



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
New Mexico State Office  
301 Dinosaur Trail  
Santa Fe, New Mexico 87508  
<https://www.blm.gov/new-mexico>

In Reply Refer To:

**MAR 17 2021**

NMNM140215  
3105.2 (NM920)

**Reference:**

Communitization Agreement  
Buffalo 1-12 Fed Com WCC #6H  
Section 01: W2SW4  
Section 12: W2W2  
T. 19 S., R. 33 E., N.M.P.M.  
Lea County, NM

Chisholm Energy  
801 Cherry Street  
Suite 1200-Unit 20  
Fort Worth, Texas 76102

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM140215 involving 160 acres of Federal land in lease NMNM032860, and 80 acres of Federal land in lease NMNM058941, Lea County, New Mexico, which comprise a 240 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath the W2SW4 and W2W2 of Sec. 01 and Sec. 12, T. 19 S., R. 33 E., NMPM, Lea County, NM, and is effective April 25, 2019. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

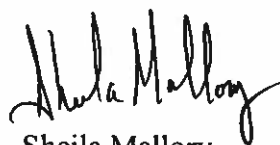
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504

If you have any questions regarding this approval, please contact Elizabeth Rivera at (505) 954-2162.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Sheila Mallory". The signature is fluid and cursive, with the first name "Sheila" and last name "Mallory" clearly distinguishable.

Sheila Mallory  
Deputy State Director  
Division of Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NMSO (NM925, File)

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

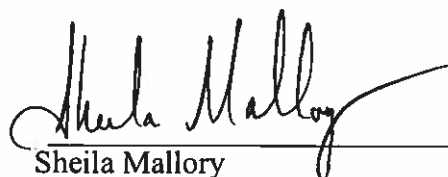
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
  
- B. Approve the attached Communitization Agreement covering the W2SW4 and W2W2 of Sec. 01 and Sec. 12, T. 19 S., R. 33 E., NMPM, Lea County, NM, as to all producible hydrocarbons from the Wolfcamp formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:

**MAR 17 2021**



Sheila Mallory  
Deputy State Director  
Division of Minerals

Effective: April 25, 2019

Contract No.: Com. Agr. NMNM140215



BLM-NMSO  
MAY:31:2019 14:46:02  
RECEIVED

NMNM 140215

May 28<sup>th</sup>, 2019

Ms. Margie Dupre  
Bureau of Land Management  
301 Dinosaur Trail  
Santa Fe, NM 87508

RE: Communitization Agreement  
Buffalo 1-12 Fed Com WCC #6H 30025 45159  
W2W2 Section 12 & the W2SW4 Section 1 -T19S-R33E  
Lea County, NM

240 acres  
spacing C102  
WC & C104  
ok

Dear Ms. Dupre:

Enclosed please find two originals and two copies of a Communitization Agreement submitted for BLM approval for the Wolfcamp Formation covering the W2W2 Section 12 & the W2SW4 Section 1 -T19S-R33E, Lea County, NM, along with a Self-Certification Statement.

Chisholm Energy Operating, LLC has recently drilled the Buffalo 1-12 Fed Com WCC #6H well. Do not hesitate to contact me at 817-953-0480 or [darmour@chisholmenergy.com](mailto:darmour@chisholmenergy.com) should any changes be necessary or you have any questions.

If all is in order, when available, please return one approved original to my attention at the address shown below.

Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Davis'.

Davis Armour  
Senior Landman

Enclosures

Federal/Federal

Contract No. NMM 140215

THIS AGREEMENT entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

**Township 19 South, Range 33 East, N.M.P.M.**  
**W2W2 of Section 12 and W2SW4 of Section 1**  
**Lea County, New Mexico**

containing 240 acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this Agreement for all purposes is Exhibit A, a plat designating the communitized area and, Exhibit B, designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Chisholm Energy Operating LLC, as Operator, 801 Cherry St., Suite 1200, Fort Worth, Texas 76110. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this Agreement. A successor operator may be designated by the owners of the working interest in the communitized area and

four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State, or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

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

under applicable Federal or State statutes. This Agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules, or regulations.

10. The date of this agreement is April 25, 2019, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This Agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two (2) year term of this Agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this Agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Non-Discrimination: In connection with the performance of work under this Agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive

Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this Agreement.

