

CASE NO. 23426

**APPLICATION OF BTA OIL PRODUCERS, LLC TO RESCIND APPROVAL
OF FOUR APPLICATIONS FOR PERMIT TO DRILL ISSUED TO TEXAS STANDARD
OPERATING NM LLC, LEA COUNTY, NEW MEXICO**

EXHIBIT LIST OF TEXAS STANDARD OPERATING, LLC (In Seven Parts)

1. Landman's Affidavit and Attachments A through D
2. Engineer's Affidavit with Attachments A-1 and A-2
 - 2(a). Attachments A-3 and A-4 to Exhibit 2
 - 2(b). Attachments B-1 and B-2 to Exhibit 2
 - 2(c). Attachments B-3 and B-4 to Exhibit 2
 - 2(d). Attachments C-1 through C-3 to Exhibit 2
 - 2(e). Attachments D-1 through D-3 and Attachment E to Exhibit 2

TESTIMONY OF MATT ROBERSON

1. Please state your name and city of residence.

Matt Roberson. Midland, Texas.

2. Who do you work for, and in what capacity?

I work as a Landman for Texas Standard Operating NM, LLC (“Texas Standard”).

3. Have you previously testified before the Division?

Yes, and I was qualified as an expert petroleum landman.

4. Does your area of responsibility at Texas Standard include this area of Southeast New Mexico?

Yes.

5. Are you familiar with the land matters pertaining to BTA’s application to rescind four of Texas Standard’s APDs?

Yes.

6. Please describe Texas Standard’s position in this case.

Texas Standard is the operator under a pooling order covering the Upper Penn Shale formation underlying a horizontal spacing unit comprised of the SW/4 of Section 9 and the W/2 of Section 16, Township 17 South, Range 36 East, NMPM. Four wells are planned by Texas Standard, the 9-16 State Well Nos. 1H, 2H, 3H, and 4H. The hearing on the pooling was on September 15, 2022, and the Order No. R-22435 was issued thereafter.

7. Let’s start with one item of BTA’s claims: BTA states in paragraph 1 of the application (marked as Attachment A) that there is apparently an unleased state tract in your well unit. Is that correct?

There is a state lease in the SW/4 of Section 9 on which the Land Office started termination proceedings. However, Texas Standard believes the lease is still valid and is in discussions with the Land Office on maintaining it in effect. But the status of that lease has no effect on the surface locations we need for our wells.

8. Where are Texas Standard’s wells’ surface locations?

EXHIBIT /

The wells have surface locations in the N/2NW/4 of Section 21, and the wells will be drilled northward into Sections 9 and 16. The first take points will be in the S/2SW/4 of Section 16 and last take points in the N/2SW/4 of Section 9.

8. Why did you put them there?

Our next witness can discuss this also, but in my opinion it is for ease of operations, as well as maximizing the lateral lengths of our wells.

9. What will happen of BTA's application is granted?

As I said, it would result in shorter laterals and lead to lower recovery, which will adversely affect the correlative rights of the interest owners.

10. What is the status of land ownership in the N/2N/4 of Section 20?

The minerals are state owned, and are now within BTA's Vindicator exploratory unit. However, the surface is owned in fee by the Angell family. It is not subject to the unit agreement except as BTA may seek a surface use agreement with the Angell ranch for its wells.

11. When you started pooling proceedings, was NW/4 of Section 21 in the Vindicator unit?

No, and we originally intended to include that acreage in our well unit. But BTA objected to that, even though the land was not unitized at that time. We decided to drop that land from the pooling application to accommodate BTA.

Likewise, Texas Standard would appreciate BTA accommodating us in the drilling of our wells. When there are co-users of an estate in real property, there is a "reasonable accommodation" doctrine by which both parties must abide.

12. Does Texas Standard have permission to use the surface in the N/2NW/4 of Section 21?

Yes. Our surface use agreement is marked as Attachment B, and under that agreement we have negotiated with the surface owners to gain their approval of the locations.

Texas Standard's wells will not produce hydrocarbons from Section 21

13. Were there any factors which were taken into account on your choice of locations?

Yes. There are vertical wellbores in the N/2NW/4 of Section 21 which we took into account in selecting our locations.

14. What is Attachment C?

Attachment C is a plat, created by our surveyor, showing the Texas Standard wells and the proposed BTA wells; it is a simple way of showing that the wells will not interfere with each other.

15. Are BTA's wells in the W/2 of Section 21 being drilled north to south?

BTA's APD's on the 317H and 318H wells show they are north to south wells, but the 300H and 301H wells are **south to north**.

16. Finally, what is Attachment D?

This is the Land Office's approval of BTA's plan of development. There are handwritten notations on it; they were not put the by us – that is the copy we got from the Land Office. I would note that the development plan is dated well after our pooling case was heard and the order issued.

17. In its drilling plans, did Texas Standard take into account Attachment D as well as all other well information such as APDS and drilling plans?

Yes, and out next witness can discuss this further.

18. Were Attachments A through D prepared by you or under your supervision, or compiled from company business records?

Yes.

19. In your opinion is the denial of BTA's application in the interests of conservation, the prevention of waste, and the protection of correlative rights?

Yes.

I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 19 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 5/11/23


Matt Roberson

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

**APPLICATION OF BTA OIL PRODUCERS, LLC TO
RESCIND APPROVAL OF FOUR APPLICATIONS FOR
PERMITS TO DRILL ISSUED TO TEXAS STANDARD
OPERATING NM LLC, LEA COUNTY, NEW MEXICO. CASE NO. _____**

APPLICATION

BTA Oil Producers, LLC (“BTA”) (OGRID No. 260297) seeks an order rescinding approval of four Applications for Permits to Drill (“APDs”) submitted by Texas Standard Operating NM, LLC (“TSO”) for the State 9-16 1H, 2H, 3H, and 4H Wells.

1. BTA seeks an order rescinding approval of APDs that were recently submitted for the TSO State 9-16 No. 1H (API #30-025-51106), State 9-16 State No. 2H (API #30-025-51128), State 9-16 No. 3H (API #30-025-51129), and State 9-16 No. 4H (API #30-025-51130) wells (“TSO Wells”). The TSO Wells are located in the W/2 of Section 16 and the SW/4 of Section 9, Township 17 South, Range 36 East and traverse the N/2 NW/4 of Section 21, Township 17 South, Range 36 East, which is included within BTA’s Vindicator Canyon State Exploratory Unit (“Unit”). TSO’s proposed well locations interfere with BTA’s ability to develop the Unit and thereby violate BTA’s correlative rights and result in waste. In addition, there does not appear to be a valid state lease for part of the acreage included in TSO’s spacing units.

2. The Division has “jurisdiction, authority, and control over all persons, matters, or things necessary or proper to enforce effectively the provisions of [the Oil and Gas Act] . . .” NMSA 1978, § 70-2-6. The Oil and Gas Act delegates to the Division authority to issue orders that “require wells to be drilled, operated and produced in such manner as to prevent injury to

ATTACHMENT **A**

neighboring leases or properties,” NMSA 1978, § 70-2-12(B)(7), as well as to prevent waste and protect correlative rights, NMSA 1978, § 70-2-11.

3. On January 26, 2021, the New Mexico Oil Conservation Division (“Division”) issued Order No. R-21572, approving the Unit, consisting of 6,000 acres of State land located in Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico. The unitized interval is the Canyon formation, at the stratigraphic equivalent of the interval between 11,678 feet and 12,202 feet as found on the sonic log for the Deep Sparkling Muddler 15 State #1 well (API No. 30-025-22194) in Section 15, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Manzano LLC (“Manzano”) was designated as operator of the Unit.

4. On April 29, 2021, the Division entered Order R-21572-A, approving the addition of 960-acres of State lands to the Unit. The expanded unit encompasses the following 6,960 acres, more or less, of State lands in Lea County:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.

- Section 14: SW/4
- Section 15: All
- Section 20: All
- Section 22: All
- Section 23: S/2, NW/4
- Section 26: All
- Section 27: All
- Section 28: All
- Section 29: All
- Section 30: E/2
- Section 31: E/2, NE/4
- Section 32: N/2, SW/4
- Section 33: NE/4
- Section 34: E/2 E/2
- Section 35: All

5. In Case No. 22668, Manzano filed an application with the Division to amend Order No. R-21572-A to remove the E/2 of Section 30 and the E/2 NE/4 of Section 31 from the Unit and

add all of Section 21 to the Unit. The proposed amendment would modify and expand the geographic area of the Vindicator Canyon State Exploratory Unit, for a net expansion of 240-acres.

6. BTA assumed operatorship of the Unit effective October 13, 2022.

7. The New Mexico State Land Office (“NMSLO”) granted final approval of the Unit expansion on January 24, 2023, and BTA submitted its annual proposed Plan of Development to the NMSLO on February 20, 2023. BTA’s Plan of Development is an estimated plan for development that year and seeks to efficiently develop the Unit for the benefit of the interest owners and the State.

8. BTA intends to complete numerous wells within the Unit, including the Vindicator Canyon State Unit 317H and 318H (“BTA Wells”), which will have surface hole locations in the N/2 NW/4 of Section 21 and will be drilled from North to South to produce from the Pennsylvanian Shale formation.

9. The TSO Wells have surface locations in the N/2 NW/4 of Section 21, and the laterals will be drilled through the Unit and the unitized formation to reach the Pennsylvanian Shale formation within the W/2 of Section 16 and SW/4 of Section 9. The surface locations for the TSO wells are situated approximately 880 feet from the surface location for the BTA Wells.

10. Although the TSO Wells will not produce from the N/2 NW/4 of Section 21, the location of the TSO laterals will interfere with the BTA Wells and with BTA’s ability to develop the Unit. In this regard, TSO’s proposed well locations violate BTA’s correlative rights and will result in waste.

11. In addition, the NMSLO website shows that no lease currently exists for the SW/4 of Section 9, Township 17 South, Range 36 East, which is included within TSO’s proposed spacing units. As a result, TSO does not have the right to drill its wells as they have been permitted.

