letter	Exhibit A-6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-7
Overhead Rates In Proposal Letter	Exhibit A-6
Cost Estimate to Drill and Complete	Exhibit A-6
Cost Estimate to Equip Well	Exhibit A-6
Cost Estimate for Production Facilities	Exhibit A-6
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-4
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B, Para. 11
Target Formation	Exhibit B-2
HSU Cross Section	Exhibits B-3
Depth Severance Discussion	See Exhibit A.2, Paragraph 14 for a description of the depth severance.
Forms, Figures and Tables	
C-102	Exhibit A-3
Tracts	Exhibit A-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-5
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibits B-1
Cross Section (including Landing Zone)	Exhibits B-3
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	*/s/ Deana M. Bennett*
Date:	5/1/2025

From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Monday, August 11, 2025 3:31 PM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Sharry, Merielem <merielemsharry@chevron.com>
Subject: RE: Automatic reply: Bond proposals

Ruth,

Another follow up question. Are we safe to mark any prior Bond proposals that are not in this current AFE package as withdrawn in our system? We mark it that way if existing AFEs previously received would need to be reproposed if drilled in the future so that we are not tracking unnecessarily.

Thank you,

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Monday, August 11, 2025 8:15 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Subject: [**EXTERNAL**] Automatic reply: Bond proposals

I will be out of the office from August 8th - August 13th. During this time, I will periodically check email and respond when possible.

thanks!

From: Ruth Pelzel <ruth@pbex.com>
Sent: Friday, August 15, 2025 10:36 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Sharry, Merielem <merielemsharry@chevron.com>
Subject: [**EXTERNAL**] Re: Automatic reply: Bond proposals

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

Yes, you're good to withdraw the other AFES that were sent before. These are the most current afes associated with the order.

Thanks,

Ruth

Ruth Pelzel

Sr Landman

223 West Wall Street, Suite 900

Midland, TX 79701

Email: Ruth@pbex.com
Cell: 432-894-4625

Office: 432-204-2711

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From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Tuesday, August 12, 2025 7:09 AM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: Bond Inquiry

Ruth,

I received the subject well package. To assist with our timely evaluation could you please provide the following information?:

Estimated spud, completions, and production timing

Current estimate of Chevron's WI and NRI

SHL and BTL for each proposed well in the AFE package

Gunbarrel of the proposed AFE package

Type log used (just an API would suffice) for your targets and correlations

PDF of proposed JOA

Any information you can provide would be greatly appreciated.

Thank you,

Scott Sabrsula
Land Representative

S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Thursday, August 14, 2025 12:15 PM
To: Ruth Pelzel
Cc: Sharry, Merielem
Subject: RE: Bond Inquiry

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Thank you. We just want to run our evaluation on the best information at hand so we can make a timely election. I appreciate your help!

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Thursday, August 14, 2025 11:47 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: [**EXTERNAL**] Re: Bond Inquiry

Hey Scott,
Making my way through the emails after being out of the office! We are still waiting on the official DOTO on these wells. The S2 Bond numbers look to be the same currently, however, N2 looks a little different that what we initially pooled (numbers below are lower, I suspect the updated title came in after we went to pooling which accounts for a smaller numer). Let me take a deeper dive to figure out where the discrepancy is here. Our attorney said they'd have the DOTO in by 8/25 but i've been around long enough to know better than to believe that whole heartedly. I'll try and get something to you quickly in the meantime!

From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Thursday, August 14, 2025 9:35 AM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: RE: Bond Inquiry

Ruth,

I wanted to check in on the below inquiry, including estimated NRI. Regarding estimated WI, back in June you had sent the following figures, but I wanted to see if the updated title you were waiting on changed anything and wanted to confirm these figures align with the dedicated acreage that was pooled by the recent orders:

EXHIBIT D

Exhibit A-11

N Bond:
Sec 33: NW4
100% WI .825 NRI

Sec 33 NE4 (contractual interests)
Chevron: .7378

DSU N Bond Project: .34756 WI

S Bond:
Sec. 33: S2SW, SESW
100% WI .825 NRI

Sec. 33: SE4 (contractual)
.7378 WI

Sec. 34: NESW, N2SE (contractual)
.42328125 WI

Sec 34: SWSE (Contractual)
.42328125 WI

S2 Unit Bond .47777031 WI

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Sabrsula, Scott
Sent: Tuesday, August 12, 2025 7:10 AM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: Bond Inquiry

Ruth,

I received the subject well package. To assist with our timely evaluation could you please provide the following information?:

Estimated spud, completions, and production timing

Current estimate of Chevron's WI and NRI

SHL and BTL for each proposed well in the AFE package

From: Ruth Pelzel <ruth@pbex.com>
Sent: Tuesday, August 19, 2025 2:57 PM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Subject: [**EXTERNAL**] Re: Bond proposals

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

Still waiting on the opinion but the attorney did send me the spreadsheet on the numbers for Bond as we wait for the finished opinion.

N2 WI in Bond:
34.756 WI
28.5109 NRI

S2 WI in Bond:
55.71355469 WI
45.94123535% NRI

Thanks,

Ruth

Ruth Pelzel

Exhibit A-12

Sr Landman

223 West Wall Street, Suite 900

Midland, TX 79701

Email: Ruth@pbex.com
Cell: 432-894-4625

Office: 432-204-2711

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From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Monday, August 11, 2025 8:14 AM
To: Ruth Pelzel <ruth@pbex.com>
Subject: RE: Bond proposals

Thank you, Ruth. Can you confirm our WI in these?

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Thursday, August 7, 2025 6:05 PM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Ashley Roush <aroush@pbex.com>
Subject: [**EXTERNAL**] Bond proposals

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

Hope you're doing well. Please see the attached Bond proposals under the Order for your review.

Thanks,

Ruth

Ruth Pelzel
223 W. Wall St, Ste 900
Midland, TX 79705
Cell: (432) 894-4625

From: Ruth Pelzel <ruth@pbex.com>
Sent: Friday, August 15, 2025 10:36 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Sharry, Merielem <merielemsharry@chevron.com>
Subject: [**EXTERNAL**] Re: Automatic reply: Bond proposals

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

Yes, you're good to withdraw the other AFES that were sent before. These are the most current afes associated with the order.

Thanks,

Ruth

Ruth Pelzel

Sr Landman

223 West Wall Street, Suite 900

Midland, TX 79701

Email: Ruth@pbex.com
Cell: 432-894-4625

Office: 432-204-2711

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From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Monday, August 11, 2025 3:31 PM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Sharry, Merielem <merielemsharry@chevron.com>
Subject: RE: Automatic reply: Bond proposals

Ruth,

Another follow up question. Are we safe to mark any prior Bond proposals that are not in this current AFE package as withdrawn in our system? We mark it that way if existing AFEs previously received would need to be reproposed if drilled in the future so that we are not tracking unnecessarily.

Thank you,

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Monday, August 11, 2025 8:15 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Subject: [**EXTERNAL**] Automatic reply: Bond proposals

I will be out of the office from August 8th - August 13th. During this time, I will periodically check email and respond when possible.

thanks!

Exhibit A-13

From: Ruth Pelzel <ruth@pbex.com>
Sent: Friday, August 15, 2025 10:36 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Sharry, Merielem <merielemsharry@chevron.com>
Subject: [**EXTERNAL**] Re: Automatic reply: Bond proposals

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

Yes, you're good to withdraw the other AFES that were sent before. These are the most current afes associated with the order.

Thanks,

Ruth

Ruth Pelzel

Sr Landman

223 West Wall Street, Suite 900

Midland, TX 79701

Email: Ruth@pbex.com
Cell: 432-894-4625

Office: 432-204-2711

Exhibit A-14

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From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Tuesday, August 12, 2025 7:09 AM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: Bond Inquiry

Ruth,

I received the subject well package. To assist with our timely evaluation could you please provide the following information?:

Estimated spud, completions, and production timing

Current estimate of Chevron's WI and NRI

SHL and BTL for each proposed well in the AFE package

Gunbarrel of the proposed AFE package

Type log used (just an API would suffice) for your targets and correlations

PDF of proposed JOA

Any information you can provide would be greatly appreciated.

Thank you,

Scott Sabrsula
Land Representative

Exhibit A-15

S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

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

APPLICATION OF E.G.L. RESOURCES, INC. TO EXTEND TIME TO COMMENCE DRILLING OPERATIONS UNDER ORDER NO. R-23684, LEA COUNTY, NEW MEXICO.

CASE NO. _____
ORDER NO. R-23684

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, E.G.L. Resources, Inc. ("Applicant") (OGRID 192373) files this application with the Oil Conservation Division ("Division") requesting a one-year extension of time to commence drilling operations under the terms of Division Order No. R-23684. Applicant states the following in support of its application.

1. The Division entered Order No. R-23684 ("Order") in Case No. 24185 on February 19, 2025.

2. The Order pooled uncommitted interests in the Bone Spring formation, underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Sections 33 and 34, Township 18 South, Range 32 East, Lea County, New Mexico ("Unit"). The Order dedicated the Unit to the Bond 32-34 Fed Com 104H, Bond 32-34 Fed Com 105H, Bond 32-34 Fed Com 106H, Bond 32-34 Fed Com 207H, Bond 32-34 Fed Com 209H, and Bond 32-34 Fed Com 211H wells ("Wells") and designated Applicant as operator of the Unit and Wells.

3. The Order requires Applicant to commence drilling the Wells within one (1) year of the date of the Order unless Applicant obtains a time extension from the Division Director for good cause shown.