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

**OPERATOR**

**CHISHOLM ENERGY OPERATING, LLC**

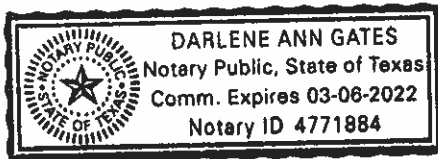
Date: May 28, 2019

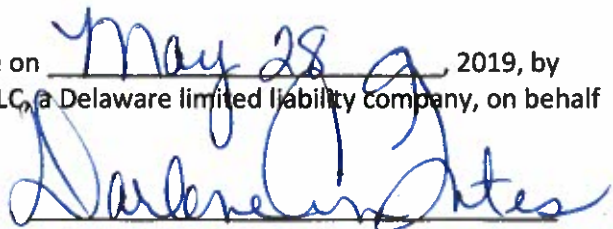
By:   
Mark D. Whitley  
CEO

**ACKNOWLEDGEMENT**

STATE OF Texas §  
COUNTY OF Tarrant §

This instrument was acknowledged before me on May 28, 2019, by Mark D. Whitley, CEO of Chisholm Energy Operating LLC, a Delaware limited liability company, on behalf of same.




  
Notary Public in and for the State of Texas



OPERATING RIGHTS OWNER (NMNM 32860)  
OPERATING RIGHTS OWNER (NM 58941)  
RECORD TITLE OWNER (NM 58941)

CHISHOLM ENERGY AGENT, INC

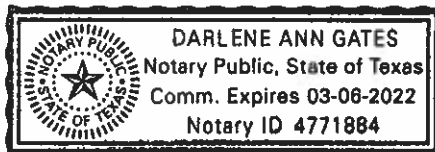
Date: May 28, 2019

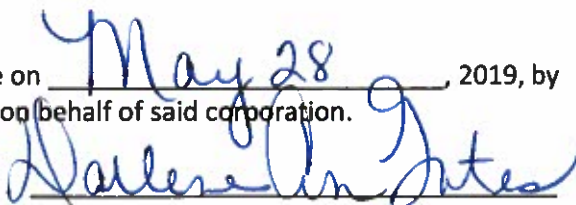
By:   
Mark D Whitley  
CEO

ACKNOWLEDGEMENT

STATE OF TEXAS §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on May 28, 2019, by  
Mark D. Whitley, CEO of Chisholm Energy Agent, Inc., on behalf of said corporation.



  
Notary Public in and for the State of Texas

OPERATING RIGHTS OWNER (NMNM 32860)  
RECORD TITLE OWNER (NMNM 32860)

Oxy USA Inc.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATING RIGHTS OWNERS (NMNM 32860)

Maverick Oil & Gas Corp.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Timothy R. MacDonald**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING INTEREST

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of Chisholm Energy Operating, LLC, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