For the foregoing reasons, BTA requests that the Division set this matter for hearing on the next available docket and issue an order rescinding approval of the APDs for the TSO Wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy _____

Dana S. Hardy

Jaclyn M. McLean

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WHEREAS, subject to the Surface Owners Protection Act, Sections 70-12-1 to 70-12-10 NMSA 1978, and subject to other applicable statutes, rules, regulations, laws, and the terms and provisions of this Agreement set forth below, the Parties hereby acknowledge Operator has the right to enter upon and to use only so much of certain of the Owner Lands as is reasonably necessary for the purpose of exploring for, capturing, producing, and selling oil and gas and substances produced therewith underlying the Owner Lands; and

WHEREAS, the purpose of this Agreement is to set forth the compensation to be paid by Operator to Owner in connection with the use of and/or damages to the Owner Lands and to set forth the manner in which Operator conducts its operations and activities pursuant to the TXS Leasehold upon Owner Lands;

NOW, THEREFORE, for and in consideration of the sum often and no/100 dollars (\$10.00) and other good and valuable consideration, including the mutual covenants, terms, provisions, conditions, and promises herein contained and to be kept and performed by the Parties hereto, the receipt and sufficiency of which are hereby acknowledged, the Parties, in accordance with all of the above, agree as follows:

1. Drilling Sites. Operator shall have the right to construct, install, maintain, and operate one (1) or more drilling sites on the Owner Lands (each a "Drilling Site"), not to exceed a pad size of 180,625 square feet and locate thereon all necessary facilities and equipment associated with its activities and operations thereon. Operator shall pay Owner a one-time payment of the sum of twenty cents (\$0.20) per square foot for each Drilling Site Operator constructs upon the Owner Lands. Each such payment shall cover surface damages for the use of each Drill Site, tank battery, associated equipment, and facilities located thereon. In the event Operator elects to drill more than one well on any Drilling Site, Operator shall pay Owner a one-time payment of the sum of eight thousand dollars (\$8,000.00) for each such additional well. Any use, injury or damage occurring to surface, subsurface and/or groundwater, lands adjacent to the drilling location, otherlands and/or improvements owned by Owner or injury or damage occurring to any livestock, as a result of Operator's activities, is not hereby released.

2. Central Tank Battery Sites. Operator shall have the right to construct, install, maintain, and operate one (1) or more central tank battery sites on Owner Lands (each a "Central Tank Battery Site") not to exceed a pad size of 174,240 square feet and all necessary facilities and equipment associated therewith. Operator shall have the right to use each Central Tank Battery Site to receive, separate, handle, store, pump, compress, and market oil, gas, and substances produced therewith from wells located upon the TXS Leasehold without regard to whether such wells are on one or more separate and distinct oil, gas, and mineral leases and/or mineral

estates. Operator shall pay Owner a one-time payment of the sum of twenty cents (\$0.20) per square foot for each Central Tank Battery Site that Operator constructs upon the Owner Lands. Each such payment shall cover surface damages and use of each Central Tank Battery Site and associated equipment and facilities located thereon. Any use, injury or damage occurring to surface, subsurface and/or groundwater, lands adjacent to the Central Tank Battery, other lands and/or improvements owned by Owner or injury or damage occurring to any livestock, as a result of Operator's activities, is not hereby released.

3. Electric Lines. Operator shall have the right to construct, install, maintain, and operate electricity lines on, over, and across Owner Lands. Operator shall pay to Owner a one-time payment of the sum of twenty dollars (\$20.00) per rod for overhead electric lines installed upon the Owner Lands by Operator. Each such payment shall cover surface damages and use of the site on which such electric lines are located.

4. Pipelines and Flowlines. Operator shall have the right to construct, install, maintain, and operate pipelines and flowlines for the transportation of oil, gas and other hydrocarbons on, over, and across the Owner Lands. All such pipelines shall be buried a minimum of three (3) feet beneath the surface.

A. Pipelines and Flowlines for the Transport of Oil, Gas and Other Hydrocarbons: Operator shall pay to Owner the one-time cash sum of ten dollars (\$10.00) per inch of the O.D. of the pipeline or flowline per rod for buried pipelines or buried flowlines. Pipelines and flowlines off of the Well location shall require the execution of a separate Right-of-Way between the Parties on the form attached hereto and marked as Exhibit "A".

B. Pipelines for the Transport of Produced Water and Reclaim Water: The installation of pipelines for the transport of produced water and reclaim water shall be by separate agreement of the Parties on the form attached hereto and marked as Exhibit "B". Operator shall pay Owner \$.05 per barrel for Produced Water and Reclaim Water transported through said pipelines.

C. Pipelines for the Disposal of Produced Water: The installation of pipelines and flowlines for the disposal of produced water shall be by separate agreements of the Parties on the form attached hereto and marked as Exhibit "B". Operator shall pay Owner \$.05 per barrel for Produced Water transported through said pipelines and flowlines.

5. Roads. Operator shall have the rights of ingress and egress on, over, and across the Owner Lands. Operator shall have the right to (i) use existing roads on, over, and across Owner Lands, and (ii) construct, install, maintain, and operate new roads on, over, and across Owner Lands. Operator shall pay to Owner ten cents (\$.10) per square foot for the use of existing roads and twenty cents (\$.20)

per square foot for newly constructed roads built by Operator ("New Roads"). New roads to be built by Operator shall be located as agreed upon by and between Owner and Operator but Owner may not reasonably withhold permission to build a New Road and shall be reasonable in its location. New Roads shall contain speed bumps every 1,000 feet which shall be constructed and maintained by Operator. Operator will maintain New Roads and Operator will place speed limit signs on such roads in a continuing effort to maintain and to enforce a speed limit on Owner's Lands for the vehicles of Operator and its invitees not to exceed twenty-five (25) miles per hour. For so long as any New Road is used by Operator, it shall maintain such road in compliance with NMAC 19.2.20 and shall not permit or cause Operator or its contractor's production vehicles (or any other vehicles under the direction and control of Operator) to enlarge the margin of such road. The Parties agree that in the event third parties are permitted use of any New Roads constructed hereunder, Operator shall only be obligated to bear its proportionate share of such maintenance costs; and Owner further agrees to require any third party using existing roads to enter into an Agreement that is substantially the same to the terms of this Agreement with respect to use of the New Roads.

Operator shall pay to Owner an initial road use fee in the amount of \$15,000.00 per well (whether the well be located on Owner's Lands or on other lands) for a five (5) year initial term, for roads used by Operator located on Owner's Lands. Operator shall pay to Owner, a monthly road use fee in the amount of \$60.00 per well (whether the well be located on Owner's Lands or on other lands), beginning the first month after the fifth (5) year initial term and for each month thereafter until the well is plugged and abandoned and released by NMOCD, for roads used by Operator located on Owner Lands. When Operator no longer uses New Roads to access its wells, Operator shall, within six (6) months thereof, remove any such road and restore the surface to its condition prior to Operator activities, if requested to do so by the Owner & road use fee for said road/well will cease.

6. Frac Pits. Operator shall have the right to construct, install, maintain, and operate one (1) or more frac pits upon Owner Lands (each a "Frac Pit Site") not to exceed a size of 122,500 square feet and place thereon all necessary facilities, equipment, and fresh water transfer lines associated therewith. Operator shall pay Owner the sum of twenty cents (\$0.2) per square foot for each Frac Pit Site it constructs, installs, maintains, and operates upon Owner Lands. In the event any Frac Pit Site covers more than 122,500 square feet, Operator shall pay to Owner \$0.20 per square foot for each square foot in excess of 122,500 square feet. Each such payment shall cover surface damages and use of such Frac Pit Site and associated facilities, equipment, and fresh water transfer lines located thereon. Operator may use an existing frac pit located in Section 23, Township 17S, Range 36E. Operator shall pay to Owner a one-time fee of ten thousand dollars (\$10,000.00) for use of the existing frac pit. Upon cessation of use of any Frac Pit Site constructed by Operator, Operator shall, at Owner's request, assign to Owner all of Operator's right, title, and interest in and to the Frac Pit Site to Owner for the cash sum of \$100.00, and Owner shall then assume all liability and reclamation responsibilities for said Frac Pit Site. Owner and Operator hereby agree that the damage payment specified in this paragraph #6 shall sufficiently cover the installation and use of any fresh water transfer lines upon the Owner Lands if all of the fresh water is purchased from Owner.

Operator shall remove such its fresh water flow lines within 30 days after the use has ceased.

7. Use of Fee Lands In Excess of Authorized Size: The surface damage and release payments set out in Paragraphs 1-6 hereof do not apply to, and do not release Operator from, any damages, surface disruptions, or subsurface disruptions caused by Operator's activities on Owner Lands that are not included in one of the areas described in Paragraphs 1-6. If Operator's operations or activities on Owner Lands should cause disturbance of the surface area surroundings off of the agreed upon size for Drilling Sites, Central Tank Battery Sites, existing roads, right of ways for new roads, pipelines, powerlines, or Frac Pit Sites, as well as other authorized areas, Operator agrees to pay Owner twenty cents (\$0.20) per square foot for the disturbed area in excess of authorized use area.

Any injury or damage occurring to the subsurface and/or groundwater on or under the Owner Lands, lands adjacent to any Drilling Site or Central Tank Battery Site, or other lands and/or improvements owned by the Owner, or injury or damage occurring to any livestock as a result of Operator's activities, is not hereby released.

8. Fencing. Operator shall construct cattle guards with wings at the location of any fence that is cut by Operator on the Owner Lands. Installation of cattle guards shall be at the sole cost and expense of Operator. Cattle guards shall not be less than 16 feet wide by 8 feet across and shall be set on concrete sills not less than 24 inches high by 16 inches wide set on top of the ground. Fence braces shall be installed on each side of the cattle guards at a sufficient distance to allow Operator's equipment to pass between them. Fence braces shall be a three-post H brace constructed of pipe of no less than four inches (4") outer diameter. Posts must be a minimum of ten feet (10') apart, set in concrete at a minimum depth of three feet (3') with a minimum of four feet (4') above ground and with a cross brace a minimum of three feet (3') above ground. Prior to cutting the fence, it shall be tied to the H brace in such a manner so as to prevent loss of tension in the fence. Operator shall be responsible for routine maintenance of all cattle guards installed by Operator on the Owner Lands together with the wings and attached braces. At the request of Owner, Operator shall install a pipe gate across any cattle guard installed by Operator on the Owner Lands. Such gate shall be kept closed by Operator when Operator is conducting drilling and/or completion operations upon the Owner Lands and shall be kept closed and locked by Operator at all other times. Keys or combinations will be distributed only to those employees and agents of Operator who require access to conduct Operator's operations on the Owner Lands and to the Owner. If requested by Owner, Operator shall fence off Drilling Sites so as to prevent any livestock from coming on the Drilling Site location at any time. If livestock enter upon the Drilling Site location and become "oiled" or otherwise injured due to Operator's negligence in fencing off the Drilling Site location, Operator shall be liable to Owner for such damages.