4. Applicant requests a one-year extension of time to commence drilling the Wells because it has been required to adjust its drilling schedule to accommodate lease obligations.

Exhibit A-16

5. Accordingly, Applicant requests that the Division extend the deadline to commence drilling the Wells until February 19, 2027.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on December 4, 2025, and, after notice and hearing, the Division to extend the deadline to commence drilling the Wells under the Order until February 19, 2027.

Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy
Dana S. Hardy
Jaclyn M. McLean
Jaime R. Kennedy
Yarithza Peña
125 Lincoln Ave., Suite 223
Santa Fe, NM 87501
505-230-4410
dhardy@hardymclean.com
jmclean@hardymclean.com
jkennedy@hardymclean.com
ypena@hardymclean.com

ATTORNEYS FOR E.G.L. RESOURCES, INC.

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

APPLICATION OF PBEX, LLC TO EXTEND TIME TO COMMENCE DRILLING OPERATIONS UNDER ORDER NO. R-23685, LEA COUNTY, NEW MEXICO.

CASE NO. _____
ORDER NO. R-23685

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, PBEX, LLC ("Applicant") files this application with the Oil Conservation Division ("Division") requesting a one-year extension of time to commence drilling operations under the terms of Division Order No. R-23685. Applicant states the following in support of its application.

1. The Division entered Order No. R-23685 ("Order") in Case No. 24886 on February 19, 2025.

2. The Order pooled uncommitted interests in the Bone Spring formation, underlying a 800-acre, more or less, standard horizontal spacing unit comprised of the NE/4 of Section 32, N/2 of Section 33, and N/2 of Section 34, Township 18 South, Range 32 East, Lea County, New Mexico ("Unit"). The Order dedicated the Unit to the Bond 32-34 Fed Com 101H, Bond 32-34 Fed Com 102H, Bond 32-34 Fed Com 103H, Bond 32-34 Fed Com 201H, Bond 32-34 Fed Com 203H, and Bond 32-34 Fed Com 205H wells ("Wells") and designated E.G.L. Resources, Inc. (OGRID No. 192373) as operator of the Unit and Wells.

3. Further, the Order requires Applicant to commence drilling the Wells within one (1) year of the date of the Order unless Applicant obtains a time extension from the Division Director for good cause shown.

4. Applicant requests a one-year extension of time to commence drilling the Wells because it has been required to adjust its drilling schedule to accommodate lease obligations.

5. Accordingly, Applicant requests that the Division extend the deadline to commence drilling the Wells until February 19, 2027.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on December 4, 2025, and, after notice and hearing, the Division extend the deadline to commence drilling the Well under the Order until February 19, 2027.

Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy
Dana S. Hardy
Jaclyn M. McLean
Jaime R. Kennedy
Yarithza Peña
125 Lincoln Ave., Suite 223
Santa Fe, NM 87501
505-230-4410
dhardy@hardymclean.com
jmclean@hardymclean.com
jkennedy@hardymclean.com
ypena@hardymclean.com

ATTORNEYS FOR PBEX, LLC AND E.G.L. RESOURCES, INC.

August 7, 2025

Chevron USA Inc.
6301 Deauville Blvd
Midland, TX 79706
Attn: Land Department

Re: **Bond 32-34 Fed Com 101H, 103H & Bond 33-34 Fed Com 104H, 106H**
Bond 32-34 Fed Com 201H, 205H & Bond 33-34 Fed Com 207H, 211H
Bond 32-34 Fed Com 301H & Bond 33-34 Fed Com 304H, 306H
Sections 32, 33 & 34, T18S-R32E
Lea County, New Mexico

Dear Sir or Madam:

PBEX Operations, LLC, on behalf of PBEX, LLC ("PBX"), hereby proposes under Compulsory Order Nos. R-23684 and R-23685, respectively, the drilling of the following wells located in Sections 32, 33 & 34 of T18S-R32E, Lea County, New Mexico. Please review the attached Authority for Expenditures ("AFE") with the gross estimated total cost to drill and complete each of the referenced wells.

PHASE 1

BOND 32-34 FED COM 201H
NE4 Sec. 32, N2 Sec. 33, & N2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1726' FNL, 2465' FWL, or a legal location in Unit F
FTP- Sec. 32: 330' FNL, 2540' FEL, or at a legal location in Unit B
LTP- Sec. 34: 330' FNL, 100' FEL, or at a legal location in Unit A
BHL- Sec. 34: 330' FNL, 10' FEL, or at a legal location in Unit A
Formation - 2BS TVD – 9,320' MD – 23,320'

BOND 32-34 FED COM 205H
NE4 Sec. 32, N2 Sec. 33, & N2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1726' FNL, 2445' FWL, or a legal location in Unit F
FTP- Sec. 32: 2200' FNL, 2540' FEL, or at a legal location in Unit G
LTP- Sec. 34: 2200' FNL, 100' FEL, or at a legal location in Unit H
BHL- Sec. 34: 2200' FNL, 10' FEL, or at a legal location in Unit H
Formation - 2BS TVD – 9,320' MD – 23,320'

BOND 32-34 FED COM 301H
NE4 Sec. 32, N2 Sec. 33, & N2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1726' FNL, 2405' FWL, or a legal location in Unit F
FTP- Sec. 32: 1640' FNL, 2540' FEL, or at a legal location in Unit G
LTP- Sec. 34: 1640' FNL, 100' FEL, or at a legal location in Unit H
BHL- Sec. 34: 1640' FNL, 10' FEL, or at a legal location in Unit H
Formation - 3BS TVD – 10,150' MD – 24,150'

Exhibit A-17

EXHIBIT F

August 7, 2025
BOND – N2, S2 Well Proposals under CP Order

BOND 33-34 FED COM 207H
S2 Sec. 33 & S2 Sec. 34, T18S-R32E
SHL- Sec. 32: 2000' FSL, 1165' FEL, or a legal location in Unit I
FTP- Sec. 33: 1630' FSL, 100' FWL, or at a legal location in Unit L
LTP- Sec. 34: 1630' FSL, 100' FEL, or at a legal location in Unit I
BHL- Sec. 34: 1630' FSL, 10' FEL, or at a legal location in Unit I
Formation - 2BS TVD – 9,320' MD – 20,680'

BOND 33-34 FED COM 211H
S2 Sec. 33 & S2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1980' FSL, 1165' FEL, or a legal location in Unit I
FTP- Sec. 33: 330' FSL, 100' FWL, or at a legal location in Unit M
LTP- Sec. 34: 330' FSL, 100' FEL, or at a legal location in Unit P
BHL- Sec. 34: 330' FSL, 10' FEL, or at a legal location in Unit P
Formation - 2BS TVD – 9,320' MD – 20,680'

PHASE 2

BOND 32-34 FED COM 101H
NE4 Sec. 32, N2 Sec. 33, & N2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1726' FNL, 2425' FWL, or a legal location in Unit F
FTP- Sec. 32: 660' FNL, 2540' FEL, or at a legal location in Unit B
LTP- Sec. 34: 660' FNL, 100' FEL, or at a legal location in Unit A
BHL- Sec. 34: 660' FNL, 10' FEL, or at a legal location in Unit A
Formation - 1BS TVD – 8'450 MD – 22,450'

BOND 32-34 FED COM 103H
NE4 Sec. 32, N2 Sec. 33, & N2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1726' FNL, 2385' FWL, or a legal location in Unit F
FTP- Sec. 32: 2130' FNL, 2540' FEL, or at a legal location in Unit G
LTP- Sec. 34: 2130' FNL, 100' FEL, or at a legal location in Unit H
BHL- Sec. 34: 2130' FNL, 10' FEL, or at a legal location in Unit H
Formation - 1BS TVD – 8,450' MD – 22,450'

BOND 33-34 FED COM 104H
S2 Sec. 33 & S2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1680' FSL, 1165' FEL, or a legal location in Unit I
FTP- Sec. 33: 1650' FSL, 100' FWL, or at a legal location in Unit L
LTP- Sec. 34: 1650' FSL, 100' FEL, or at a legal location in Unit I
BHL- Sec. 34: 1650' FSL, 10' FEL, or at a legal location in Unit I
Formation - 1BS TVD – 8,450' MD –19,810'

BOND 33-34 FED COM 106H
S2 Sec. 33 & S2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1660' FSL, 1165' FEL, or a legal location in Unit I
FTP- Sec. 33: 330' FSL, 100' FWL, or at a legal location in Unit M
LTP- Sec. 34: 330' FSL, 100' FEL, or at a legal location in Unit P

August 7, 2025
BOND – N2, S2 Well Proposals under CP Order

BHL- Sec. 34: 330' FSL, 10' FEL, or at a legal location in Unit P
Formation - 1BS TVD – 7,820' MD – 19,180'

BOND 33-34 FED COM 304H
S2 Sec. 33 & S2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1700' FSL, 1165' FEL, or a legal location in Unit I
FTP- Sec. 33: 2230' FSL, 100' FWL, or at a legal location in Unit L
LTP- Sec. 34: 2230' FSL, 100' FEL, or at a legal location in Unit I
BHL- Sec. 34: 2230' FSL, 10' FEL, or at a legal location in Unit I
Formation - 3BS TVD – 10,150' MD – 21,510'

BOND 33-34 FED COM 306H
S2 Sec. 33 & S2 Sec. 34, T18S-R32E
SHL- Sec. 32: 1640' FSL, 1165' FEL, or a legal location in Unit I
FTP- Sec. 33: 330' FSL, 100' FWL, or at a legal location in Unit M
LTP- Sec. 34: 330' FSL, 100' FEL, or at a legal location in Unit P
BHL- Sec. 34: 330' FSL, 10' FEL, or at a legal location in Unit P
Formation - 3BS TVD – 10,150' MD – 21,510'

Pursuant to said Orders, if you wish to participate in the operations described above, please indicate so in the space provided, and sign and return the enclosed AFEs within 30 days of receipt of this correspondence.