NAME: \_\_\_\_\_



Printed: Davis Armour, CPL

TITLE: Senior Landman

Phone number: 817-492-1496

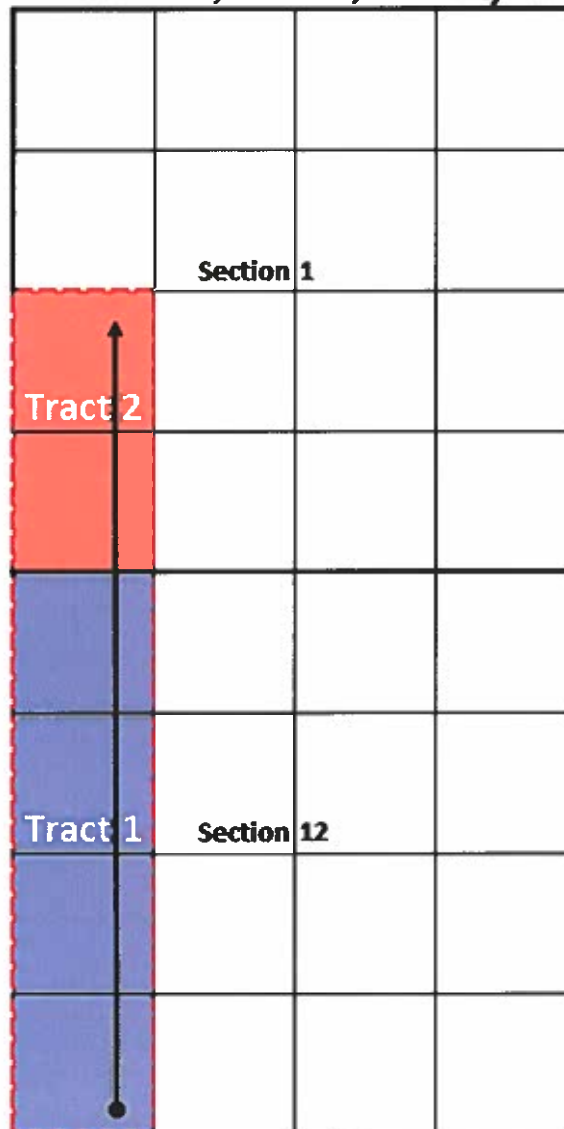
Email: darmour@chisholmenergy.com

**EXHIBIT "A"**

Plat of communized area covering 240 acres in the W2 of Section 12 and the W2SW4 of Section 1 -  
T19S-R33E N.M.P.M., Lea County, New Mexico

Buffalo 12-1 Federal Com WCC #6H

***Sections 12 & 1, T19S-R33E, Lea County NM***



**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated April 25, 2019  
area covering W2 of Section 12 and the W2SW4 Section 1 -T19S-R33E N.M.P.M., Lea County, New  
Mexico

Operator of Communitized Area: Chisholm Energy Operating, LLC

**DESCRIPTION OF LEASES COMMITTED:****Tract No. 1**

Lease Serial Number:	NMNM 32860
Lease Date:	June 1, 1983
Lease Term:	Ten (10) Years from date
Recordation:	Unrecorded
Lessor:	United States of America
Original Lessee:	Frederick W. Lowey
Current Lessee:	Oxy USA Inc.
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 12: W2W2 Lea County, New Mexico
Number of Acres:	160
Royalty Rate:	12.5%
WI Owners:	Chisholm Energy Agent, Inc. Oxy USA Inc. Timothy R. MacDonald Maverick Oil & Gas Corporation
ORRI Owners:	Of Record

**Tract No. 2**

Lease Serial Number:	NM 58941
Lease Date:	July 1, 1984
Lease Term:	Five (5) Years
Recordation:	Book 372, Page 647 Lea County Records
Lessor:	Bureau of Land Management, United States of America
Original Lessee:	Alan J. Antweil
Current Lessee:	Chisholm Energy Agent, Inc.
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 1: W2SW4 Lea County, New Mexico
Number of Acres:	80
Royalty Rate:	12.5%
WI Owner:	Chisholm Energy Agent, Inc.
ORRI Owners:	Of Record

**RECAPITULATION**

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	160	66.6667%
2	80	33.3333%
Total	240	100.0000%

Federal/Federal

Contract No. NMNM 140215

THIS AGREEMENT entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

**Township 19 South, Range 33 East, N.M.P.M.**  
**W2W2 of Section 12 and W2SW4 of Section 1**  
**Lea County, New Mexico**

containing 240 acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this Agreement for all purposes is Exhibit A, a plat designating the communitized area and, Exhibit B, designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Chisholm Energy Operating LLC, as Operator, 801 Cherry St., Suite 1200, Fort Worth, Texas 76110. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this Agreement. A successor operator may be designated by the owners of the working interest in the communitized area and

four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State, or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

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



under applicable Federal or State statutes. This Agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules, or regulations.

10. The date of this agreement is April 25 , 2019, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This Agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two (2) year term of this Agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this Agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Non-Discrimination: In connection with the performance of work under this Agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive

Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this Agreement.

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

**OPERATOR**

**CHISHOLM ENERGY OPERATING, LLC**

Date: May 28, 2019

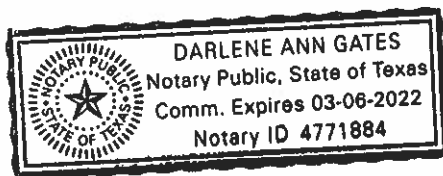
By: 

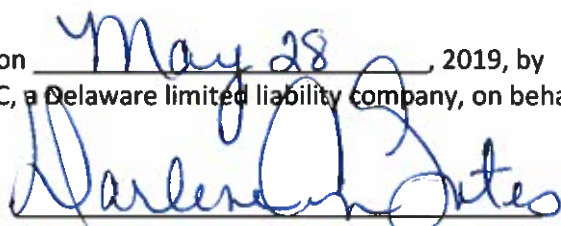
Mark D. Whitley  
CEO

**ACKNOWLEDGEMENT**

STATE OF Texas §  
COUNTY OF Tarrant §

This instrument was acknowledged before me on May 28, 2019, by Mark D. Whitley, CEO of Chisholm Energy Operating LLC, a Delaware limited liability company, on behalf of same.