9. Water. For so long as fresh water is available from Owner in sufficient quantity and quality to support Operator's operations as contemplated by this Agreement, Operator shall purchase freshwater from Owner at the rate of one dollar and fifty cents (\$1.50) per barrel for said fresh water produced from Owner's water wells, and delivered by Owner to Operator's Frac Pit Sites.

For the purposes of this Agreement, a barrel shall be the equivalent of 42 U.S. gallons.

10. Caliche & Topsoil. For so long as caliche and/or topsoil is available in sufficient quality and quantity to support Operator's activities and operations on the Owner Lands as contemplated by this Agreement, Operator agrees to purchase caliche from Owner for \$6.00 per loose cubic yard and topsoil for \$10.00 per loose cubic yard. If caliche and/or top soil are not available in sufficient quality and quantity to support Operator's operations on the Owner Lands, then Operator may obtain similar caliche and/or topsoil from other outside lands with no payment due to Owner and Operator agrees to take all reasonable action necessary to prevent bringing noxious and/or toxic weeds and seeds into or upon the Owner Lands. Operator shall stockpile, adjacent to the location, the topsoil taken during the building of the Drilling Site location. If any well drilled on the Owner Lands by Operator is a producer, Operator shall redistribute the topsoil over the disturbed area which is no longer needed by Operator for a Drilling Site location and restore the surface as near as practical to its condition prior to drilling operations. If any well drilled on the Owner Lands by Operator is a dry hole, Operator shall pick up the caliche pad, redistribute the topsoil over the Drilling Site location, and restore the surface as near as possible to its condition prior to the drilling of said Well.
11. Closed Loop System. In connection with its drilling operations on Owner Lands, Operator shall use one or more tanks as a closed drilling system for drilling mud storage. Upon completion of its drilling operations, Operator shall pick up and remove any free-standing liquids from said tank(s) and haul same for proper disposal in an authorized disposal facility and shall likewise remove the tank(s) and contents thereof for such proper disposal. Operator shall remove from the Drilling Site any debris, chemical, drilling mud, oil, or contaminated soil left on the surface of the Drilling Site from its operations and haul it off for such proper disposal at an authorized disposal business and shall not bury any of same on the Owner's Lands.
12. Equipment Removal and Abandonment. Operator agrees to remove any drilling rig and its associated equipment from the Owner Lands within thirty (30) days of completion of any well drilled upon the Owner Lands by Operator. Upon cessation of production, if the well is non-commercial (except in the case of a shut in well for which shut in royalties are being paid, or in the case of force majeure), Operator shall within six (6) months, remove all equipment, all production lines, and all other items of equipment used directly or indirectly by Operator as it pertains to the well drilled, and restore the site as near as practical to its original condition. In the event of a dry hole or upon cessation of production and the abandonment of the well, Operator agrees that all caliche and all other material as may have been placed or otherwise deposited by it shall be removed by Operator (or returned to the original location on Owner's Land where such material was originally acquired) within one (1) year of abandonment thereof. Operator also agrees to remove and/or remediate any and all soil and water contamination resulting from the Operator's operations, including the reseeded the Drilling Site as provided for herein.
13. OPERATOR'S INDEMNITY. OPERATOR AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS OWNER, HIS HEIRS, LEGAL REPRESENTATIVES, EMPLOYEES, SUCCESSORS, AND ASSIGNS, AND EACH OF THEM, FROM AND

AGAINST ALL LIABILITY OR CLAIMS ARISING SOLELY OUT OF THIS AGREEMENT AND THE EXERCISE OF THE RIGHTS OF OPERATOR HEREUNDER FOR LOSS OF OR DAMAGE TO PROPERTY (TO WHOMEVER BELONGING) OR INJURY TO OR DEATH OF ANY PERSON (INCLUDING AN EMPLOYEE OF OPERATOR, OWNER, HIS HEIRS, LEGAL REPRESENTATIVES, EMPLOYEES, SUCCESSORS, AND/OR ASSIGNS) OR LOSS OR DAMAGE ARISING FROM ATTACHMENTS, LIENS, OR CLAIMS OF MATERIAL MAN OR LABORERS INCLUDING REASONABLE ATTORNEY'S FEES RELATING TO ANY OF THE FOREGOING.

14. INDEMNITY FOR PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCES. OPERATOR ASSUMES FULL RESPONSIBILITY FOR, AND AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND OWNER AND HIS HEIRS, LEGAL REPRESENTATIVES, EMPLOYEES, SUCCESSORS, AND ASSIGNS, AND EACH OF THEM, FROM AND AGAINST ALL LOSS, LIABILITY, CLAIMS, FINES, EXPENSES, COSTS (INCLUDING ATTORNEY'S FEES AND EXPENSES), AND CAUSES OF ACTION CAUSED BY OR ARISING OUT OF THE PRESENCE, DISPOSAL, RELEASE, OR THREATENED RELEASE OF ALL WASTE MATERIAL, HAZARDOUS SUBSTANCE, OR OTHER REGULATED SUBSTANCES UPON OR FROM THE OWNER LANDS INTO THE ATMOSPHERE OR INTO OR UPON ANY OTHER LAND OR ANY WATER COURSE OR BODY OF WATER INCLUDING GROUND WATER, WHICH ARE ATTRIBUTABLE TO OPERATOR'S OPERATIONS UPON THE OWNER LANDS OR ARE A RESULT OF THE ACTIONS OF OPERATOR'S OFFICERS, EMPLOYEES, OR AGENTS IN FURTHERANCE OF OPERATOR'S OPERATIONS UPON THE OWNER LANDS.

15. GOOD FAITH NEGOTIATIONS. The Parties agree, with respect to any other matters, damages, or uses which are not provided for herein, that they will diligently and in good faith negotiate same on an issue-by-issue basis.

16. GENERAL PROVISIONS. Unless Owner otherwise agrees in writing subsequent to this Agreement, Operator, with respect to all of its operations within the confines of the Owner Lands agrees, to:

A. Conduct its operations in a prudent manner and shall use no more of the surface of the Owner Lands than is reasonably necessary for carrying out its operations; and in the exercise of any of the rights granted herein shall exercise same at all times with due regard for the rights of Owner. Operator shall keep all of its production equipment located on the Owner Lands painted in Bureau of Land Management Shale Green.

B. Take reasonable steps to (i) prevent the contamination of any and all waters in surface tanks, storage tanks, water wells, and any and all surface and subsurface water bearing strata situated upon or under the Owner Lands; (ii) prevent contamination of the surface of the Owner Lands; and (iii) prevent soil erosion caused by Operator's operations.

Operator shall promptly take all corrective action which may be necessary or appropriate to mitigate such contamination and erosion upon the Owner Lands in a manner in accordance with industry standards and reasonably acceptable to Owner.

C. Permit no firearms on the Owner Lands and allow no hunting thereon by Operator or any of its invitees.

D. Permit no consumption of alcoholic beverages on the Owner Lands by Operator.

E. Permit no untended fires by Operator or its invitees on the Owner Lands.

F. Forthwith to close and lock all opened gates by Operator or its invitees, except during drilling activities being conducted upon the Owner Lands. During such drilling activities only, gates shall be closed by Operator or its invitees but may remain unlocked.

G. Except for application of fresh water for dust and dirt control, permit no dumping of trash, debris, litter, or liquids of any sort on the Owner Lands by Operator or its invitees. Maintain metal trash containers at all work sites and deposit all trash debris and litter introduced onto the Owner Lands by Operator or its invitees in such containers and regularly haul the contents thereof to a proper disposal. Keep those portions of the Owner Lands used by Operator and its invitees free from trash, debris, and litter.

H. Provide portable toilets at all Drilling Sites while drilling and completion operations are being conducted upon the Owner Lands and dig no latrines.

I. Only apply fresh water to the roads.

J. Reasonably cooperate with Owner and Owner's practices with regard to the conservation of the land, habitat improvement, and wildlife preservation.

K. If Operator proposes to develop one or more wells to be located upon Owner Lands for disposal of produced water, the parties shall enter into a mutually acceptable Salt Water Disposal Well Agreements for each such well.

17. NOTICE OF PROPOSED OPERATIONS. Operator shall give Owner two (2) calendar days' notice prior to commencement of surveying activities, drilling operations, or the construction of Drilling Sites, Central Tank Battery Sites, Frac Pit Sites, pipelines, or roads upon the Owner Lands by telephone or e-mail.

Owner's contact information is as follows:

Name: Patrick B. McMahon
P.O. Box 190
Lovington, New Mexico 88260 Telephone No.: 575-942-7647
E-mail: pbmlimestone@gmail.com

Operator's contact information for notice by Owner to it is as follows:

Name Craig Young
Address: One Petroleum Center, Building One
3300 North A Street, Suite 105
Midland, Texas 79705
Telephone No.: 432-693-6674
E-mail: Craig@txoil.com

18. CONSULTATION OF PROPOSED OPERATIONS. Operator shall consult with Owner as to the location of roads and other facilities so as not to cause unmeasurable interference with Owner's use and enjoyment of the Owner Lands. The notice and consultation requirement provided herein is the result of the negotiations between the Parties regarding both notice to the Owner and consultation with the Owner regarding Operator's plan of work and operations and other development plans and activities, and is in lieu of any other notice requirements and requirements to provide development related plans, including those set forth in the New Mexico Owners Protection Act, 2007 New Mexico Laws, Chapter 5 (HB827). By execution of this Agreement Owner hereby agrees the Operator is in full compliance with Section 70-12-5 (2011 Cum Supp.) of the New Mexico Owners Protection Act.

19. CONFIDENTIALITY. The Parties hereto agree that this Agreement shall not be placed of record without the written consent of both Parties. A memorandum of this Agreement may be recorded by Operator in the Official Public Records of Lea County, New Mexico.

20. TERM. This Agreement shall remain in force and effect for a primary term of two (2) years from the Effective Date and for so long thereafter as Operator and/or its successors or assigns are using the Owner Lands for the purposes stated herein pertaining to the activities and operations associated with the TXS Leasehold upon the Owner Lands.

Commencing on the fifth anniversary date hereof, namely August 1, 2027, each of the prices specified herein shall be increased by five percent (5%). Likewise, such price adjustments for each succeeding fifth anniversary thereafter shall be calculated in a similar manner as set forth above for the first five year anniversary and such prices shall be adjusted accordingly, provided that for each succeeding fifth anniversary the prices which are to be adjusted will be those prices which were in effect for the most recent past five years.