Should you have any questions or want to discuss any details, please contact me at 432.894.4625 or ruth@pbex.com.

Sincerely,

PBEX, LLC

//Ruth Pelzel//

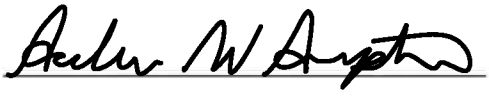
Ruth Pelzel
Senior Landman

RP:bh
Enc

August 7, 2025
BOND – N2, S2 Well Proposals under CP Order

WELL NAME	Elect TO PARTICIPATE for proportionate share of costs	Elect NOT TO PARTICIPATE for proportionate share of costs
Bond 32-34 Fed Com 201H	X	
Bond 32-34 Fed Com 205H	X	
Bond 32-34 Fed Com 301H	X	
Bond 33-34 Fed Com 207H	X	
Bond 33-34 Fed Com 211H	X	
Bond 32-34 Fed Com 101H	X	
Bond 32-34 Fed Com 103H	X	
Bond 33-34 Fed Com 104H	X	
Bond 33-34 Fed Com 106H	X	
Bond 33-34 Fed Com 304H	X	
Bond 33-34 Fed Com 306H	X	

Company: Chevron USA

Signed: 

Name: Andrew M. Armpriester

Title: General Manager, North America NOJV and Royalty

Date: 08/26/2025

PBEX OPERATIONS LLC
AUTHORIZATION FOR EXPENDITURE
223 W. Wall St Suite 900
Midland, TX 79701

WELL NAME	Bond 32-34 Fed Com 201H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 32, 33 & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32: 1726 FNL, 2465 FWL (or Unit F)	**FORMATION**	2BSS	**DRILLING DAYS**	25
BOTTOM-HOLE LOCATION	34: 330 FNL, 10 FEL (or Unit A)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	9,320' TVD/ 23,320' MD
				STATE	NM
PROJECT DESCRIPTION	Drilling, Completion & Facilities costs for PBEX 2.5-mile lateral				

ACCT. CODE IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	DESCRIPTION OF EXPENDITURE	DRILLING	COMPLETIONS	FACILITIES	TOTAL
				WELL INTANGIBLE COSTS				
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$100,000.00			$100,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$750,000.00			$750,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$300,000.00		$300,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$120,000.00			$120,000.00
9210	9310			DIRECTIONAL SERVICES	$232,000.00			$232,000.00
9211	9311			CASING CREW	$40,000.00			$40,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$300,000.00		$395,000.00
9213	9313			FUEL & POWER	$120,000.00	$650,000.00		$770,000.00
9214				DIESEL - BASE FOR MUD	$110,000.00			$110,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$90,000.00			$90,000.00
9217	9317			TRUCKING	$40,000.00	$60,000.00		$100,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$245,000.00		$245,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$75,000.00		$115,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,600,000.00		$1,600,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$85,000.00		$85,000.00
9226	9326			CONTRACT LABOR / SERVICES	$122,000.00	$100,000.00		$222,000.00
9227	9327			OTHER LABOR	$25,000.00			$25,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$50,000.00	$700,000.00		$750,000.00
9230	9330			FLUIDS & CHEMICALS	$150,000.00	$575,000.00		$725,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$52,000.00	$40,000.00		$92,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$97,672.00			$97,672.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$525,000.00		$525,000.00
9249	9349			SAND LOGISTICS		$525,000.00		$525,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING			$100,000.00	$100,000.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$300,000.00	$300,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,603,547.00**	**$5,807,000.00**	**$500,000.00**	**$8,910,547.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$80,000.00			$80,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$300,000.00	$300,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	**$1,146,453.00**	**$150,000.00**	**$850,000.00**	**$2,146,453.00**
					DRILLING	**COMPLETIONS**	**FACILITIES**	**TOTAL**
				TOTAL ESTIMATED WELL COST	**$3,750,000.00**	**$5,957,000.00**	**$1,350,000.00**	**$11,057,000.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

PBEX OPERATIONS LLC
AUTHORIZATION FOR EXPENDITURE
223 W. Wall St Suite 900
Midland, TX 79701

WELL NAME	Bond 32 34 Fed Com 205H	AFE TYPE	Development	AFE NUMBER	
LATERAL LOCATION	Section 32, 33, & 34 of 18S 32E	FIELD	Northern Delaware	PROPERTY NUMBER	
SURFACE LOCATION	32: 1726 FNL, 2445 FWL (or Unit F)	FORMATION	2BSS	DRILLING DAYS	25
BOTTOM-HOLE LOCATION	34: 2200 FNL, 10 FEL (or Unit H)	COUNTY	LEA	DEPTH (TVD/TMD)	9,320' TVD/ 23,320' MD
				STATE	NM
PROJECT DESCRIPTION	Drilling, Completion & Facilities costs for PBEX 2.5-mile lateral				

ACCT. CODE IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	DESCRIPTION OF EXPENDITURE	COST ESTIMATE DRILLING	COMPLETIONS	FACILITIES	TOTAL
				WELL INTANGIBLE COSTS				
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$100,000.00			$100,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$750,000.00			$750,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$300,000.00		$300,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$120,000.00			$120,000.00
9210	9310			DIRECTIONAL SERVICES	$232,000.00			$232,000.00
9211	9311			CASING CREW	$40,000.00			$40,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$300,000.00		$395,000.00
9213	9313			FUEL & POWER	$120,000.00	$650,000.00		$770,000.00
9214				DIESEL - BASE FOR MUD	$110,000.00			$110,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$90,000.00			$90,000.00
9217	9317			TRUCKING	$40,000.00	$60,000.00		$100,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$245,000.00		$245,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$75,000.00		$115,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,600,000.00		$1,600,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$85,000.00		$85,000.00
9226	9326			CONTRACT LABOR / SERVICES	$122,000.00	$100,000.00		$222,000.00
9227	9327			OTHER LABOR	$25,000.00			$25,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$50,000.00	$700,000.00		$750,000.00
9230	9330			FLUIDS & CHEMICALS	$150,000.00	$575,000.00		$725,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$52,000.00	$40,000.00		$92,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$97,672.00			$97,672.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$525,000.00		$525,000.00
9249	9349			SAND LOGISTICS		$525,000.00		$525,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING			$100,000.00	$100,000.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$300,000.00	$300,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,603,547.00**	**$5,807,000.00**	**$500,000.00**	**$8,910,547.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$80,000.00			$80,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$300,000.00	$300,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	$1,146,453.00	$150,000.00	$650,000.00	$2,146,453.00
					DRILLING	COMPLETIONS	FACILITIES	TOTAL
				TOTAL ESTIMATED WELL COST	**$3,750,000.00**	**$5,957,000.00**	**$1,350,000.00**	**$11,057,000.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

PBEX OPERATIONS LLC
AUTHORIZATION FOR EXPENDITURE
223 W. Wall St Suite 900
Midland, TX 79701

WELL NAME	Bond 32-34 Fed Com 301H	AFE TYPE	Development	AFE NUMBER	
LATERAL LOCATION	Section 32, 33, & 34 of 18S 32E	FIELD	Northern Delaware	PROPERTY NUMBER	
SURFACE LOCATION	32: 1726 FNL, 2405 FWL (or Unit F)	FORMATION	3BSS	DRILLING DAYS	25
BOTTOM-HOLE LOCATION	34: 1640 FNL, 10 FEL (or Unit H)	COUNTY	LEA	DEPTH (TVD/TMD)	10150' TVD/ 24150' MD
				STATE	NM
PROJECT DESCRIPTION	Drilling, Completion & Facilities costs for PBEX 2.5-mile lateral				

ACCT. CODE IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	DESCRIPTION OF EXPENDITURE	COST ESTIMATE DRILLING	COMPLETIONS	FACILITIES	TOTAL
				WELL INTANGIBLE COSTS				
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$100,000.00			$100,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$750,000.00			$750,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$300,000.00		$300,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$120,000.00			$120,000.00
9210	9310			DIRECTIONAL SERVICES	$232,000.00			$232,000.00
9211	9311			CASING CREW	$40,000.00			$40,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$300,000.00		$395,000.00
9213	9313			FUEL & POWER	$120,000.00	$650,000.00		$770,000.00
9214				DIESEL - BASE FOR MUD	$110,000.00			$110,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$90,000.00			$90,000.00
9217	9317			TRUCKING	$40,000.00	$60,000.00		$100,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$245,000.00		$245,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$75,000.00		$115,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,600,000.00		$1,600,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$85,000.00		$85,000.00
9226	9326			CONTRACT LABOR / SERVICES	$122,000.00	$100,000.00		$222,000.00
9227	9327			OTHER LABOR	$25,000.00			$25,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$50,000.00	$700,000.00		$750,000.00
9230	9330			FLUIDS & CHEMICALS	$150,000.00	$575,000.00		$725,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$52,000.00	$40,000.00		$92,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$97,672.00			$97,672.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$525,000.00		$525,000.00
9249	9349			SAND LOGISTICS		$525,000.00		$525,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING			$100,000.00	$100,000.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$300,000.00	$300,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,603,547.00**	**$5,807,000.00**	**$500,000.00**	**$8,910,547.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$80,000.00			$80,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$300,000.00	$300,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	$1,146,453.00	$150,000.00	$850,000.00	$2,146,453.00
					DRILLING	COMPLETIONS	FACILITIES	TOTAL
				TOTAL ESTIMATED WELL COST	**$3,750,000.00**	**$5,957,000.00**	**$1,350,000.00**	**$11,057,000.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