  
Notary Public in and for the State of Texas

OPERATING RIGHTS OWNER (NMNM 32860)  
OPERATING RIGHTS OWNER (NM 58941)  
RECORD TITLE OWNER (NM 58941)

CHISHOLM ENERGY AGENT, INC

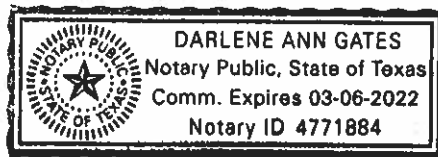
Date: May 28, 2019

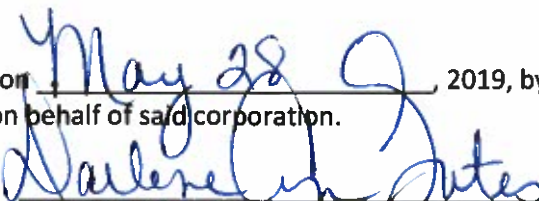
By:   
Mark D Whitley  
CEO

ACKNOWLEDGEMENT

STATE OF TEXAS §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on May 28, 2019, by Mark D. Whitley, CEO of Chisholm Energy Agent, Inc., on behalf of said corporation.



  
Notary Public in and for the State of Texas

OPERATING RIGHTS OWNER (NMNM 32860)  
RECORD TITLE OWNER (NMNM 32860)

Oxy USA Inc.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATING RIGHTS OWNERS (NMNM 32860)

Maverick Oil & Gas Corp.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Timothy R. MacDonald**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING INTEREST

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of Chisholm Energy Operating, LLC, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

NAME: 

Printed: Davis Armour, CPL

TITLE: Senior Landman

Phone number: 817-492-1496

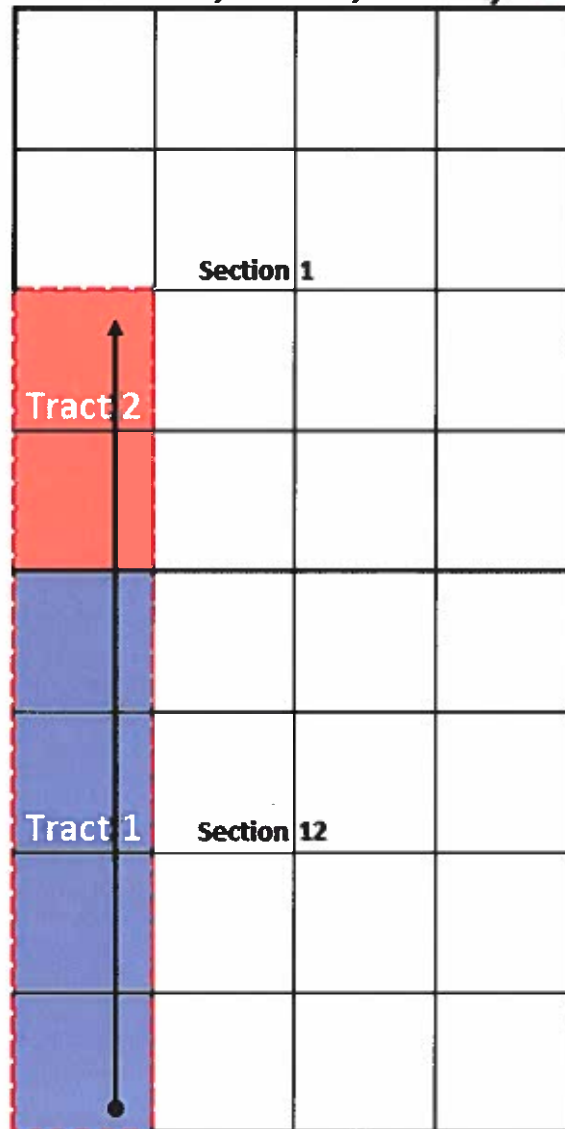
Email: darmour@chisholmenergy.com

**EXHIBIT "A"**

Plat of communitized area covering 240 acres in the W2 of Section 12 and the W2SW4 of Section 1 -  
T19S-R33E N.M.P.M., Lea County, New Mexico