21. COMPENSATION FOR ADDITIONAL USES AND/OR DAMAGES. Operator agrees to pay Owner twenty cents (\$.20) per square foot for any uses and/or damages not compensated for under the terms of the Agreement that may arise, directly or indirectly, as a result of Operator carrying on any activities upon the Owner Lands pursuant to this Agreement. Any use and/or damage to the vegetation and/or soil of the Owner Lands, such as, but not limited to, an oil spill, petroleum products spill, saltwater or produced water spill, leaks, fire damage, pipeline discharge of any fluid, chemical, or contaminant in or onto the surface, being the responsibility of Operator or as a result of Operator's operations, shall be reported to Owner immediately upon discovery. Operator shall immediately report all spills of whatsoever nature in accordance with the New Mexico Oil Conservation Division rules and regulations. In addition to the twenty cents (\$.20) per square foot payment to Owner, the damaged area shall be reclaimed, reseeded, and re-vegetated by Operator within the growing season with native grass seed reasonably acceptable to Owner and such re-seeding and re-vegetation by efforts shall continue until a stand of grass exists consistent with the condition of the Owner Lands adjacent to the damaged area. Operator shall be responsible and liable for any additional damage to Owner's livestock, property, domestic water wells, stock water wells, reservoirs, groundwater and springs caused by its operations.
22. DIVISION OF LANDS. If Owner should sell, convey, or otherwise transfer all or a part of its interest in any part of the Owner Lands, then such sale, conveyance, or transfer shall not limit or in any way restrict Operator's rights of use contemplated in this Agreement, or enlarge Operator's obligations or liabilities under this Agreement in any way; and the duties and obligations owed Owner and/or its transferee shall be optioned proportionately in relation to the interest so sold, conveyed, or transferred.
23. REPRESENTATION OF RIGHTS. Owner represents that it is the owner of the surface estate of the Owner Lands and that it is the party-in-interest to receive all payments to be made by Operator to Owner hereunder. OWNER AGREES THAT IT SHALL BE SOLELY RESPONSIBLE FOR, AND AGREES TO INDEMNIFY AND HOLD OPERATOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION BY A GRAZING LESSEE OF OWNER, OR BY ANY OTHER PERSON OR ENTITY CLAIMING TO OWN ANY RIGHTS IN THE SURFACE OF OWNER LANDS, AS A RESULT OF COMPENSATION PAID TO OWNER BY OPERATOR FOR DAMAGES TO THE GRAZING LESSEE'S, OR OTHER PERSON'S LEASEHOLD INTEREST, LIVESTOCK OR PERSONAL PROPERTY ON OWNER LANDS RESULTING FROM OPERATOR'S ACTIVITIES ON OWNER LANDS.
24. COVENANTS RUNNING WITH LANDS. This Agreement and the rights granted to Operator hereunder shall constitute covenants and rights running with and binding upon the Owner Lands.
25. SIGNING OF DUPLICATE ORIGINALS. This Agreement may be signed on any number of counterparts with the same effect as if signatures hereto and thereto were on the same instrument. Such executed counterparts considered together shall constitute the Agreement.

26. ENFORCEMENT OF AGREEMENT. If it should become necessary for either Party to employ legal counsel to enforce the terms and provisions of this Agreement or any part thereof, the prevailing party shall be entitled to recover its reasonable attorney fees, costs and expenses incurred.

27. ASSIGNMENT. The rights, interests, and duties of Operator under this Agreement are appurtenant to the TXS Leasehold referred to herein and shall be binding upon and shall inure to the benefit of Operator and its successors and to its assignees of the TXS Leasehold. The rights, interests and duties of Operator under this Agreement and the attached easements shall not be assigned in part without the express written consent of Owner. Owner shall not unreasonably withhold said written consent. Operator shall require of any successor or assignee to whom Operator may assign or transfer this Agreement or TXS Leasehold embraced therein to assume and agree to perform the obligations required of Operator under the terms of this Agreement as same now exists, or as same may be amended from time-to-time hereafter. Notwithstanding anything contained herein to the contrary, if Operator should determine it will assign or transfer all of its interests in the Agreement or the TXS Leasehold embraced therein so that upon completion of same it will no longer own an interest therein, Operator shall not make such assignment or transfer without prior written notice to Owner. Provided, however, such notice shall not be required if Operator disposes of its interest under this Agreement 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 interest 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.

28. SUCCESSORS AND ASSIGNS. This Agreement shall be binding on Operator's successors, assigns, and agents and it shall be binding on Owner's heirs, agents, successors, representatives, administrators, and assigns. Operator agrees to ensure its agents and independent contractors who will enter upon the Owner Lands comply with the terms and conditions set forth in this Agreement. The covenants hereunder shall be performable in Lea County, New Mexico.

29. VENUE. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of New Mexico. The Parties agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Lea County, State of New Mexico.

IN WITNESS WHEREOF, this Agreement is executed by the Parties as of the Effective Date.

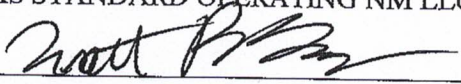
OWNER:

ANGELL # 2 FAMILY LIMITED PARTNERSHIP

By: 

OPERATOR:

TEXAS STANDARD OPERATING NM LLC

By: 
Thomas M. Roberson, Landman

STATE OF NEW MEXICO)
)
:SS
COUNTY OF LEA)

Before me, a notary public in and for said County and State, on this 2nd day of February, 2023, personally appeared Brian Angeli, managing member
On behalf of Angell #2 Limited Family Partnership.

My Commission Expires:

6.30.26

Samantha Torrez
Notary Public

State of New Mexico
Notary Public
Samantha Torrez
Commission Number 1001410
Expiration Date 6/30/2026)
)
:SS
COUNTY OF Lea)

This instrument was acknowledged before me on this 13th day of January, 2023, by Thomas M. Robinson, as landman of Trax Standard Operating M.U.C. a limited liability company on behalf of said company.

My Commission Expires:

6.30.26

Samantha Torrez
Notary Public

State of New Mexico
Notary Public
Samantha Torrez
Commission Number 1001410
Expiration Date 6/30/2026

EXHIBIT A

RIGHT-OF WAY AGREEMENT

FOR AND IN CONSIDERATION OF THE SUM OF Ten Dollars (\$10.00) in hand paid, receipt and sufficiency of which is hereby acknowledged, and plus a further sum mutually agreed upon by the parties under the terms hereof; Angell #2 Limited Family Partnership, hereinafter referred to as Grantor, does hereby grant, bargain, sell and convey unto _____, its successors and assigns, hereinafter referred to as Grantee, the right, privilege and easement to lay, repair, maintain, operate and remove one 12 inch inside diameter or smaller pipeline within the confines of a right-of-way 30 feet in width (Permanent Right-of-Way), said right-of-way being 15 feet on each side of the survey center line described below; however, during the period of initial construction only, Grantee shall be entitled to use an additional 10 feet of width on each side of said centerline as shown on the survey plat attached hereto, marked Exhibit "A" (Temporary Right-of-Way) so that a total of 25 feet is available on each side of said centerline for initial construction of the pipeline for the transportation of oil, natural gas and other hydrocarbons and -associated substances - (excluding salt or brine water or acid gas) which can be transported through a pipeline over, under, through and across the following described land situated in the County of Lea, State of New Mexico, to-wit:

Said Temporary Right-of-Way shall terminate upon the completion of construction of said pipeline and restoration of the land.

TO HAVE AND TO HOLD the Permanent Right-of-Way above described unto said Grantee, its successors and assigns, so long as same shall be used for the purposes set out above, provided failure to transport -substances authorized above for a period of 180 consecutive days other than due to a cause or causes normally considered to constitute force majeure shall constitute permanent abandonment.

The above right-of-way shall include, at no additional cost to the Grantee, the right of ingress and egress to and from, and access on and along said Permanent Right-of-Way, (and on and along the Temporary Right-of-Way during initial construction). The route of ingress and egress to and from said right-of-way shall be as shown on Exhibit "B".

It is understood and agreed that this Right-of-Way Agreement is not a conveyance of any fee interest in the land described herein or any interest in the oil, gas and other minerals in and under said land, but is a grant solely of the right-of-way granted herein.

It is agreed that the pipeline to be laid under this grant shall be constructed so that there is at least 36" of depth between the surface of the ground and to top of the pipeline to permit normal cultivation and Grantor

shall have the right to fully use and enjoy the above-described premises, subject to the rights herein granted. Should Grantee encounter rock or other obstacles that would prevent burying the pipeline at the 36" depth requested, Grantee shall be given a variance of 12" from said 36" depth requirement upon coordination with Grantor.

Grantee shall not blade nor scrape the vegetation from the aforesaid right-of-way with respect to its rights hereunder except to the extent necessary to remove mesquite, brush, and trees which would impair safe operation of equipment and machinery. Further, it is specifically understood and agreed that the aforesaid Permanent Right-of-Way shall not be used by Grantee, its successors and assigns, as a road; however, it is also understood and agreed that, from time to time, it may be necessary for one or more vehicles to drive upon said Permanent Right-of-Way for the purpose of Grantee exercising its right to maintain the above-described pipeline. Nothing contained in the preceding sentence shall be deemed to prevent Grantee from entering upon the subject Permanent Right-of-Way from one end thereof, and exiting from the other in the course of normal pipeline operations there upon.

Grantee shall, upon termination or permanent abandonment of the Permanent Right-of-Way and within one hundred-eighty (180) days thereafter, remove all surface improvements constructed and shall cut and purge the pipeline before abandoning same in place and in a safe condition. At such time Grantee shall execute and record a reconveyance and release hereof, whereupon the Permanent Right-of-Way and all rights and privileges herein granted shall be fully canceled and terminated, except for any obligations of either party that have accrued prior to termination or permanent abandonment.

Grantee will double-ditch the pipeline ditch-line across the land during the initial construction of the pipeline; thereby removing, setting aside and keeping the topsoil separate from the subsoil, and therefore replacing all subsoil in the ditch-line first then covering with the topsoil last. Further, Grantee expressly agrees in connection with the completion of its construction of said pipeline to leave the Permanent Right-of-Way graded to the level of the surrounding land and to pick up and remove the rocks from the right-of-way above described. The rock removed by reason of the construction and installation of the pipeline, having any single dimension larger than three inches (3") shall be removed from the surface of the Permanent Right-of-Way. The surface area of the easement shall be returned to pre-construction grades and conditions, to the extent reasonably practicable, including reseeding disturbed areas with a seed mix specified by the Grantor or the local Natural Resources Conservation Service, or as required by the local permitting agency, whichever is applicable, until a stand of grass exists with a percent of ground cover similar to that of adjoining pasture land.