EX

PBEX LLC
AUTHORIZATION FOR EXPENDITURE
223 W Wall St. 7
Midland, TX 79701

WELL NAME	Bond 33-34 Fed Com 207H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 33, & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32: 2000 FSL, 1165 FEL (or Unit I)	**FORMATION**	2BSS	**DRILLING DAYS**	25
BOTTOM-HOLE LOCATION	34: 1630 FSL, 10 FEL (or Unit I)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	9,320' TVD/ 20,680' MD
				STATE	NM

PROJECT DESCRIPTION Drilling, Completion & Facilities costs for PBEX 2 mile lateral

ACCT. CODE				DESCRIPTION OF EXPENDITURE	COST ESTIMATE			
IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	WELL INTANGIBLE COSTS	DRILLING	COMPLETIONS	FACILITIES	TOTAL
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$75,000.00			$75,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$500,000.00			$500,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$250,000.00		$250,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$50,000.00			$50,000.00
9210	9310			DIRECTIONAL SERVICES	$250,000.00			$250,000.00
9211	9311			CASING CREW	$50,000.00			$50,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$275,000.00		$370,000.00
9213	9313			FUEL & POWER	$200,000.00	$525,000.00		$725,000.00
9214				DIESEL - BASE FOR MUD	$125,000.00			$125,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$100,000.00			$100,000.00
9217	9317			TRUCKING	$40,000.00	$50,000.00		$90,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$200,000.00		$200,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$60,000.00		$100,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,100,000.00		$1,100,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$75,000.00		$75,000.00
9226	9326			CONTRACT LABOR / SERVICES	$100,000.00	$90,000.00		$190,000.00
9227	9327			OTHER LABOR	$20,000.00			$20,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$100,000.00	$500,000.00		$600,000.00
9230	9330			FLUIDS & CHEMICALS	$200,000.00	$375,000.00		$575,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$30,000.00	$40,000.00		$70,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$120,000.00			$120,000.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$400,000.00		$400,000.00
9249	9349			SAND LOGISTICS		$400,000.00		$400,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING				$0.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$100,000.00	$100,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,464,875.00**	**$4,367,000.00**	**$200,000.00**	**$7,031,875.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$100,000.00			$100,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$400,000.00	$400,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	**$1,166,453.00**	**$150,000.00**	**$950,000.00**	**$2,266,453.00**
					DRILLING	COMPLETIONS	FACILITIES	TOTAL
				TOTAL ESTIMATED WELL COST	**$3,631,328.00**	**$4,517,000.00**	**$1,150,000.00**	**$9,298,328.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

EX

PBEX LLC
AUTHORIZATION FOR EXPENDITURE
223 W Wall St.
Midland, TX 79701

WELL NAME	Bond 33-34 Fed Com 211H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 33 & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32: 1980 FSL, 1165 FEL (or Unit I)	**FORMATION**	2BSS	**DRILLING DAYS**	25
BOTTOM-HOLE LOCATION	34: 330 FSL, 10 fEL (or Unit P)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	9,320' TVD/ 20680' MD
				STATE	NM

PROJECT DESCRIPTION Drilling, Completion & Facilities costs for PBEX 2 mile lateral

ACCT. CODE				DESCRIPTION OF EXPENDITURE	COST ESTIMATE			
IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	WELL INTANGIBLE COSTS	DRILLING	COMPLETIONS	FACILITIES	TOTAL
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$75,000.00			$75,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$500,000.00			$500,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$250,000.00		$250,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$50,000.00			$50,000.00
9210	9310			DIRECTIONAL SERVICES	$250,000.00			$250,000.00
9211	9311			CASING CREW	$50,000.00			$50,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$275,000.00		$370,000.00
9213	9313			FUEL & POWER	$200,000.00	$525,000.00		$725,000.00
9214				DIESEL - BASE FOR MUD	$125,000.00			$125,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$100,000.00			$100,000.00
9217	9317			TRUCKING	$40,000.00	$50,000.00		$90,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$200,000.00		$200,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$60,000.00		$100,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,100,000.00		$1,100,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$75,000.00		$75,000.00
9226	9326			CONTRACT LABOR / SERVICES	$100,000.00	$90,000.00		$190,000.00
9227	9327			OTHER LABOR	$20,000.00			$20,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$100,000.00	$500,000.00		$600,000.00
9230	9330			FLUIDS & CHEMICALS	$200,000.00	$375,000.00		$575,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$30,000.00	$40,000.00		$70,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$120,000.00			$120,000.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$400,000.00		$400,000.00
9249	9349			SAND LOGISTICS		$400,000.00		$400,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING				$0.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$100,000.00	$100,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,464,875.00**	**$4,367,000.00**	**$200,000.00**	**$7,031,875.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$100,000.00			$100,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$400,000.00	$400,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	**$1,166,453.00**	**$150,000.00**	**$950,000.00**	**$2,266,453.00**
					DRILLING	**COMPLETIONS**	**FACILITIES**	**TOTAL**
				TOTAL ESTIMATED WELL COST	**$3,631,328.00**	**$4,517,000.00**	**$1,150,000.00**	**$9,298,328.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

PBEX OPERATIONS LLC
AUTHORIZATION FOR EXPENDITURE
223 W. Wall St Suite 900
Midland, TX 79701

WELL NAME	Bond 32-34 Fed Com 101H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 32, 33, & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32: 1726 FNL & 2425 FWL (or Unit F)	**FORMATION**	1BSS	**DRILLING DAYS**	24
BOTTOM-HOLE LOCATION	34: 660 FNL & 10 FEL (or Unit A)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	8,450' TVD/ 22,450' MD
				STATE	NM
PROJECT DESCRIPTION	Drilling, Completion & Facilities costs for PBEX 2.5-mile lateral				

ACCT. CODE				DESCRIPTION OF EXPENDITURE	COST ESTIMATE			
IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	WELL INTANGIBLE COSTS	DRILLING	COMPLETIONS	FACILITIES	TOTAL
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$100,000.00			$100,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$633,000.00			$633,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$300,000.00		$300,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$100,000.00			$100,000.00
9210	9310			DIRECTIONAL SERVICES	$230,000.00			$230,000.00
9211	9311			CASING CREW	$40,000.00			$40,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$105,000.00	$300,000.00		$405,000.00
9213	9313			FUEL & POWER	$130,000.00	$650,000.00		$780,000.00
9214				DIESEL - BASE FOR MUD	$70,000.00			$70,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$90,000.00			$90,000.00
9217	9317			TRUCKING	$40,000.00	$60,000.00		$100,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$190,000.00			$190,000.00
9220	9320			PERFORATING		$245,000.00		$245,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$75,000.00		$115,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,600,000.00		$1,600,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$85,000.00		$85,000.00
9226	9326			CONTRACT LABOR / SERVICES	$92,000.00	$100,000.00		$192,000.00
9227	9327			OTHER LABOR	$25,000.00			$25,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$50,000.00	$700,000.00		$750,000.00
9230	9330			FLUIDS & CHEMICALS	$150,000.00	$575,000.00		$725,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$52,000.00	$40,000.00		$92,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$149,801.87			$149,801.87
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$525,000.00		$525,000.00
9249	9349			SAND LOGISTICS		$525,000.00		$525,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING			$100,000.00	$100,000.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$300,000.00	$300,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	$2,456,676.87	$5,807,000.00	$500,000.00	$8,763,676.87
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.13			$76,453.13
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$303,870.00			$303,870.00
		9405		CASING - PRODUCTION / LINER	$643,000.00			$643,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$80,000.00			$80,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$300,000.00	$300,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	$1,143,323.13	$150,000.00	$650,000.00	$2,143,323.13
					DRILLING	COMPLETIONS	FACILITIES	TOTAL
				TOTAL ESTIMATED WELL COST	**$3,600,000.00**	**$5,957,000.00**	**$1,350,000.00**	**$10,907,000.00**

PREPARED BY: Alex Bourland & Aaron Catley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

PBEX OPERATIONS LLC
AUTHORIZATION FOR EXPENDITURE
223 W. Wall St Suite 900
Midland, TX 79701

WELL NAME	Bond 32-34 Fed Com 103H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 32, 33, & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32: 1726 FNL & 2385 FWL (or Unit F)	**FORMATION**	1BSS	**DRILLING DAYS**	24
BOTTOM-HOLE LOCATION	34: 2130 FNL & 10 FEL (or Unit H)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	8,450' TVD/ 22,450' MD
				STATE	NM
PROJECT DESCRIPTION	Drilling, Completion & Facilities costs for PBEX 2.5-mile lateral				

