

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

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO

Case No. 21872



El Campeon Fed Com 404H

September 16, 2021

Originally Heard by the Division on June 17, 2021
Referred to the Commission by Order No. R-21831 (Sept. 3, 2021)

Applicant's filings and exhibits previously filed with the Division
Part 2 of 2

13.

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El Campeon Fed Com 404H

June 17, 2021

Supplemental Exhibit A-9 submitted July 9, 2021

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

OPERATING AGREEMENT

DATED

May 1st , 2021 ,
year

OPERATOR Titus Oil and Gas Production, LLC

CONTRACT AREA 282.84 acres, more or less, being Section 29: E/2 E/2 and Section 32:
Lot 1, NE/4 NE/4 (irregular section) of Township 26 South, Range 35
East, Lea County, New Mexico and portions of Section 25, Block C-24,
Loving County, Texas, as more particularly shown on Exhibit A-1

COUNTIES ~~OR PARISH~~ Lea & , STATES New Mexico
OF Loving OF & Texas

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AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 - 1989

Supplemental Exhibit A-9 Submitted July 9, 2021
Titus Oil & Gas Production LLC
NMOCD No. 21872
June 17, 2021

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

OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Titus Oil & Gas Production, LLC, hereinafter designated and referred to as "Operator," and the signatory party or parties other than Operator, sometimes hereinafter referred to individually as "Non-Operator," and collectively as "Non-Operators."

WITNESSETH:

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

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

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

A. The term "AFE" shall mean an Authority for Expenditure prepared by a party to this agreement for the purpose of estimating the costs to be incurred in conducting an operation hereunder.

B. The term "Completion" or "Complete" shall mean a single operation intended to complete a well as a producer of Oil and Gas in one or more Zones, including, but not limited to, the setting of production casing, / perforating, well stimulation and production testing conducted in such operation.

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

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

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

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

G. The term "Drillsite" shall mean the Oil and Gas Lease or Oil and Gas Interest on which a proposed well is to be located.

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

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

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

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

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

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

N. The term "Plug Back" shall mean a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone.

O. The term "Recompletion" or "Recomplete" shall mean an operation whereby a Completion in one Zone is abandoned in order to attempt a Completion in a different Zone within the existing wellbore.

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

Q. The term "Sidetrack" shall mean the directional control and intentional deviation of a well from vertical so as to change the bottom hole location unless done to straighten the hole or drill around junk in the hole or to overcome other mechanical difficulties.

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

S. See also Article XVI.A for additional definitions.

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

ARTICLE II.
EXHIBITS

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

- X A. Exhibit "A," shall include the following information:
- (1) Description of lands subject to this agreement,
 - (2) Restrictions, if any, as to depths, formations, or substances,
 - (3) Parties to agreement with addresses and telephone numbers for notice purposes,
 - (4) Percentages or fractional interests of parties to this agreement,
 - (5) Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement,
 - (6) Burdens on production.
- _____ B. Exhibit "B," Form of Lease.
- X C. Exhibit "C," Accounting Procedure.
- X D. Exhibit "D," Insurance.
- X E. Exhibit "E," Gas Balancing Agreement.
- X F. Exhibit "F," Non-Discrimination and Certification of Non-Segregated Facilities.
- _____ G. Exhibit "G," Tax Partnership.
- X H. Other: Memorandum of Operating Agreement

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

ARTICLE III.

INTERESTS OF PARTIES

A. Oil and Gas Interests:

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

B. Interests of Parties in Costs and Production:

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

14 Regardless of which party has contributed any Oil and Gas Lease or Oil and Gas Interest on which royalty or other
15 burdens may be payable and except as otherwise expressly provided in this agreement, each party shall pay or deliver, or
16 cause to be paid or delivered, all burdens on its share of the production from the Contract Area up to, but not in excess of,
17 25% and shall indemnify, defend and hold the other parties free from any liability therefor.

18 Except as otherwise expressly provided in this agreement, if any party has contributed hereto any Lease or Interest which is
19 burdened with any royalty, overriding royalty, production payment or other burden on production in excess of the amounts
20 stipulated above, such party so burdened shall assume and alone bear all such excess obligations and shall indemnify, defend
21 and hold the other parties hereto harmless from any and all claims attributable to such excess burden. ~~However, so long as
22 the Drilling Unit for the productive Zone(s) is identical with the Contract Area, each party shall pay or deliver, or cause to
23 be paid or delivered, all burdens on production from the Contract Area due under the terms of the Oil and Gas Lease(s)
24 which such party has contributed to this agreement, and shall indemnify, defend and hold the other parties free from any
25 liability therefor.~~

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

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

C. Subsequently Created Interests:

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

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

ARTICLE IV.