The consideration paid by Grantee for the Permanent and Temporary Right-of-way includes compensation for the right-of-way and reasonably anticipated damages caused to the surface of Grantor's lands within the right-of-way during the initial construction of the pipeline.

Grantee shall (subject to the provisions of the foregoing paragraph) pay Grantor, their heirs and assigns, any and all damages which may arise to crops, fences, grass, vegetation, pasturage, surface and underground

water, livestock, buildings or other improvements from the use of said right-of-way for such purposes herein granted. It is the intention of the parties hereto that Grantor, its heirs and assigns, shall be (subject to the provisions of the foregoing paragraph) compensated and made whole by the Grantee for any and all damages which may arise out of the use of said Right-of-way for such purposes herein granted, including the right of Grantor, its heirs and assigns, to be compensated by payment for any and all repeated damage to the said crops, fences, grass, vegetation, pasturage, surface and underground water, livestock, buildings or other improvements for each occasion on which said damage occurs. Grantee further expressly agrees to pay such damage (if any) within thirty (30) days after substantial completion of construction of the aforesaid pipeline, and with respect to damages occurring after the initial construction expressly agrees to pay such damages within thirty (30) days after same have occurred. A damage consideration calculated at the rate of \$.20 per square foot shall be paid to Grantor by Grantee for such surface damages arising out of its use of said right-of-way for disturbance of the surface land, including but not limited to the grass, vegetation or pasturage growing thereon, excluding, however, damages for surface disturbance during the initial construction as consideration for granting this Agreement. It is expressly understood and agreed by Grantor that the per rod payment covers all normal and customary damages relating to the initial construction and installation of the pipeline, and the use of the Permanent and Temporary Right-of-Ways herein granted. No other payment is owed to Grantor at this time. Any damage payment due hereunder shall be paid directly to Grantor. In addition, Grantee shall be responsible for any leaks or spills resulting from its operations which may occur on Grantor's lands unless attributable to the negligence or willful misconduct of Grantor or those acting on Grantor's behalf. Grantee shall remove and haul all contaminated soil due to such leak or spill for proper disposal; shall replace clean top soil in the excavated area; and shall reseed the disturbed area with natural grass at such time or times and in such a manner that the disturbed area is revegetated with native grass seed acceptable to Grantor in the exercise of reasonable discretion.

With respect to all fences belonging to Grantor which are cut by Grantee during the initial construction of the aforesaid pipeline, Grantee hereby expressly agrees to repair such fences at Grantee's sole expense, using material of like kind and quality, and further expressly agrees to install H-braces constructed of 4" pipe set in concrete prior to cutting any such fences and to cut said fences in such a manner, including tying same to H-braces, so as to prevent losing the stretch in said fences. Grantee further expressly agrees that after construction is complete no gates or wire gaps will be left in the fences where Grantee cut same in connection with the construction of said pipeline.

Grantee agrees to notify Grantor at least twenty-four (24) hours prior to commencing construction and/or cutting a fence of Grantor on the above-described land.

Grantee agrees to have all construction equipment and machinery thoroughly washed before entering Grantor's land in order to prevent introduction of invasive and noxious vegetation.

During initial construction Grantee shall provide suitable ditch cross-overs as are reasonably required by Grantor.

Grantee hereby expressly agrees that it will not conduct blasting operations or use of explosives in construction of the aforesaid pipeline on Grantor's premises.

Grantee shall have the right to clear, and keep clear, all trees, undergrowth (excluding crops and pasturage) and other obstructions from the herein granted Permanent Right-of-Way and Grantor agrees not to build, construct, or create or permit others to build construct or create any buildings or other structures on, or within, the herein granted Permanent Right-of-Way that will interfere with the normal operation and maintenance of the aforesaid pipeline.

If additional work space is needed by Grantee, a separate agreement shall be negotiated diligently and in good faith. The Grantor agrees to fully cooperate and execute any additional documents necessary to facilitate the right granted herein. -

This Agreement embodies the entire agreement with respect to the Right-of-way hereunder granted and supersedes any and all agreements, representations, warranties, or statements which may have been made between the parties prior to the date hereof, whether express, implied, written, or verbal, concerning the subject matter hereof; except for any provisions contained in prior written agreements that expressly survive and were not amended hereby.

GRANTEE'S INDEMNITY. GRANTEE AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS GRANTOR, HIS HEIRS, LEGAL REPRESENTATIVES, EMPLOYEES, SUCCESSORS, AND ASSIGNS, AND EACH OF THEM ("GRANTOR INDEMNITEES"), FROM AND AGAINST ALL LIABILITY OR CLAIMS ARISING SOLELY OUT OF THIS AGREEMENT AND THE EXERCISE OF THE RIGHTS OF GRANTEE HEREUNDER FOR LOSS OF OR DAMAGE TO PROPERTY (TO WHOMEVER BELONGING) OR INWRY TO OR DEATH OF ANY PERSON (INCLUDING AN EMPLOYEE OF GRANTEE, GRANTOR, HIS HEIRS, LEGAL REPRESENTATIVES, EMPLOYEES, SUCCESSORS, AND/OR ASSIGNS) OR LOSS OR DAMAGE ARISING FROM ATTACHMENTS, LIENS, OR CLAIMS OF MATERIAL MAN OR LABORERS EMPLOYED BY GRANTEE, INCLUDING REASONABLE ATTORNEY'S FEES, RELATING TO ANY OF THE FOREGOING; PROVIDED THAT NOTHING CONTAINED HEREIN SHALL ACT TO INDEMNIFY OR HOLD HARMLESS GRANTOR OR THE GRANTOR INDEMNITEES FOR ACTS AND OMISSIONS ATTRIBUTALBE TO GRANTOR OR GRANTOR INDEMNITEES' NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

INDEMNITY FOR PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCES. GRANTEE ASSUMES FULL RESPONSIBILITY FOR, AND AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND GRANTOR AND THE GRANTOR INDEMNITEES, FROM AND AGAINST ALL LOSS, LIABILITY, CLAIMS, FINES, EXPENSES, COSTS (INCLUDING REASONABLE ATTORNEY'S FEES AND EXPENSES), AND CAUSES OF ACTION CAUSED BY OR ARISING OUT OF THE PRESENCE, DISPOSAL, RELEASE, OR THREATENED RELEASE OF ALL WASTE MATERIAL, HAZARDOUS SUBSTANCE, OR OTHER REGULATED SUBSTANCES UPON OR FROM THE GRANTOR LANDS INTO THE

ATMOSPHERE OR INTO OR UPON ANY OTHER LAND OR ANY WATER COURSE OR BODY OF WATER INCLUDING GROUND WATER, WHICH ARE ATTRIBUTABLE TO GRANTEE'S OPERATIONS UPON THE GRANTOR LANDS OR ARE A RESULT OF THE ACTIONS OF GRANTEE'S OFFICERS, EMPLOYEES, OR AGENTS IN FURTHERANCE OF GRANTEE'S OPERATIONS UPON THE GRANTOR LANDS PROVIDED THAT NOTHING CONTAINED HEREIN SHALL ACT TO INDEMNIFY OR HOLD HARMLESS GRANTOR OR THE GRANTOR INDEMNITEES FOR ACTS AND OMISSIONS ATTRIBUTABLE TO GRANTOR OR GRANTOR INDEMNITEES' NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

This Agreement may be executed in several counterparts, each of which shall be an original hereof but all of which, taken together, shall constitute one and the same Agreement and be binding upon the parties who executed any counterpart, regardless of whether it is executed by all parties named herein.

It is hereby understood that the parties securing the Right-of-way on behalf of the Grantee are without authority to make covenant or agreement not herein expressed.

The rights, interests and duties of Grantee under this Agreement are appurtenant to the lease(s) referred to hereinafter and shall be binding upon and shall inure to the benefit of Grantee and its successors and to its assignees of the lease(s) or parts thereof. Grantee shall require of any successor or assignee to whom Grantee may assign or transfer all or any parts of this Agreement or land embraced therein to assume and agree to perform the obligations required of Grantee under the terms of this Agreement as same now exists, or as same may be amended from time-to-time hereafter. Notwithstanding anything contained herein to the contrary, if Grantee should determine it will assign or transfer all of its interests in the Agreement or land embraced therein so that upon completion of same it will no longer own an interest therein, Grantee shall not make such assignment or transfer without prior written notice to Grantor, which consent shall not be unreasonably withheld, conditioned or delayed. Such notice shall set forth reasonable information in Grantee's possession with regard to financial capability of any successor or assignee and its ability to serve as a reasonably prudent operator. Provided, however, such notice shall not be required if Grantee assigns or transfers all or part of its interest under this Agreement 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 all or part of its interest 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.

This Agreement shall be governed by the laws of the State of New Mexico without consideration of conflict laws. This Agreement may not be altered or amended except in writing signed by the Grantor and the Grantee.

If it should become necessary for either party to employ legal counsel to enforce the terms and provisions of this Agreement or any part thereof, the prevailing party shall be entitled to recover its reasonable attorney fees, costs and expenses incurred. This Agreement shall be construed and enforced in accordance with the laws of the State of New Mexico without regard to its conflicts of law policy. In any dispute which

may arise under or in connection with this Agreement, venue shall be in Lea County, New Mexico, and the prevailing Party shall be entitled to an award of costs and attorney fees.

The provisions of this Agreement are to be considered a covenant that runs with the land herein described and the terms, conditions, and provisions hereof shall extend to and be binding upon the heirs, executors, representatives, successors, and assigns of the parties hereto.

This Agreement shall not be placed of record without the written consent of both parties. A memorandum of this Agreement shall be recorded.

IN WITNESS WHEREOF, Grantor has hereunder set his hand and seal this _____ day of _____ 2023.

ANGELL #2 FAMILY LIMITED PARTNERSHIP

BY:

GRANTEE:

EXHIBIT B

RIGHT-OF-WAY AGREEMENT

FOR AND IN CONSIDERATION OF THE SUM OF Ten Dollars (\$10.00) in hand paid, receipt and sufficiency of which is hereby acknowledged, and plus a further sum mutually agreed upon by the parties under the terms hereof; Angell #2 Family Limited Partnership, hereinafter referred to as Grantor, does hereby grant, bargain, sell and convey unto _____, whose address _____, its successors and assigns, hereinafter referred to as Grantee, the right, privilege and easement to lay, repair, maintain, operate and remove one 12 inch in inside diameter or smaller pipeline within the confines of a right-of-way 30 feet in width (Permanent Right-of-Way), said right-of-way being 15 feet on each side of the survey center line described below; however, during the period of initial construction only, Grantee shall be entitled to use an additional 10 feet of width on each side of said centerline as shown on the survey plat attached hereto, marked Exhibit "A" (Temporary Right-of-Way) so that a total of 25 feet is available on each side of said centerline for initial construction of the pipeline for the transportation of produced, salt or brine water (excluding acid gas) which can be transported through a pipeline over, under, through and across the following described land situated in the County of Lea, State of New Mexico, to-wit:

Said Temporary Right-of-Way shall terminate upon the completion of construction of said pipeline and restoration of the land.