ACCT. CODE				DESCRIPTION OF EXPENDITURE	COST ESTIMATE			
IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	WELL INTANGIBLE COSTS	DRILLING	COMPLETIONS	FACILITIES	TOTAL
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$100,000.00			$100,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$633,000.00			$633,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$300,000.00		$300,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$100,000.00			$100,000.00
9210	9310			DIRECTIONAL SERVICES	$230,000.00			$230,000.00
9211	9311			CASING CREW	$40,000.00			$40,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$105,000.00	$300,000.00		$405,000.00
9213	9313			FUEL & POWER	$130,000.00	$650,000.00		$780,000.00
9214				DIESEL - BASE FOR MUD	$70,000.00			$70,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$90,000.00			$90,000.00
9217	9317			TRUCKING	$40,000.00	$60,000.00		$100,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$190,000.00			$190,000.00
9220	9320			PERFORATING		$245,000.00		$245,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$75,000.00		$115,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,600,000.00		$1,600,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$85,000.00		$85,000.00
9226	9326			CONTRACT LABOR / SERVICES	$92,000.00	$100,000.00		$192,000.00
9227	9327			OTHER LABOR	$25,000.00			$25,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$50,000.00	$700,000.00		$750,000.00
9230	9330			FLUIDS & CHEMICALS	$150,000.00	$575,000.00		$725,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$52,000.00	$40,000.00		$92,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$149,801.87			$149,801.87
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$525,000.00		$525,000.00
9249	9349			SAND LOGISTICS		$525,000.00		$525,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING			$100,000.00	$100,000.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$300,000.00	$300,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,456,676.87**	**$5,807,000.00**	**$500,000.00**	**$8,763,676.87**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.13			$76,453.13
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$303,870.00			$303,870.00
		9405		CASING - PRODUCTION / LINER	$643,000.00			$643,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$80,000.00			$80,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$300,000.00	$300,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	$1,143,323.13	$150,000.00	$650,000.00	$2,143,323.13
					DRILLING	**COMPLETIONS**	FACILITIES	TOTAL
				TOTAL ESTIMATED WELL COST	**$3,600,000.00**	**$5,957,000.00**	**$1,350,000.00**	**$10,907,000.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

EX

PBEX LLC
AUTHORIZATION FOR EXPENDITURE
223 W Wall St.
Midland, TX 79701

WELL NAME	Bond 33-34 Fed Com 104H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 33 & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32.1680 FSL, 1165 FEL (or Unit I)	**FORMATION**	1BSS	**DRILLING DAYS**	25
BOTTOM-HOLE LOCATION	34: 1640 FSL, 10 FEL (or Unit I)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	8450 TVD / 19810 MD
				STATE	NM

PROJECT DESCRIPTION Drilling, Completion & Facilities costs for PBEX 2 mile lateral

ACCT. CODE				DESCRIPTION OF EXPENDITURE	COST ESTIMATE			
IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	WELL INTANGIBLE COSTS	DRILLING	COMPLETIONS	FACILITIES	TOTAL
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$75,000.00			$75,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$500,000.00			$500,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$250,000.00		$250,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$50,000.00			$50,000.00
9210	9310			DIRECTIONAL SERVICES	$250,000.00			$250,000.00
9211	9311			CASING CREW	$50,000.00			$50,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$275,000.00		$370,000.00
9213	9313			FUEL & POWER	$200,000.00	$525,000.00		$725,000.00
9214				DIESEL - BASE FOR MUD	$125,000.00			$125,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9215	9316			DISPOSAL, RESTORATION & BACKFILL	$100,000.00			$100,000.00
9217	9317			TRUCKING	$40,000.00	$50,000.00		$90,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$200,000.00		$200,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$60,000.00		$100,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,100,000.00		$1,100,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$75,000.00		$75,000.00
9226	9326			CONTRACT LABOR / SERVICES	$100,000.00	$90,000.00		$190,000.00
9227	9327			OTHER LABOR	$20,000.00			$20,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$100,000.00	$500,000.00		$600,000.00
9230	9330			FLUIDS & CHEMICALS	$200,000.00	$375,000.00		$575,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$30,000.00	$40,000.00		$70,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$120,000.00			$120,000.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$400,000.00		$400,000.00
9249	9349			SAND LOGISTICS		$400,000.00		$400,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING				$0.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER/SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$100,000.00	$100,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,464,875.00**	**$4,367,000.00**	**$200,000.00**	**$7,031,875.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$100,000.00			$100,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$400,000.00	$400,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	**$1,166,453.00**	**$150,000.00**	**$950,000.00**	**$2,266,453.00**
					DRILLING	**COMPLETIONS**	**FACILITIES**	**TOTAL**
				TOTAL ESTIMATED WELL COST	**$3,631,328.00**	**$4,517,000.00**	**$1,150,000.00**	**$9,298,328.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

EX

PBEX LLC
AUTHORIZATION FOR EXPENDITURE
223 W Wall St. 7
Midland, TX 79701

WELL NAME	Bond 33-34 Fed Com 106H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 33 & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32; 1660 FSL, 1165 FEL (or Unit I)	**FORMATION**	1BSS	**DRILLING DAYS**	25
BOTTOM-HOLE LOCATION	34; 330 FSL, 10 FEL (or Unit P)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	7820 TVD / 19160 MD
				STATE	NM

PROJECT DESCRIPTION Drilling, Completion & Facilities costs for PBEX 2 mile lateral

ACCT. CODE				DESCRIPTION OF EXPENDITURE	COST ESTIMATE			
IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	WELL INTANGIBLE COSTS	DRILLING	COMPLETIONS	FACILITIES	TOTAL
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$75,000.00			$75,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$500,000.00			$500,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$250,000.00		$250,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$50,000.00			$50,000.00
9210	9310			DIRECTIONAL SERVICES	$250,000.00			$250,000.00
9211	9311			CASING CREW	$50,000.00			$50,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$275,000.00		$370,000.00
9213	9313			FUEL & POWER	$200,000.00	$525,000.00		$725,000.00
9214				DIESEL - BASE FOR MUD	$125,000.00			$125,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$100,000.00			$100,000.00
9217	9317			TRUCKING	$40,000.00	$50,000.00		$90,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$200,000.00		$200,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$60,000.00		$100,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,100,000.00		$1,100,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$75,000.00		$75,000.00
9226	9326			CONTRACT LABOR / SERVICES	$100,000.00	$90,000.00		$190,000.00
9227	9327			OTHER LABOR	$20,000.00			$20,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$100,000.00	$500,000.00		$600,000.00
9230	9330			FLUIDS & CHEMICALS	$200,000.00	$375,000.00		$575,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$30,000.00	$40,000.00		$70,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$120,000.00			$120,000.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$400,000.00		$400,000.00
9249	9349			SAND LOGISTICS		$400,000.00		$400,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING				$0.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$100,000.00	$100,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,464,875.00**	**$4,367,000.00**	**$200,000.00**	**$7,031,875.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$100,000.00			$100,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$400,000.00	$400,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	**$1,166,453.00**	**$150,000.00**	**$950,000.00**	**$2,266,453.00**
					DRILLING	**COMPLETIONS**	**FACILITIES**	**TOTAL**
				TOTAL ESTIMATED WELL COST	**$3,631,328.00**	**$4,517,000.00**	**$1,150,000.00**	**$9,298,328.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

EX

PBEX LLC
AUTHORIZATION FOR EXPENDITURE
223 W Wall St.
Midland, TX 79701

WELL NAME	Bond 33-34 Fed Com 304H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 33, & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32: 1700 FSL, 1165 FEL (or Unit I)	**FORMATION**	3BSS	**DRILLING DAYS**	25
BOTTOM-HOLE LOCATION	34: 2230 FSL, 10 FEL (or Unit I)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	10150' TVD/ 21510' MD
				STATE	NM

PROJECT DESCRIPTION Drilling, Completion & Facilities costs for PBEX 2 mile lateral

ACCT. CODE IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	DESCRIPTION OF EXPENDITURE	COST ESTIMATE DRILLING	COMPLETIONS	FACILITIES	TOTAL
				WELL INTANGIBLE COSTS				
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$75,000.00			$75,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$500,000.00			$500,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$250,000.00		$250,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$50,000.00			$50,000.00
9210	9310			DIRECTIONAL SERVICES	$250,000.00			$250,000.00
9211	9311			CASING CREW	$50,000.00			$50,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$275,000.00		$370,000.00
9213	9313			FUEL & POWER	$200,000.00	$525,000.00		$725,000.00
9214				DIESEL - BASE FOR MUD	$125,000.00			$125,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$100,000.00			$100,000.00
9217	9317			TRUCKING	$40,000.00	$50,000.00		$90,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$200,000.00		$200,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$60,000.00		$100,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,100,000.00		$1,100,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$75,000.00		$75,000.00
9226	9326			CONTRACT LABOR / SERVICES	$100,000.00	$90,000.00		$190,000.00
9227	9327			OTHER LABOR	$20,000.00			$20,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$100,000.00	$500,000.00		$600,000.00
9230	9330			FLUIDS & CHEMICALS	$200,000.00	$375,000.00		$575,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$30,000.00	$40,000.00		$70,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$120,000.00			$120,000.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$400,000.00		$400,000.00
9249	9349			SAND LOGISTICS		$400,000.00		$400,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING				$0.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$100,000.00	$100,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,464,875.00**	**$4,367,000.00**	**$200,000.00**	**$7,031,875.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$100,000.00			$100,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$400,000.00	$400,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	**$1,166,453.00**	**$150,000.00**	**$950,000.00**	**$2,266,453.00**
					DRILLING	**COMPLETIONS**	**FACILITIES**	**TOTAL**
				TOTAL ESTIMATED WELL COST	**$3,631,328.00**	**$4,517,000.00**	**$1,150,000.00**	**$9,298,328.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

EX

PBEX LLC
AUTHORIZATION FOR EXPENDITURE
223 W Wall St. Ste 1
Midland, TX 79701

WELL NAME	Bond 33-34 Fed Com 308H	**AFE TYPE**	Development	**AFE NUMBER**	
LATERAL LOCATION	Section 33, & 34 of 18S 32E	**FIELD**	Northern Delaware	**PROPERTY NUMBER**	
SURFACE LOCATION	32: 1640 FSL, 1165 FEL (Or Unit I)	**FORMATION**	3BSS	**DRILLING DAYS**	25
BOTTOM-HOLE LOCATION	34: 330 FSL, 10 FEL (or Unit P)	**COUNTY**	LEA	**DEPTH (TVD/TMD)**	10150' TVD/ 21510' MD
				STATE	NM