TITLES

A. Title Examination:

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

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

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

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

6 **B. Loss or Failure of Title:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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ARTICLE V.

OPERATOR

A. Designation and Responsibilities of Operator:

1 Titus Oil & Gas Production, LLC shall be the Operator of the Contract Area, and shall conduct
 2 and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of
 3 this agreement. In its performance of services hereunder for the Non-Operators, Operator shall be an independent contractor
 4 not subject to the control or direction of the Non-Operators except as to the type of operation to be undertaken in accordance
 5 with the election procedures contained in this agreement. Operator shall not be deemed, or hold itself out as, the agent of the
 6 Non-Operators with authority to bind them to any obligation or liability assumed or incurred by Operator as to any third
 7 party. Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike
 8 manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and
 9 regulation, but in no event shall it have any liability as Operator to the other parties / ~~for losses sustained or liabilities incurred~~
 10 ~~or any of their respective officers, employees or agents for any claims, whether or not due to the negligence of Operator~~
 11 ~~except such as may result from gross negligence or willful misconduct. / See also Article XVI.H.~~

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

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

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

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

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

C. Employees and Contractors:

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

D. Rights and Duties of Operator:

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

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

67 3. Protection from Liens: Operator shall pay, or cause to be paid, as and when they become due and payable, all accounts
 68 of contractors and suppliers and wages and salaries for services rendered or performed, and for materials supplied on, to or in
 69 respect of the Contract Area or any operations for the joint account thereof, and shall keep the Contract Area free from

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1 liens and encumbrances resulting therefrom except for those resulting from a bona fide dispute as to services rendered or
2 materials supplied.

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

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

24 6. Filing and Furnishing Governmental Reports: Operator will file, and upon written request promptly furnish copies to
25 each requesting ~~/ Non-Operator~~ ^{Consenting Party} not in default of its payment obligations, all operational notices, reports or applications
26 required to be filed by local, State, Federal or Indian agencies or authorities having jurisdiction over operations hereunder.
27 Each Non-Operator shall provide to Operator on a timely basis all information necessary to Operator to make such filings.

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

30 (a) Operator will promptly advise ~~/ Non-Operators~~ ^{Consenting Parties} of the date on which the well is spudded, or the date on which
31 drilling operations are commenced.

32 (b) Operator will send to ~~/ Non-Operators~~ ^{Consenting Parties} such reports, test results and notices regarding the progress of operations on- the well
33 as the ~~/ Non-Operators~~ ^{Consenting Parties} shall reasonably request, including, but not limited to, daily drilling reports, completion reports, and well logs.

34 (c) Operator shall ~~adequately test any or all Zones encountered which may reasonably be expected to be capable of producing~~ ^{Have the right but not the obligation to log of}
35 Oil and Gas in paying quantities as a result of examination of the electric log or any other logs or cores or tests conducted
36 hereunder.

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

40 9. Insurance: At all times while operations are conducted hereunder, Operator shall comply with the workers
41 compensation law of the state where the operations are being conducted; provided, however, ~~/ that~~ ^{to the extent not prohibited by any Oil and Gas Lease the} Operator may be a self-
42 insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall
43 be as provided in Exhibit "C." ~~/ Operator shall also carry or provide insurance for the benefit of the joint account of the parties~~ ^{to the extent the parties are required to carry any insurance under the terms of any Oil and Gas}
44 as outlined in Exhibit "D" attached hereto and made a part hereof. Operator shall require all contractors engaged in work on
45 or for the Contract Area to comply with the workers compensation law of the state where the operations are being conducted
46 and to maintain such other insurance as Operator may require.

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

ARTICLE VI.

DRILLING AND DEVELOPMENT

A. Initial Well:

53 On or before the 31 day of December, 2021, Operator shall commence ^{operations for} / the drilling of the Initial
54 Well at the following location:

56 A surface location in the SE/4 SE/4 of Section 20, T26S-R35E, with a bottom hole in Section 25, Block C-24 of Loving County, Texas,
57 and producing from lands within the Contract Area as shown on Exhibit A-I attached hereto.