TO HAVE AND TO HOLD the Permanent Right-of-Way above described unto said Grantee, its successors and assigns, so long as same shall be used for the purposes set out above, provided failure to transport substances authorized above for a period of 180 consecutive days other than due to a cause or causes normally considered to constitute force majeure shall constitute permanent abandonment.

The above right-of-way shall include, at no additional cost to the Grantee, the right of ingress and egress to and from, and access on and along said Permanent Right-of-Way, (and on and along the Temporary Right-of-Way during initial construction). The route of ingress and egress to and from said right-of-way shall be as shown on Exhibit "B".

It is understood and agreed that this Right-of-Way Agreement is not a conveyance of any fee interest in the land described herein or any interest in the oil, gas and other minerals in and under said land, but is a grant solely of the right-of-way granted herein.

It is agreed that the pipeline to be laid under this grant shall be constructed so that there is at least 36" of depth between the surface of the ground and to top of the pipeline to permit normal cultivation, and Grantor shall have the right to fully use and enjoy the above-described premises, subject to the rights

herein granted. Should Grantee encounter rock or other obstacles that would prevent burying the pipeline at the 36" depth requested, Grantee shall be given a variance of 12" from said 36" depth requirement upon coordination with Grantor.

Grantee shall not blade nor scrape the vegetation from the aforesaid right-of-way with respect to its rights hereunder except to the extent necessary to remove mesquite, brush, and trees which would impair safe operation of equipment and machinery. Further, it is specifically understood and agreed that the aforesaid Permanent Right-of-Way shall not be used by Grantee, its successors and assigns, as a road; however, it is also understood and agreed that, from time to time, it may be necessary for one or more vehicles to drive upon said Permanent Right-of-Way for the purpose of Grantee exercising its right to maintain the above-described pipeline. Nothing contained in the preceding sentence shall be deemed to prevent Grantee from entering upon the subject Permanent Right-of-Way from one end thereof, and exiting from the other in the course of normal pipeline operations there upon.

Grantee shall, upon termination or permanent abandonment of the Permanent Right-of-Way and within one hundred-eighty (180) days thereafter, remove all surface improvements constructed and shall cut and purge the pipeline before abandoning same in place and in a safe condition. At such time Grantee shall execute and record a reconveyance and release hereof, whereupon the Permanent Right-of-Way and all rights and privileges herein granted shall be fully canceled and terminated, except for any obligations of either party that have accrued prior to termination or permanent abandonment.

Grantee will double-ditch the pipeline ditch-line across the land during the initial construction of the pipeline; thereby removing, setting aside and keeping the topsoil separate from the subsoil, and therefore replacing all subsoil in the ditch-line first then covering with the topsoil last. Further, Grantee expressly agrees in connection with the completion of its construction of said pipeline to leave the Permanent Right-of-Way graded to the level of the surrounding land and to pick up and remove the rocks from the right-of-way above described. The rock removed by reason of the construction and installation of the pipeline, having any single dimension larger than three inches (3") shall be removed from the surface of the Permanent Right-of-Way. The surface area of the easement shall be returned to pre-construction grades and conditions, to the extent reasonably practicable, including reseeding disturbed areas with a seed mix specified by the Grantor or the local Natural Resources Conservation Service, or as required by the local permitting agency, whichever is applicable, until a stand of grass exists with a percent of ground cover similar to that of adjoining pasture land.

The consideration paid by Grantee for the Permanent and Temporary Right-of-way includes compensation for the right-of-way and reasonably anticipated damages caused to the surface of Grantor's lands within the right-of-way during the initial construction of the pipeline.

Grantee shall (subject to the provisions of the foregoing paragraph) pay Grantor, their heirs and assigns, any and all damages which may arise to crops, fences, grass, vegetation, pasturage,

surface and underground water, livestock, buildings or other improvements from the use of said right-of-way for such purposes herein granted. It is the intention of the parties hereto that Grantor, its heirs and assigns, shall be (subject to the provisions of the foregoing paragraph) compensated and made whole by the Grantee for any and all damages which may arise out of the use of said Right-of-way for such purposes herein granted, including the right of Grantor, its heirs and assigns, to be compensated by payment for any and all repeated damage to the said crops, fences, grass, vegetation, pasturage, surface and underground water, livestock, buildings or other improvements for each occasion on which said damage occurs. Grantee further expressly agrees to pay such damage (if any) within thirty (30) days after substantial completion of construction of the aforesaid pipeline, and with respect to damages occurring after the initial construction expressly agrees to pay such damages within thirty (30) days after same have occurred. A damage consideration calculated at the rate of \$.20 per square foot shall be paid to Grantor by Grantee for such surface damages arising out of its use of said right-of-way for disturbance of the surface land, including but not limited to the grass, vegetation or pasturage growing thereon, excluding, however, damages for surface disturbance during the initial construction as consideration for granting this Agreement. It is expressly understood and agreed by Grantor that the per rod payment covers all normal and custom damages relating to the initial construction and installation of the pipeline, and the use of the Permanent and Temporary Right-of-Ways herein granted. No other payment is owed to Grantor at this time. Any damage payment due hereunder shall be paid directly to Grantor. In addition, Grantee shall be responsible for any leaks or spills resulting from its operations which may occur on Grantor's lands unless attributable to the negligence or willful misconduct of Grantor or those acting in its behalf. Grantee shall remove and haul all contaminated soil due to such leak or spill for proper disposal; shall replace clean top soil in the excavated area; and shall re-seed the disturbed area with natural grass at such time or times and in such a manner that the disturbed area is revegetated with native grass seed acceptable to Grantor in the exercise of reasonable discretion.

With respect to all fences belonging to Grantor which are cut by Grantee during the initial construction of the aforesaid pipeline, Grantee hereby expressly agrees to repair such fences at Grantee's sole expense, using material of like kind and quality, and further expressly agrees to install H-braces constructed of 4" pipe set in concrete prior to cutting any such fences and to cut said fences in such a manner, including tying same to H-braces, so as to prevent losing the stretch in said fences. Grantee further expressly agrees that after construction is complete no gates or wire gaps will be left in the fences where Grantee cut same in connection with the construction of said pipeline.

Grantee agrees to notify Grantor at least twenty-four (24) hours prior to commencing construction and/or cutting a fence of Grantor on the above-described land.

Grantee agrees to have all construction equipment and machinery thoroughly washed before entering Grantor's land in order to prevent introduction of invasive and noxious vegetation.

During initial construction Grantee shall provide suitable ditch cross-overs as are reasonably required by Grantor.

Grantee hereby expressly agrees that it will not conduct blasting operations or use of explosives in construction of the aforesaid pipeline on Grantor's premises.

Grantee shall have the right to clear, and keep clear, all trees, undergrowth (excluding crops and pasturage) and other obstructions from the herein granted Permanent Right-of-Way and Grantor agrees not to build, construct, or create or permit others to build construct or create any buildings or other structures on, or within, the herein granted Permanent Right-of-Way that will interfere with the normal operation and maintenance of the aforesaid pipeline.

If additional work space is needed by Grantee, a separate agreement shall be negotiated diligently and in good faith. The Grantor agrees to fully cooperate and execute any additional documents necessary to facilitate the right granted herein.

This Agreement embodies the entire agreement with respect to the Right-of-way hereunder granted and supersedes any and all agreements, representations, warranties, or statements which may have been made between the parties prior to the date hereof, whether express, implied, written, or verbal, concerning the subject matter hereof; except for any provisions contained in prior written agreements that expressly survive and were not amended hereby.

GRANTEE'S INDEMNITY. GRANTEE AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS GRANTOR, HIS HEIRS, LEGAL REPRESENTATIVES, EMPLOYEES, SUCCESSORS, AND ASSIGNS, AND EACH OF THEM ("GRANTOR INDEMNITEES"), FROM AND AGAINST ALL LIABILITY OR CLAIMS ARISING SOLELY OUT OF THIS AGREEMENT AND THE EXERCISE OF THE RIGHTS OF GRANTEE HEREUNDER FOR LOSS OF OR DAMAGE TO PROPERTY (TO WHOMEVER BELONGING) OR INJURY TO OR DEATH OF ANY PERSON (INCLUDING AN EMPLOYEE OF GRANTEE, GRANTOR, HIS HEIRS, LEGAL REPRESENTATIVES, EMPLOYEES, SUCCESSORS, AND/OR ASSIGNS) OR LOSS OR DAMAGE ARISING FROM ATTACHMENTS, LIENS, OR CLAIMS OF MATERIAL MAN OR LABORERS EMPLOYED BY GRANTEE, INCLUDING REASONABLE ATTORNEY'S FEES, RELATING TO ANY OF THE FOREGOING; PROVIDED THAT NOTHING CONTAINED HEREIN SHALL ACT TO INDEMNIFY OR HOLD HARMLESS GRANTOR OR THE GRANTOR INDEMNITEES FOR ACTS AND OMISSIONS ATTRIBUTABLE TO GRANTOR OR GRANTOR INDEMNITEES' NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

INDEMNITY FOR PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCES. GRANTEE ASSUMES FULL RESPONSIBILITY FOR, AND AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND GRANTOR AND THE GRANTOR INDEMNITEES, FROM AND AGAINST ALL LOSS, LIABILITY, CLAIMS, FINES, EXPENSES, COSTS (INCLUDING REASONABLE ATTORNEY'S FEES AND EXPENSES), AND CAUSES OF ACTION CAUSED BY OR ARISING OUT OF THE PRESENCE, DISPOSAL, RELEASE, OR THREATENED RELEASE OF ALL WASTE MATERIAL, HAZARDOUS SUBSTANCE, OR OTHER REGULATED SUBSTANCES UPON OR

FROM THE GRANTORLANDS INTO THE ATMOSPHERE OR INTO OR UPON ANY OTHER LAND OR ANY WATER COURSE OR BODY OF WATER INCLUDING GROUND WATER, WHICH ARE ATTRIBUTABLE TO GRANTEE'S OPERATIONS UPON THE GRANTOR LANDS OR ARE A RESULT OF THE ACTIONS OF GRANTEE'S OFFICERS, EMPLOYEES, OR AGENTS IN FURTHERANCE OF GRANTEE'S OPERATIONS UPON THE GRANTOR LANDS PROVIDED THAT NOTHINGCONTAINED HEREIN SHALL ACT TO INDEMNIFY OR HOLD HARMLESS GRANTOR OR THE GRANTOR INDEMNITEES FOR ACTS AND OMISSIONS ATTRIBUTALBE TO GRANTOR OR GRANTOR INDEMNITEES' NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

This Agreement may be executed in several counterparts, each of which shall be an original hereof but all of which, taken together, shall constitute one and the same Agreement and be binding upon the parties who executed any counterpart, regardless of whether it is executed by all partiesnamed herein.