PROJECT DESCRIPTION Drilling, Completion & Facilities costs for PBEX 2 mile lateral

ACCT. CODE IDC PREFIX 300	ICC 500	TDC PREFIX 400	TCC 600	DESCRIPTION OF EXPENDITURE	COST ESTIMATE DRILLING	COMPLETIONS	FACILITIES	TOTAL
				WELL INTANGIBLE COSTS				
9201	9301			SURVEY/PERMITS/DAMAGES	$25,000.00			$25,000.00
9202	9302			LOCATION & ROAD	$76,875.00			$76,875.00
9203				RIG MOVE	$75,000.00			$75,000.00
9204				DRILLING - FOOTAGE				$0.00
9205	9305			DRILLING - DAYWORK	$500,000.00			$500,000.00
	9306			COMPLETION/WORKOVER RIG				$0.00
	9307			COIL TUBING/SNUBBING UNIT		$250,000.00		$250,000.00
	9308			SLICKLINE/SWABBING				$0.00
9209	9309			BITS	$50,000.00			$50,000.00
9210	9310			DIRECTIONAL SERVICES	$250,000.00			$250,000.00
9211	9311			CASING CREW	$50,000.00			$50,000.00
9212	9312			TOOL & EQUIPMENT RENTAL	$95,000.00	$275,000.00		$370,000.00
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9214				DIESEL - BASE FOR MUD	$125,000.00			$125,000.00
9215	9315			MUD LOGGING & GEOLOGIST				$0.00
9216	9316			DISPOSAL, RESTORATION & BACKFILL	$100,000.00			$100,000.00
9217	9317			TRUCKING	$40,000.00	$50,000.00		$90,000.00
	9318			TESTING				$0.00
9219	9319			CEMENTING	$200,000.00			$200,000.00
9220	9320			PERFORATING		$200,000.00		$200,000.00
	9321			CASED HOLE LOGS				$0.00
9222	9322			DOWNHOLE TOOLS & SERVICE	$40,000.00	$60,000.00		$100,000.00
9223	9323			SCIENCE & DIAGNOSTICS				$0.00
	9324			FORMATION STIMULATION		$1,100,000.00		$1,100,000.00
9225	9325			CONSULTING SERVICES/SUPERVISION		$75,000.00		$75,000.00
9226	9326			CONTRACT LABOR / SERVICES	$100,000.00	$90,000.00		$190,000.00
9227	9327			OTHER LABOR	$20,000.00			$20,000.00
9228	9328			OVERHEAD				$0.00
9229	9329			WATER - FRESH	$100,000.00	$500,000.00		$600,000.00
9230	9330			FLUIDS & CHEMICALS	$200,000.00	$375,000.00		$575,000.00
9231	9331			CORING & ANALYSIS				$0.00
9232	9332			COMMUNICATIONS	$10,000.00	$10,000.00		$20,000.00
9233	9333			BOP TESTING	$28,000.00	$10,000.00		$38,000.00
9234	9334			CO2/NITROGEN				$0.00
9235	9335			FISHING TOOLS & SERVICES				$0.00
9236	9336			INSPECTIONS	$20,000.00			$20,000.00
9237				WIRELINE SERVICES				$0.00
9238	9338			ENGINEERING & GEOLOGY - FIELD				$0.00
9239	9339			ENGINEERING & GEOLOGY - OFFICE				$0.00
9240				MULTISHOT & GYRO				$0.00
9241				RE-ENTRY SERVICES				$0.00
9242	9342			CAMPS & TRAILERS	$30,000.00	$40,000.00		$70,000.00
9243	9343			SAFETY EQUIPMENT & H2S	$10,000.00	$5,000.00		$15,000.00
9244				CONTINGENCY				$0.00
9245	9345			INSURANCE		$2,000.00		$2,000.00
9246	9346			MISCELLANEOUS	$120,000.00			$120,000.00
9247	9347			OUTSIDE OPERATED				$0.00
9248	9348			SAND		$400,000.00		$400,000.00
9249	9349			SAND LOGISTICS		$400,000.00		$400,000.00
9250	9350			VACUUM TRUCK				$0.00
9251	9351			WATER - BRINE				$0.00
	9360			FACILITY TRUCKING				$0.00
				FACILITY VACUUM TRUCK				$0.00
	9361			FACILITY CONSULTING SER./SUPERVISION			$100,000.00	$100,000.00
	9424			FACILITY CONTRACT LABOR / SER.			$100,000.00	$100,000.00
	9356			FACILITY SURFACE RENTAL				$0.00
				SIM-OPS				$0.00
				TOTAL WELL INTANGIBLE COSTS	**$2,464,875.00**	**$4,367,000.00**	**$200,000.00**	**$7,031,875.00**
				WELL TANGIBLE COSTS				
		9401		CASING - CONDUCTOR	$40,000.00			$40,000.00
		9402		CASING - SURFACE	$76,453.00			$76,453.00
		9403		CASING - SALT STRING	$0.00			$0.00
		9404		CASING - INTERMEDIATE	$300,000.00			$300,000.00
		9405		CASING - PRODUCTION / LINER	$650,000.00			$650,000.00
			9406	SUBSURFACE EQUIPMENT				$0.00
			9407	PRODUCTION TUBING		$150,000.00		$150,000.00
			9408	SUBSURFACE PUMPING EQUIPMENT				$0.00
			9409	WELLHEAD EQUIPMENT	$100,000.00			$100,000.00
			9410	FLOWLINES			$150,000.00	$150,000.00
			9411	SURFACE PUMPING EQUIPMENT				$0.00
			9412	LINER HANGER & ASSOC EQUIP				$0.00
			9413	VALVES & FITTINGS			$200,000.00	$200,000.00
			9414	INSTURMENTATION & ELECTRICAL			$200,000.00	$200,000.00
			9415	RODS				$0.00
			9416	TRUCKING				$0.00
			9417	RE-ENTRY EQUIPMENT				$0.00
			9418	PRODUCTION EQUIPMENT			$400,000.00	$400,000.00
			9419	MISCELLANEOUS				$0.00
			9420	OUTSIDE OPERATED				$0.00
			9421	TANGIBLE EQUIP-ACQUISITIONS				$0.00
				TOTAL TANGIBLE COSTS	**$1,166,453.00**	**$150,000.00**	**$950,000.00**	**$2,266,453.00**
					DRILLING	**COMPLETIONS**	**FACILITIES**	**TOTAL**
				TOTAL ESTIMATED WELL COST	**$3,631,328.00**	**$4,517,000.00**	**$1,150,000.00**	**$9,298,328.00**

PREPARED BY: Alex Bourland & Aaron Cattley DATE: 9/17/2024

OPERATOR APPROVAL: _____ DATE: _____

OPERATOR APPROVAL: _____ DATE: _____

PARTNER COMPANY NAME: Chevron USA DATE: 08/26/2025

PARTNER APPROVAL: Andrew M. Armpriester

TITLE: General Manager, North America Non-Operated Joint Venture and Royalty

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

From: Sabrsula, Scott
To: Ruth Pelzel
Subject: RE: Bond Inquiry
Date: Thursday, October 30, 2025 12:22:43 PM
Attachments: image001.png
image002.png
image003.png

Thank you!

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Thursday, October 30, 2025 1:20 PM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Subject: [**EXTERNAL**] Re: Bond Inquiry

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

I do!! Here's the latest information I have!

Phase 1

	Spud	Completions	Production
BOND 33-34 FED COM 201H	1/2026	5/2026	7/2026
BOND 33-34 FED COM #205H	1/2026	5/2026	7/2026
BOND 33-34 FED COM #301H	2/2026	5/2026	7/2026
BOND 33-34 FED COM #207H	3/2026	6/2026	7/2026
BOND 33-34 FED COM #211H	4/2026	6/2026	7/2026

thanks!

Ruth Pelzel
Sr Landman
223 West Wall Street, Suite 900

223 West Wall Street, Suite 900

Midland, TX 79701

Email: Ruth@pbex.com
Cell: 432-894-4625

Office: 432-204-2711

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From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Wednesday, August 27, 2025 12:18 PM
To: Ruth Pelzel <ruth@pbex.com>
Subject: RE: Bond Inquiry

I think hard copies may go out via Fedex.

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Wednesday, August 20, 2025 12:06 PM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>; Willis, Kyle <Kyle.Willis@chevron.com>
Subject: [**EXTERNAL**] Re: Bond Inquiry

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Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

I'm on it! Just reached out to our technical team to figure out where the discrepancy lies here! I'll get back to you all asap!

Ruth Pelzel

Sr Landman

223 West Wall Street, Suite 900

Midland, TX 79701

Email: Ruth@pbex.com
Cell: 432-894-4625

Office: 432-204-2711

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From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Wednesday, August 20, 2025 11:16 AM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>; Willis, Kyle <Kyle.Willis@chevron.com>
Subject: RE: Bond Inquiry

Ruth,

Would y'all be able to confirm the TVDs for all the proposed Bond wells? The TVDs in the AFEs don't all align with the provided gunbarrel, so we wanted to confirm which is correct.

Thank you,

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Monday, August 18, 2025 7:56 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: [**EXTERNAL**] Re: Bond Inquiry

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

Please see below. Still working on a few of these and will get them over to you asap.