Buffalo 12-1 Federal Com WCC #6H

***Sections 12 & 1, T19S-R33E, Lea County NM***



**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated April 25, 2019  
area covering W2 of Section 12 and the W2SW4 Section 1 -T19S-R33E N.M.P.M., Lea County, New  
Mexico

Operator of Communitized Area: Chisholm Energy Operating, LLC

**DESCRIPTION OF LEASES COMMITTED:****Tract No. 1**

Lease Serial Number:	NMNM 32860
Lease Date:	June 1, 1983
Lease Term:	Ten (10) Years from date
Recordation:	Unrecorded
Lessor:	United States of America
Original Lessee:	Frederick W. Lowey
Current Lessee:	Oxy USA Inc. ✓
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 12: W2W2 Lea County, New Mexico
Number of Acres:	160
Royalty Rate:	12.5%
WI Owners:	Chisholm Energy Agent, Inc. ✓ Oxy USA Inc. ✓ Timothy R. MacDonald ✓ Maverick Oil & Gas Corporation ✓
ORRI Owners:	Of Record

**Tract No. 2**

Lease Serial Number:	NM 58941
Lease Date:	July 1, 1984
Lease Term:	Five (5) Years
Recordation:	Book 372, Page 647 Lea County Records
Lessor:	Bureau of Land Management, United States of America
Original Lessee:	Alan J. Antweil
Current Lessee:	Chisholm Energy Agent, Inc. ✓
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 1: W2SW4 Lea County, New Mexico
Number of Acres:	80
Royalty Rate:	12.5%
WI Owner:	Chisholm Energy Agent, Inc. ✓
ORRI Owners:	Of Record

**RECAPITULATION**

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	160	66.6667%
2	80	33.3333%
Total	240	100.0000%



COPY

Federal/Federal

Contract No. NMMN 140215

THIS AGREEMENT entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

**Township 19 South, Range 33 East, N.M.P.M.**  
**W2W2 of Section 12 and W2SW4 of Section 1**  
**Lea County, New Mexico**

containing 240 acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this Agreement for all purposes is Exhibit A, a plat designating the communitized area and, Exhibit B, designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Chisholm Energy Operating LLC, as Operator, 801 Cherry St., Suite 1200, Fort Worth, Texas 76110. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this Agreement. A successor operator may be designated by the owners of the working interest in the communitized area and

four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State, or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

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

under applicable Federal or State statutes. This Agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules, or regulations.

10. The date of this agreement is April 25, 2019, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This Agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two (2) year term of this Agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this Agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Non-Discrimination: In connection with the performance of work under this Agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive


Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this Agreement.

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

**OPERATOR**

**CHISHOLM ENERGY OPERATING, LLC**

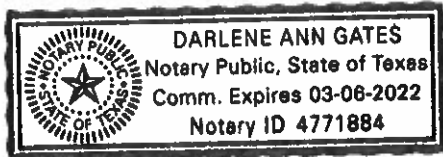
Date: May 28, 2019

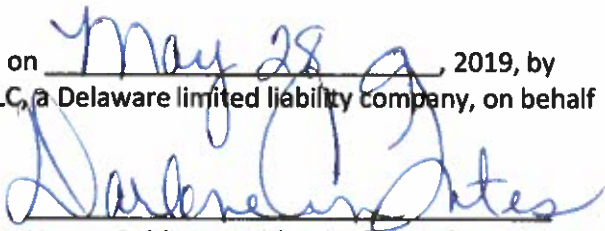
By:   
Mark D. Whitley  
CEO

**ACKNOWLEDGEMENT**

STATE OF Texas §  
COUNTY OF Tarrant §

This instrument was acknowledged before me on May 28, 2019, by Mark D. Whitley, CEO of Chisholm Energy Operating LLC, a Delaware limited liability company, on behalf of same.