It is hereby understood that the parties securing the Right-of-way on behalf of the Grantee are without authority to make covenant or agreement not herein expressed.

The rights, interests and duties of Grantee under this Agreement are appurtenant to the lease(s) referred to hereinafter and shall be binding upon and shall inure to the benefit of Granteeand its successors and to its assignees of the lease(s) or parts thereof. Grantee shall require of any successor or assignee to whom Grantee may assign or transfer all or any parts of this Agreement or land embraced therein to assume and agree to perform the obligations required of Grantee under the terms of this Agreement as same now exists, or as same may be amended from time to time hereafter. Notwithstanding anything contained herein to the contrary, if Grantee should determine it will assign or transfer all of its interests in the Agreement or land embraced therein so that upon completion of same it will no longer own an interest therein, Grantee shall not makesuch assignment or transfer without prior written notice to Grantor, which consent shall not be unreasonably withheld, conditioned or delayed. Such notice shall set forth reasonable information in Grantee's possession with regard to financial capability of any successor or assignee and its ability to serve as a reasonably prudent operator. Provided, however, such notice shall not be required if Grantee assigns or transfers all or part of its interest under this Agreement 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 all or part of its interest 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.

This Agreement shall be governed by the laws of the State of New Mexico without consideration of conflict laws. This Agreement may not be altered or amended except in writing signed by the Grantor and the Grantee.

If it should become necessary for either party to employ legal counsel to enforce the terms and provisions of this Agreement or any part thereof, the prevailing party shall be entitled to recover its reasonable attorney fees, costs and expenses incurred. This Agreement shall be construed and enforced in

with the laws of the State of New Mexico without regard to its conflicts of law policy. In any dispute which may arise under or in connection with this Agreement, venue shall be in Lea County, New Mexico, and the prevailing Party shall be entitled to an award of costs and attorney fees.

The provisions of this Agreement are to be considered a covenant that runs with the land herein described and the terms, conditions, and provisions hereof shall extend to and be binding upon the heirs, executors, representatives, successors, and assigns of the parties hereto.

This Agreement shall not be placed of record without the written consent of both parties. A memorandum of this Agreement shall be recorded.

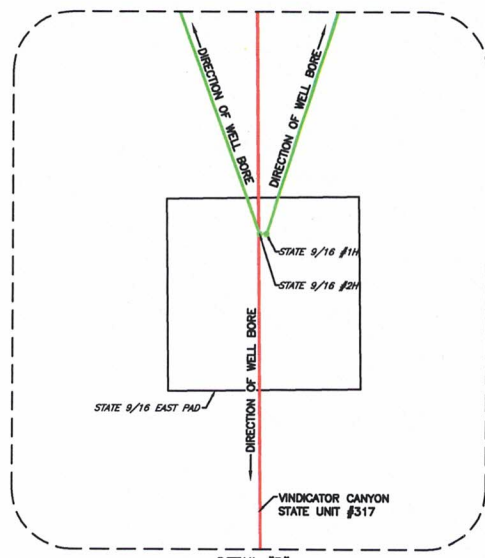
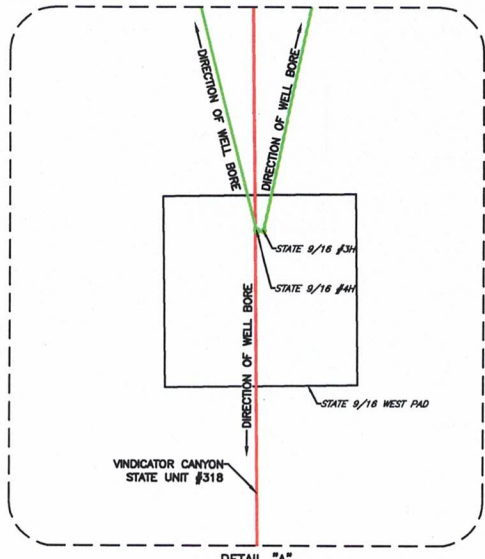
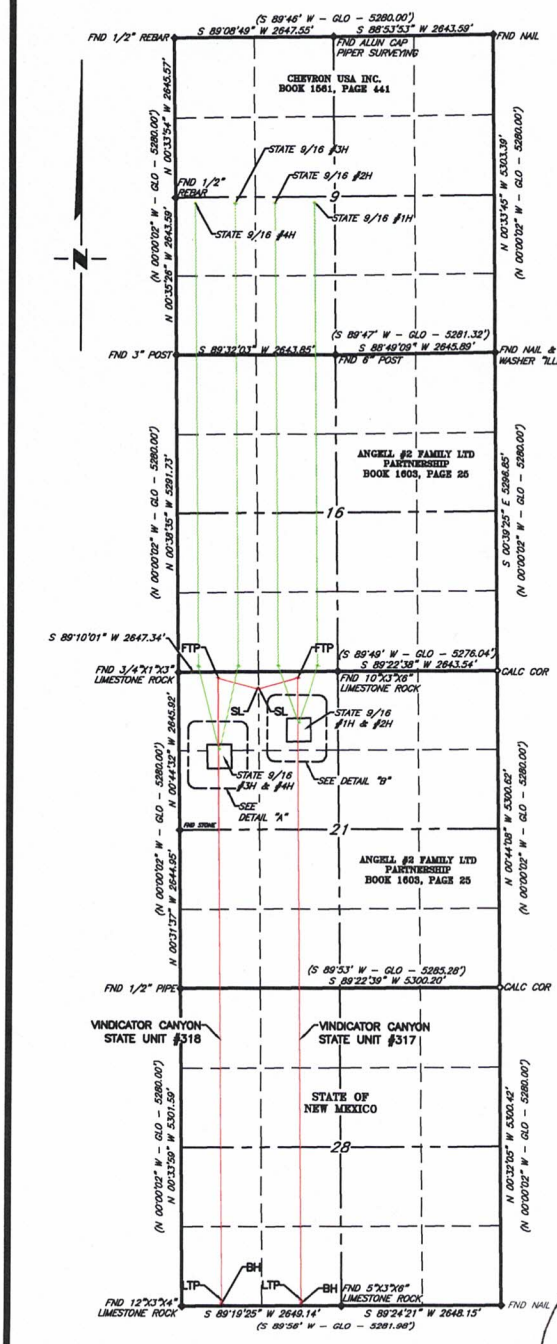
IN WITNESS WHEREOF, Grantor has hereunder set his hand and seal this _____ day of _____ 2023.

ANGELL #2 FAMILY LIMITED PARTNERSHIP

BY: _____

GRANTEE:

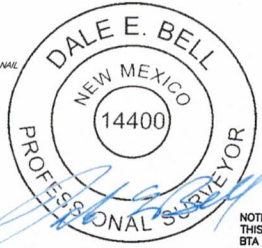
EXHIBIT "A"
FOR THE TEXAS STANDARD OPERATIONS NM LLC.
THE STATE 9-16 #1H, #2H, #3H & #4H WELL LOCATIONS & DRILL PATHS
AND THE BTA OIL PRODUCERS, LLC.
VINDICATOR CANYON STATE UNIT #317H & #318H WELL LOCATIONS & DRILL PATHS
SECTIONS 9, 16, 21 & 28, T17S, R36E
N. M. P. M., LEA COUNTY, NEW MEXICO



ATTACHMENT C

SCALE: 1" = 2500'
 0 1250' 2500'

BEARINGS ARE GRID NAD 83
 NM EAST
 DISTANCES ARE HORIZ. GROUND.



- LEGEND**
- () RECORD DATA - GLO
 - ◇ CALCULATED CORNER
 - ◆ FOUND MONUMENT AS NOTED
 - VINDICATOR WELL BORE
 - STATE 9/16 WELL BORE

NOTE: THIS EXHIBIT SHOWS STANDARD OIL LOCATIONS & BTA OIL PRODUCERS LLC. LOCATIONS WITH POSSIBLE CONFLICT.

NO.	REVISION	DATE
JOB NO.: LS23040419		
DWG. NO.: 23040419-1		

RRC

ENERGY SERVICES, LLC.
 701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 2500'
DATE: 05/01/2023
SURVEYED BY: JH/EU
DRAWN BY: RQ
APPROVED BY: DEB
SHEET: 1 OF 1



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

February 28, 2023

BTA Oil Producers, LLC
ATTN: Mr. Rex D. Barker
104 South Pecos Street
Midland, TX 79701-5021

RE: 2023 Plan of Development
Vindicator Canyon State Unit
Lea County, NM

Dear: Mr. Barker,

The New Mexico State Land Office has this date approved the referenced Plan of Development.

We may contact you at a later date regarding the following:

- The possibility of drainage by wells outside the unit area, and
- A need for further development of the unit.

Please note the following about your 2024 Plan of Development, which is due March 1, 2024. The submission should include:

1. New drilling, recompletions, workovers and P&As performed in 2023 and planned development in 2024, and any other activities planned in 2024 that may impact production;
2. An aerial photo (preferred) or map that illustrates both current and planned infrastructure, such as well locations, tank batteries, gathering systems, and other facilities that may impact State Trust lands;
3. A list of active wells in the unit with their API numbers; and
4. Current and planned water uses, such as volume of produced water and disposal locations, fracturing water use, including volumes of fresh water, produced water, and storage ponds and methods of water transfer.