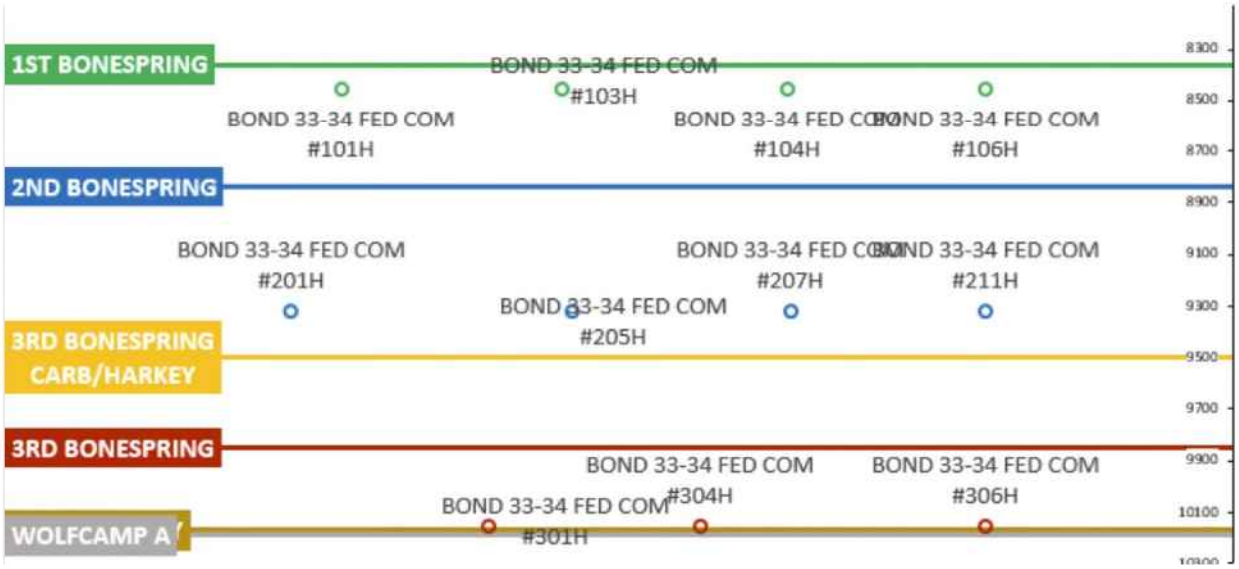
Estimated spud, completions, and production timing
Bond North-
Spud: 1/2026
Complete: 6/2026
POP: 8/2026

Bond South
Spud: 3/2026
Complete: 7/2026
POP: 8/2026

SHL and BTL for each proposed well in the AFE package

Well Name	GL Elevation	Pad	AB	SHL	BHL
BOND 32-34 FED COM #201H	3,696	N	1	1726 FNL & 2465 FWL	**330 FNL & 10 FEL**
BOND 32-34 FED COM #205H	3,696	N	2	1726 FNL & 2445 FWL	2200 FNL & 10 FEL
BOND 32-34 FED COM #101H	3,696	N	3	1726 FNL & 2425 FWL	**660 FNL & 10 FEL**
BOND 32-34 FED COM #301H	3,696	N	4	1726 FNL & 2405 FWL	**1640 FNL & 10 FEL**
BOND 32-34 FED COM #103H	3,696	N	5	1726 FNL & 2385 FWL	**2130 FNL & 10 FEL**
BOND 32-34 FED COM #207H	3,684	S	1	2000 FSL & 1165 FEL	**1630 FSL & 10 FEL**
BOND 32-34 FED COM #211H	3,684	S	2	1980 FSL & 1165 FEL	330 FSL & 10 FEL
BOND 32-34 FED COM #304H	3,684	S	3	1700 FSL & 1165 FEL	**2230 FSL & 10 FEL**
BOND 32-34 FED COM #104H	3,684	S	4	1680 FSL & 1165 FEL	**1650 FSL & 10 FEL**
BOND 33-34 FED COM #106H	3,684	S	11	1660 FSL & 1165 FEL	**330 FSL & 10 FEL**

Gunbarrel of the proposed AFE package



Ruth Pelzel

Sr Landman

223 West Wall Street, Suite 900

Midland, TX 79701

Email: Ruth@pbex.com
Cell: 432-894-4625

Office: 432-204-2711

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From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Tuesday, August 12, 2025 7:09 AM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: Bond Inquiry

Ruth,

I received the subject well package. To assist with our timely evaluation could you please provide the following information?:

Estimated spud, completions, and production timing

Current estimate of Chevron's WI and NRI

SHL and BTL for each proposed well in the AFE package

Gunbarrel of the proposed AFE package

Type log used (just an API would suffice) for your targets and correlations

PDF of proposed JOA

Any information you can provide would be greatly appreciated.

Thank you,

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.

1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Sabrsula, Scott
To: Ruth Pelzel
Cc: Sharry, Merielem
Subject: RE: Bond Inquiry
Date: Thursday, August 14, 2025 12:15:18 PM

Thank you. We just want to run our evaluation on the best information at hand so we can make a timely election. I appreciate your help!

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Thursday, August 14, 2025 11:47 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: [**EXTERNAL**] Re: Bond Inquiry

Hey Scott,
Making my way through the emails after being out of the office! We are still waiting on the official DOTO on these wells. The S2 Bond numbers look to be the same currently, however, N2 looks a little different that what we initially pooled (numbers below are lower, I suspect the updated title came in after we went to pooling which accounts for a smaller numer). Let me take a deeper dive to figure out where the discrepancy is here. Our attorney said they'd have the DOTO in by 8/25 but i've been around long enough to know better than to believe that whole heartedly. I'll try and get something to you quickly in the meantime!

From: Sabrsula, Scott <ScottSabrsula@chevron.com>
Sent: Thursday, August 14, 2025 9:35 AM
To: Ruth Pelzel <ruth@pbex.com>
Cc: Comiskey, Cody <cody.comiskey@chevron.com>; Sharry, Merielem <merielemsharry@chevron.com>
Subject: RE: Bond Inquiry

Ruth,

I wanted to check in on the below inquiry, including estimated NRI. Regarding estimated WI,

From: Sabrsula, Scott
To: Ruth Pelzel
Subject: RE: Bond Inquiry
Date: Monday, August 25, 2025 7:49:40 AM
Attachments: image001.png
image002.png
image003.png
image004.png

Thank you, Ruth!

Scott Sabrsula
Land Representative
S&TB Land
Chevron North America Exploration and Production Company
a Division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Cell: (281) 520-1114
scottsabrsula@chevron.com

From: Ruth Pelzel <ruth@pbex.com>
Sent: Monday, August 25, 2025 8:48 AM
To: Sabrsula, Scott <ScottSabrsula@chevron.com>
Subject: [**EXTERNAL**] Fw: Bond Inquiry

Be aware this external email contains an attachment and/or link.
Ensure the email and contents are expected. If there are concerns, please submit suspicious messages to the Cyber Intelligence Center using the Report Phishing button.

Hey Scott,

The below depths/gun barrel have been confirmed with the technical team.

Thanks,

Ruth Pelzel
Sr Landman
223 West Wall Street, Suite 900
Midland, TX 79701
Email: Ruth@pbex.com
Cell: 432-894-4625
Office: 432-204-2711

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From: Christian Bradshaw <Christian@pbex.com>
Sent: Friday, August 22, 2025 11:02 AM
To: Brianna Aylesworth <bri@pbex.com>; Ruth Pelzel <ruth@pbex.com>
Cc: Brittany Hull <bhull@pbex.com>
Subject: Re: Bond Inquiry

TVD of targets and GB is correct!