  
Notary Public in and for the State of Texas

OPERATING RIGHTS OWNER (NMNM 32860)  
OPERATING RIGHTS OWNER (NM 58941)  
RECORD TITLE OWNER (NM 58941)

CHISHOLM ENERGY AGENT, INC

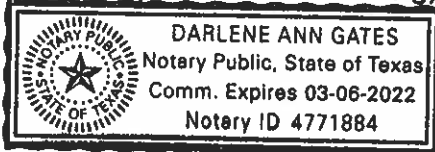
Date: May 28, 2019

By: [Signature]  
Mark D Whitley  
CEO

ACKNOWLEDGEMENT

STATE OF TEXAS §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on May 28, 2019, by  
Mark D. Whitley, CEO of Chisholm Energy Agent, Inc., on behalf of said corporation.



[Signature]  
Notary Public in and for the State of Texas

OPERATING RIGHTS OWNER (NMNM 32860)  
RECORD TITLE OWNER (NMNM 32860)

Oxy USA Inc.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATING RIGHTS OWNERS (NMNM 32860)

Maverick Oil & Gas Corp.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Timothy R. MacDonald**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING INTEREST

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of Chisholm Energy Operating, LLC, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

NAME: \_\_\_\_\_



Printed: Davis Armour, CPL

TITLE: Senior Landman

Phone number: 817-492-1496

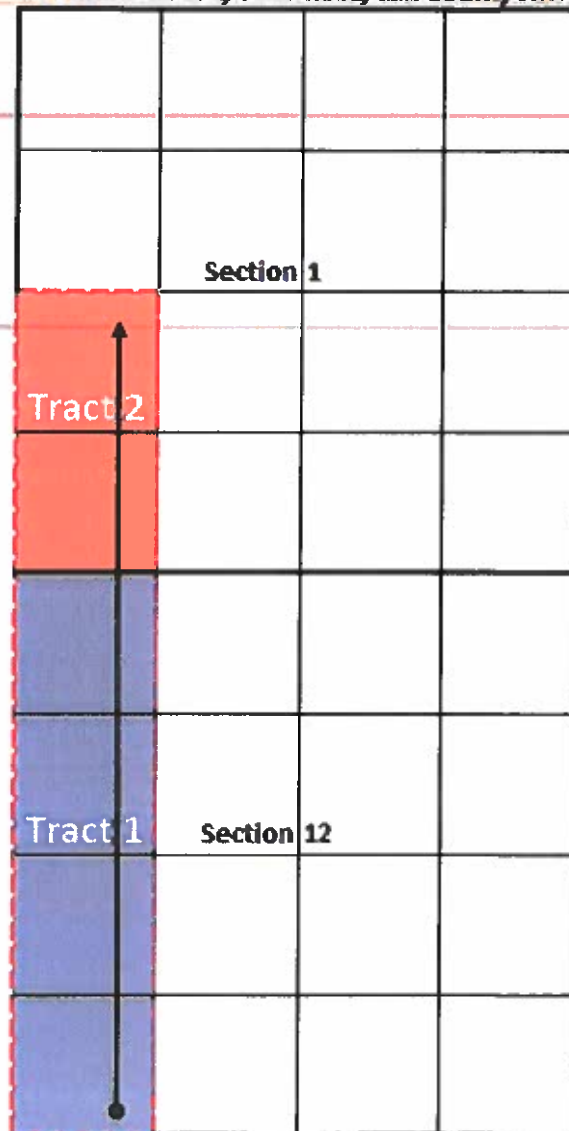
Email: darmour@chisholmenergy.com

**EXHIBIT "A"**

Plat of communitized area covering 240 acres in the W2 of Section 12 and the W2SW4 of Section 1 -  
T19S-R33E N.M.P.M., Lea County, New Mexico

Buffalo 12-1 Federal Com WCC #6H

**Sections 12 & 1, T19S-R33E, Lea County NM**





**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated April 25, 2019  
area covering W2 of Section 12 and the W2SW4 Section 1 -T19S-R33E N.M.P.M., Lea County, New  
Mexico

Operator of Communitized Area: Chisholm Energy Operating, LLC

**DESCRIPTION OF LEASES COMMITTED:****Tract No. 1**

Lease Serial Number:	NMMN 32860
Lease Date:	June 1, 1983
Lease Term:	Ten (10) Years from date
Recordation:	Unrecorded
Lessor:	United States of America
Original Lessee:	Frederick W. Lowey
Current Lessee:	Oxy USA Inc.
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 12: W2W2 Lea County, New Mexico
Number of Acres:	160
Royalty Rate:	12.5%
WI Owners:	Chisholm Energy Agent, Inc. Oxy USA Inc. Timothy R. MacDonald Maverick Oil & Gas Corporation
ORRI Owners:	Of Record