If you have any questions or if we may be of further assistance, please contact the Units Manager Scott Dawson at 505.827.5791 or sdawson@slo.state.nm.us

Respectfully,

Stephanie Garcia Richard
Commissioner of Public Lands

SGR/sd

cc: OCD – Mr. Leonard Lowe
Units and OGMD Reader Files

ATTACHMENT **D**



CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.
ASHLEY BEAL LAFEVERS
ALEX BEAL

BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

February 20, 2023

GULF COAST DISTRICT
TOTAL PLAZA
1201 LOUISIANA STREET, STE. 3375
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-537-1404 FAX 303-537-4661

7713 5211 0170

In re: Vindicator Canyon State Unit Plan of Development
Unit Agreement No. 300401
Lea County, New Mexico

		O	G	W
BTA 22201 Aspen	↑ 2020	100,072	196,114	72,588
	2021	81,415	197,795	24,126
	2022	418,101	529,777	364,972

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501

Attn: Stephanie Garcia Richard
Commissioner of Public Lands

o.k. to approve
BTA is drilling 2 wells
and completing 3 wells
in 2023.

(SD) 2-28-2023

Dear Commissioner Richard:

increasing production

BTA Oil Producers, LLC respectfully submits our 2023 Plan of Development for the Vindicator Canyon State Unit.

BTA Oil Producers, LLC (OGRID #260297) took over operations of the Vindicator Canyon State Unit from Manzano, LLC (OGRID #231429) effective October 13, 2022.

The New Mexico State Land Office granted BTA Oil Producers, LLC Final Approval of Unit Expansion on January 24, 2023, expanding the unit size from 6,960 acres to 7,200 acres.

The following are details of BTA's 2023 Plan of Development/Operations:

Development and Maintenance in the last 12 months and proposed in 2023, including new drills, recompletions, workovers, P&A's and any other activities that may impact oil and gas production:

1. The Bodacious State Com #91H Well was spud on April 16, 2022 and completed on August 18, 2022. The well is approximately 1.5 miles in length and targeted the Pennsylvanian Shale Formation. The Bodacious State Com #91H spacing unit contains unit lease acreage and non-unit lease acreage.

2023 FEB 22 AM 8:31

2. BTA spud the Vindicator Canyon State Unit #306H Well on January 28, 2023 and the Vindicator Canyon State Unit #305H Well on January 30, 2023. Both wells will be approximately 1.5 miles in length and target the Pennsylvanian Shale Formation.
3. BTA plans to drill and complete the Vindicator Canyon State Unit #302H, 303H and 304H Wells in the third and fourth quarters of 2023. Each well will be approximately 2.0 miles in length and target the Pennsylvanian Shale Formation.
4. In 2023, BTA will install oil, gas and water meters at the Vindicator Central Tank Battery, enabling each well to have individual, daily well tests. BTA will install automation to the Vindicator Central Tank Battery allowing operations to be monitored remotely. BTA will install a gun barrel vessel to catch any oil entrained in the produced water before the water is sent to disposal. These improvements will be made at a cost of approximately \$640,227.00.
5. In the second quarter of 2023, BTA plans to build a central tank battery for the Vindicator Canyon State Unit #305H and 306H Wells in the S/2 NW/4 of Section 22, T17S, R36E, Lea County, NM.
6. In the fourth quarter of 2023, BTA plans to build a central tank battery for the Vindicator Canyon State Unit #302H, 303H and 304H Wells in the N/2 SE/4 of Section 21, T17S, R36E, Lea County, NM.

Aerial Photo Attached:

1. Aerial Photo is attached showing the Vindicator Canyon State Unit boundaries, current infrastructure, well paths, roads, locations, tank batteries and gathering systems.

Well Status:

1. For the month of January 2023, the Vindicator Canyon State Unit #152H Well (API #30-025-49781) averaged 465 BOPD, 793 MCFPD and 198 BWPD.
2. For the month of January 2023, the Vindicator Canyon State Unit #153H Well (API #30-025-46513) averaged 76 BOPD, 251 MCFPD and 66 BWPD.
3. For the month of January 2023, the Vindicator Canyon State Unit #154H Well (API #30-025-49355) averaged 172 BOPD, 89 MCFPD and 240 BWPD.
4. For the month of January 2023, the Vindicator Canyon State Unit #223H Well (API #30-025-48404) averaged 32 BOPD, 165 BWPD and 28 BWPD.
5. For the month of January 2023, the Bodacious State Com #91H Well (API #30-025-49934) averaged 574 BOPD, 1,078 MCFPD and 195 BWPD.

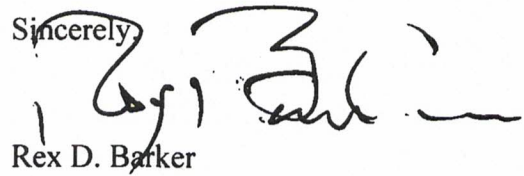
There are no inactive wells within the unit.

Current and planned water uses and infrastructure within the Unit:

1. Produced water for the calendar year 2022 was 382,826 barrels. Produced water is sent via pipeline to the Watson -6- #1 SWD Well (API# 30-025-34197) operated by DKD, LLC (OGRID #210091).
2. Frac water for the Bodacious State Com #91H was 556,568 barrels of fresh water, acquired from a private landowner.
3. It is anticipated that BTA will use approximately 393,000 barrels of fresh water to drill and frac each of the Vindicator Canyon State Unit #305H and 306H Wells. The fresh water will be acquired from a private landowner.
4. It is anticipated that BTA will use approximately 510,000 barrels of fresh water to drill and frac each of the Vindicator Canyon State Unit #302H, 303H and 304H Wells. The fresh water will be acquired from a private landowner.
5. Frac water is stored in BTA's existing frac pit located in the NW/4 SW/4 of Section 23, T17S, R36E, Lea County, NM. Frac water is transferred to frac jobs via a temporary 10' water transfer line.

If you have any questions or require further information, please let me know.

Sincerely,



Rex D. Barker
Landman
rbarker@btaoil.com

RB/HW
Enclosure

C:\Users\hwhipple\Documents\Land\Letters\Rex Barker\Plan of Development - 22201 Aspen.docx

2023 FEB 22 AM 8:31

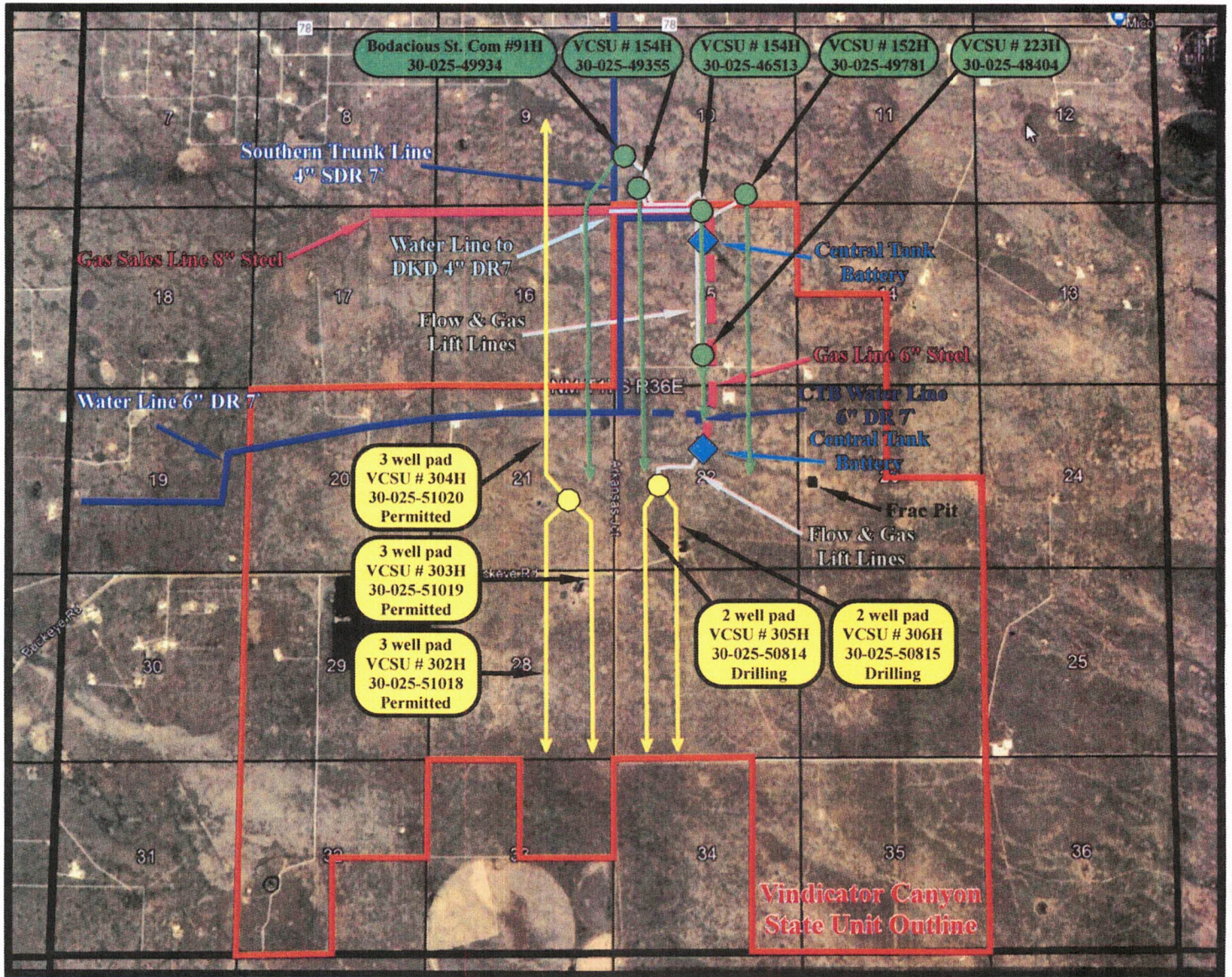


Illustration Not To Scale

- Bodacious St Com # 91H PUN 1394088
 Vindicator Canyon State Unit #153H PUN 1380550



BTA Oil Producers, LLC

VINDICATOR CANYON STATE UNIT

Plan of Development Map

Lea County, New Mexico

WELL SYMBOL DESCRIPTION:

- SHL  — BHL
-  PRODUCING OIL WELL
-  CURRENTLY DRILLING WELL

LABEL DESCRIPTION:

-  VCSU Unit Outline
-  Completed Lines
-  Planned Lines To Be Built 2023

I hereby state that this map is an accurate representation and that it is true and correct to the best of my knowledge.

Jose Baltier 02/09/2023

Jose Baltier, BTA Oil Producers, LLC

28.57143 to Unit
 28.57143 — to lease VC0288 0003
 28.57143 — to lease B01565 0012
 to lease VC 301 0003

Bodacious St Com # 91H