Christian Bradshaw
Senior Geologist
223 West Wall Street, Suite 603

Midland, TX 79701
Christian@pbex.com
Cell: 832-298-6234

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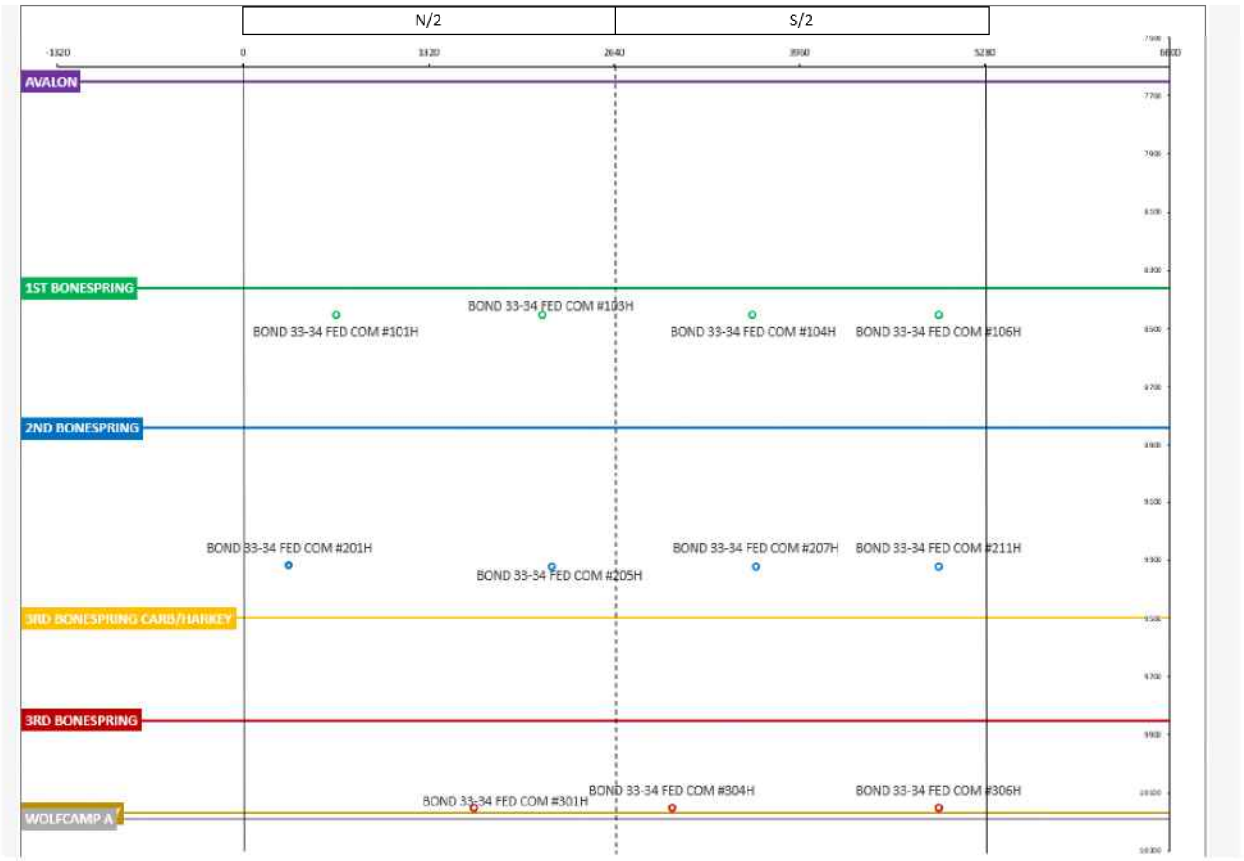
From: Brianna Aylesworth <bri@pbex.com>
Sent: Wednesday, August 20, 2025 11:34 AM
To: Ruth Pelzel <ruth@pbex.com>; Christian Bradshaw <Christian@pbex.com>
Cc: Brittany Hull <bhull@pbex.com>
Subject: Re: Bond Inquiry

Hi Christian,

Can you confirm the Bond LPs for me please?



TOPS	TVD
AVALON	7650
1ST BONESPRING	8360
2ND BONESPRING	8840
3RD BONESPRING CARB/HARKEY	9500
3RD BONESPRING	9850
WOLFCAMP XY	10170
WOLFCAMP A	10190
WOLFCAMP B	10580
WOLFCAMP C	10740
WOLFCAMP D	11230

Targets	TVD
Avalon	7820
BS1A	8450
BS2A	0
BS2C	9320
BS3 Carb(Harkey)	0
BS3	10150
WCXY	0
WCA	0
WCB	0
WCC	0
WCD	0

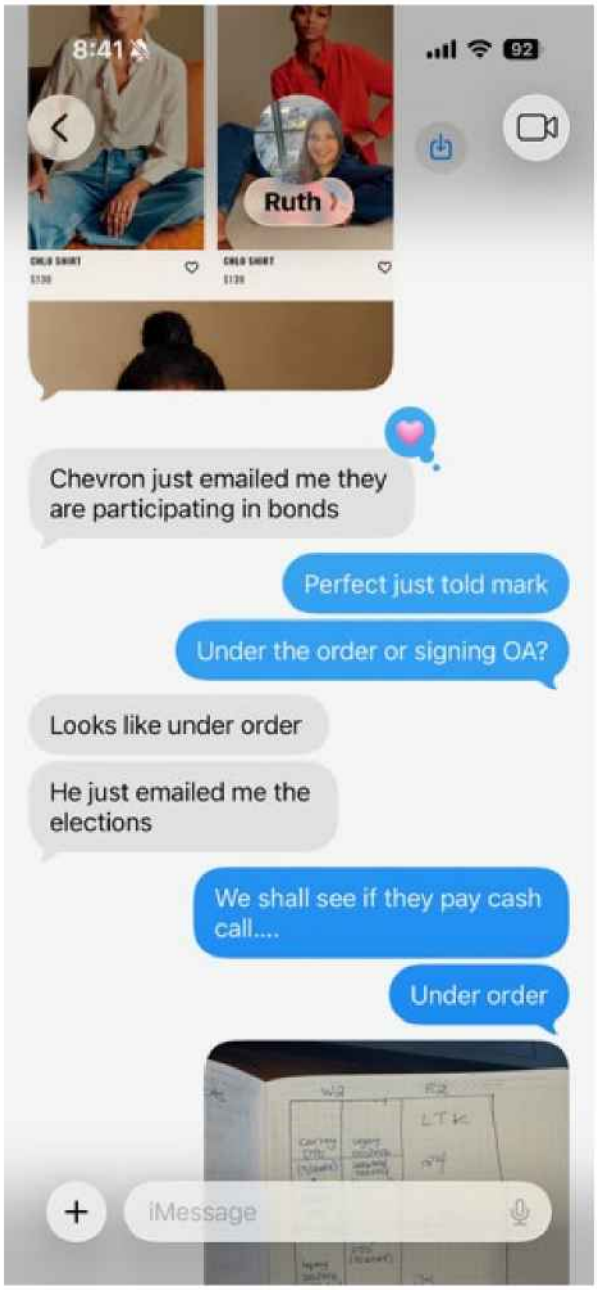
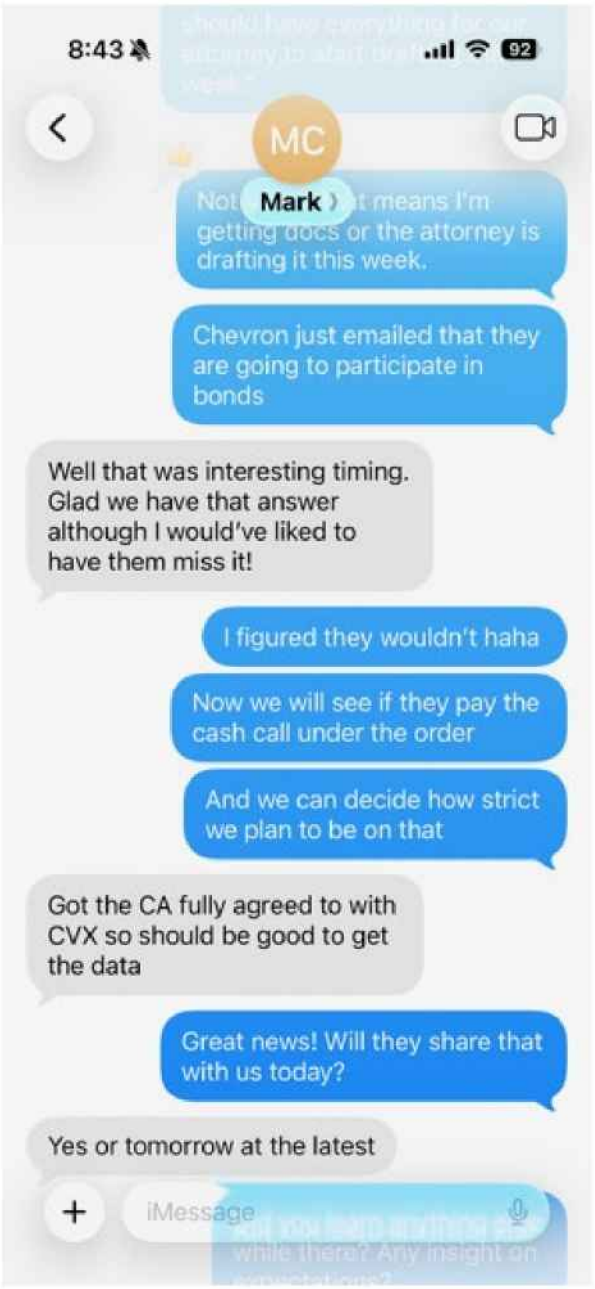


Exhibit A-18

PBEX-EGL-003037


8:43
92
MC
Mark
getting docs or the attorney is drafting it this week.
Chevron just emailed that they are going to participate in bonds
Well that was interesting timing. Glad we have that answer although I would've liked to have them miss it!
I figured they wouldn't haha
Now we will see if they pay the cash call under the order
And we can decide how strict we plan to be on that
Got the CA fully agreed to with CVX so should be good to get the data
Great news! Will they share that with us today?
Yes or tomorrow at the latest
iMessage

Have a great weekend!

Thanks,

Clay

From: Clay Wooten <clay.wooten@matadorresources.com>
Sent: Thursday, September 18, 2025 5:01 PM
To: Ruth Pelzel <ruth@pbex.com>; aroush@pbex.com <aroush@pbex.com>
Cc: Isaac Evans <isaac.evans@matadorresources.com>
Subject: Bond Phase 2

Ruth and Ashley,

Thank you for hopping on a call with us earlier. Could you please confirm the Phase 2 wells below in the proposals dated August 18, 2025 (received by MRC 8/25/25) are rescinded and an election is not necessary for MRC Permian Company or MRC Delaware Resources, LLC?

Phase 2 wells:
Bond 32-34 Fed Com 101H
Bond 32-34 Fed Com 103H
Bond 33-34 Fed Com 104H
Bond 33-34 Fed Com 106H
Bond 33-34 Fed Com 304H
Bond 33-34 Fed Com 306H

Thanks,

Clay Wooten

Area Land Manager

Matador Resources Company

5400 LBJ Freeway, Suite 1500

Dallas, TX 75240

(972) 587-4624 (office)

(817) 897-1918 (cell)

clay.wooten@matadorresources.com

Exhibit A-19

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