**Tract No. 2**

Lease Serial Number:	NM 58941
Lease Date:	July 1, 1984
Lease Term:	Five (5) Years
Recordation:	Book 372, Page 647 Lea County Records
Lessor:	Bureau of Land Management, United States of America
Original Lessee:	Alan J. Antweil
Current Lessee:	Chisholm Energy Agent, Inc.
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 1: W2SW4 Lea County, New Mexico
Number of Acres:	80
Royalty Rate:	12.5%
WI Owner:	Chisholm Energy Agent, Inc.
ORRI Owners:	Of Record

**RECAPITULATION**

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
<b>1</b>	<b>160</b>	<b>66.6667%</b>
<b>2</b>	<b>80</b>	<b>33.3333%</b>
<b>Total</b>	<b>240</b>	<b>100.0000%</b>

 **COPY**

Federal/Federal

Contract No. NMM 140215

THIS AGREEMENT entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

**Township 19 South, Range 33 East, N.M.P.M.**  
**W2W2 of Section 12 and W2SW4 of Section 1**  
**Lea County, New Mexico**

containing 240 acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this Agreement for all purposes is Exhibit A, a plat designating the communitized area and, Exhibit B, designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Chisholm Energy Operating LLC, as Operator, 801 Cherry St., Suite 1200, Fort Worth, Texas 76110. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this Agreement. A successor operator may be designated by the owners of the working interest in the communitized area and

four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State, or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

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

under applicable Federal or State statutes. This Agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules, or regulations.

10. The date of this agreement is April 25, 2019, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This Agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two (2) year term of this Agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this Agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Non-Discrimination: In connection with the performance of work under this Agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive


Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this Agreement.

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

**OPERATOR**

**CHISHOLM ENERGY OPERATING, LLC**

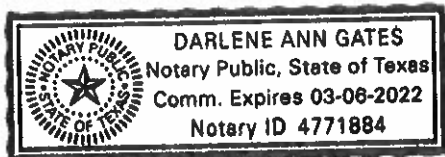
Date: May 28, 2019

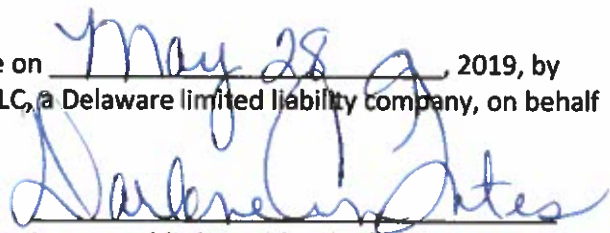
By:   
Mark D. Whitley  
CEO

**ACKNOWLEDGEMENT**

STATE OF Texas §  
COUNTY OF Tarrant §

This instrument was acknowledged before me on May 28, 2019, by Mark D. Whitley, CEO of Chisholm Energy Operating LLC, a Delaware limited liability company, on behalf of same.



  
Notary Public in and for the State of Texas

OPERATING RIGHTS OWNER (NMNM 32860)  
OPERATING RIGHTS OWNER (NM 58941)  
RECORD TITLE OWNER (NM 58941)

CHISHOLM ENERGY AGENT, INC

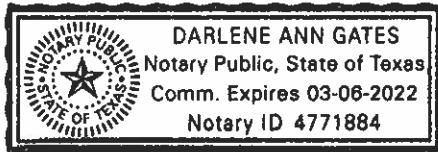
Date: May 28, 2019

By: [Signature]  
Mark D Whitley  
CEO

ACKNOWLEDGEMENT

STATE OF TEXAS §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on May 28, 2019, by Mark D. Whitley, CEO of Chisholm Energy Agent, Inc., on behalf of said corporation.



[Signature]  
Notary Public in and for the State of Texas

OPERATING RIGHTS OWNER (NMNM 32860)  
RECORD TITLE OWNER (NMNM 32860)

Oxy USA Inc.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATING RIGHTS OWNERS (NMNM 32860)

Maverick Oil & Gas Corp.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Timothy R. MacDonald**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, on behalf of  
\_\_\_\_\_, a \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_



SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING INTEREST

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of Chisholm Energy Operating, LLC, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

NAME: 

Printed: Davis Armour, CPL

TITLE: Senior Landman

Phone number: 817-492-1496

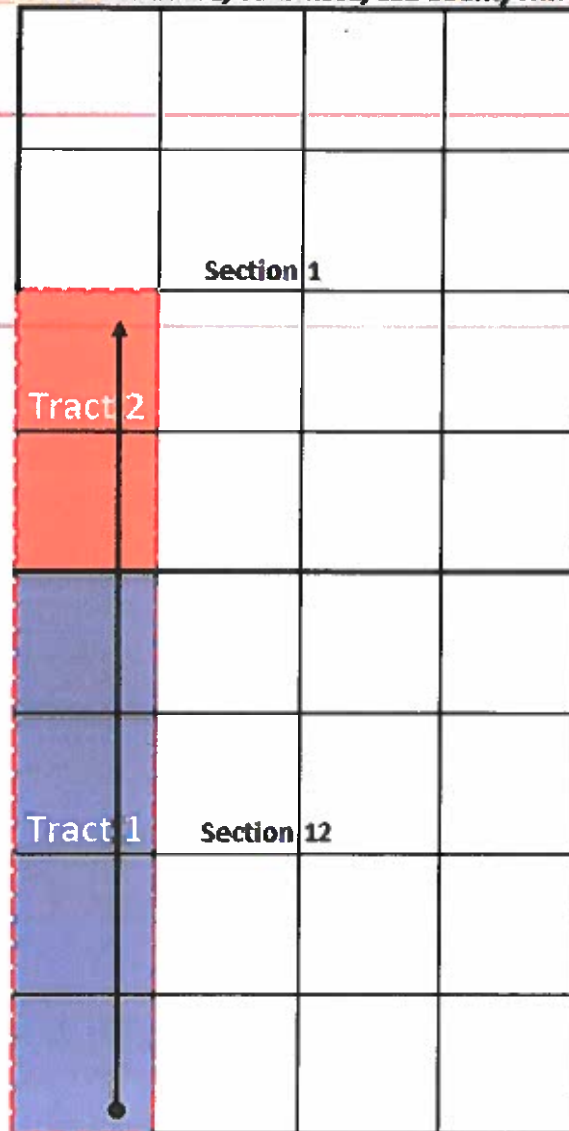
Email: darmour@chisholmenergy.com

**EXHIBIT "A"**

Plat of communitized area covering 240 acres in the W2 of Section 12 and the W2SW4 of Section 1 -  
T19S-R33E N.M.P.M., Lea County, New Mexico

Buffalo 12-1 Federal Com WCC #6H

***Sections 12 & 1, T19S-R33E, Lea County NM***



**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated April 25, 2019  
area covering W2 of Section 12 and the W2SW4 Section 1 -T19S-R33E N.M.P.M., Lea County, New  
Mexico

Operator of Communitized Area: Chisholm Energy Operating, LLC

**DESCRIPTION OF LEASES COMMITTED:****Tract No. 1**

Lease Serial Number:	NMNM 32860
Lease Date:	June 1, 1983
Lease Term:	Ten (10) Years from date
Recordation:	Unrecorded
Lessor:	United States of America
Original Lessee:	Frederick W. Lowey
Current Lessee:	Oxy USA Inc.
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 12: W2W2 Lea County, New Mexico
Number of Acres:	160
Royalty Rate:	12.5%
WI Owners:	Chisholm Energy Agent, Inc. Oxy USA Inc. Timothy R. MacDonald Maverick Oil & Gas Corporation
ORRI Owners:	Of Record

**Tract No. 2**

Lease Serial Number:	NM 58941
Lease Date:	July 1, 1984
Lease Term:	Five (5) Years
Recordation:	Book 372, Page 647 Lea County Records
Lessor:	Bureau of Land Management, United States of America
Original Lessee:	Alan J. Antweil
Current Lessee:	Chisholm Energy Agent, Inc.
Description of Land Committed:	Insofar only as said lease covers: <u>Township 19 South, Range 33 East</u> Section 1: W2SW4 Lea County, New Mexico
Number of Acres:	80
Royalty Rate:	12.5%
WI Owner:	Chisholm Energy Agent, Inc.
ORRI Owners:	Of Record

**RECAPITULATION**

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	160	66.6667%
2	80	33.3333%
Total	240	100.0000%