62 and shall thereafter continue the drilling of the well with due diligence to

66 The drilling of the Initial Well and the participation therein by all parties is ~~obligatory~~, subject to Article XVI.O. ~~Article VI.C.1~~ - as to
67 participation

68 in ~~Completion~~ ^{any} operations and Article VI.F. as to termination of operations and Article XI as to occurrence of force majeure.

B. Subsequent Operations:

69 1. Proposed Operations: If any party ~~/ hereto~~ ^{other than a party that is in default hereunder and has received a notice of such default from another party} should desire to drill any well on the Contract Area ~~other than the Initial Well~~, or
70 ~~if any party / should desire to Rework, Sidetrack, Deepen, Recomplete or Plug Back a dry hole or a well no longer capable of~~ ^{other than a party that is in default hereunder and has received a notice of such default from another party}
71 producing in paying quantities in which such party has not otherwise relinquished its interest in the proposed objective Zone under
72 this agreement, ~~such the~~ party desiring to drill, Rework, Sidetrack, Deepen, Recomplete or Plug Back such a well shall give written
73 notice of the proposed operation to the parties who have not otherwise relinquished their interest in such objective Zone
74

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1 under this agreement and to all other parties in the case of a proposal for Sidetracking or Deepening, specifying the work to be
 2 performed, the location, proposed depth, objective Zone and the estimated cost of the operation. The parties to whom such a
 3 notice is delivered shall have ~~ninety thirty (9030)~~ days after receipt of the notice within which to notify the party proposing to do the work
 4 whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of a proposal to
 5 Rework, Sidetrack, Recomplete, Plug Back or Deepen may be given by telephone and the response period shall be limited to forty-
 6 eight (48) hours, exclusive of Saturday, Sunday and legal holidays. Failure of a party to whom such notice is delivered to reply
 7 within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.
 8 Any proposal by a party to conduct an operation conflicting with the operation initially proposed shall be delivered to all parties
 9 within the time and in the manner provided in Article VI.B.6.

10 If all parties to whom such notice is delivered elect to participate in such a proposed operation, the parties shall be
 11 contractually committed to participate therein provided such operations are commenced within the time period hereafter set
 12 forth, and Operator shall, no later than ninety (90) days after expiration of the notice period of ~~ninety thirty (3090)~~ days (or as
 13 promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case
 14 may be), actually commence the proposed operation and thereafter complete it with due diligence at the risk and expense of
 15 the parties participating therein; provided, however, said commencement date may be extended upon written notice of same
 16 by Operator to the other parties, for a period of up to thirty (30) additional days if, in the sole opinion of Operator, such
 17 additional time is reasonably necessary to obtain permits from governmental authorities, surface rights (including rights-of-
 18 way) or appropriate drilling equipment, or to complete title examination or curative matter required for title approval or
 19 acceptance. If the actual operation has not been commenced within the time provided (including any extension thereof as
 20 specifically permitted herein or in the force majeure provisions of Article XI) and if any party hereto still desires to conduct
 21 said operation, written notice proposing same must be resubmitted to the other parties in accordance herewith as if no prior
 22 proposal had been made. Those parties that did not participate in the drilling of a well for which a proposal to Deepen or
 23 Sidetrack is made hereunder shall, if such parties desire to participate in the proposed Deepening or Sidetracking operation,
 24 reimburse the Drilling Parties in accordance with Article VI.B.4. in the event of a Deepening operation and in accordance
 25 with Article VI.B.5. in the event of a Sidetracking operation.

2. Operations by Less Than All Parties:

26 (a) Determination of Participation. If any party to whom such notice is delivered as provided in Article VI.B.1. or
 27 VI.C.1. (Option No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this
 28 Article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, no
 29 later than ninety (90) days after the expiration of the notice period of ~~ninety thirty (9030)~~ days (or as promptly as practicable after the
 30 expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be) actually commence the
 31 proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting
 32 Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party,
 33 the Consenting Parties shall either: (i) request Operator to perform the work required by such proposed operation for the
 34 account of the Consenting Parties, ~~or~~ provided however, Operator shall not be required to do so, or (ii) designate one of the Consenting Parties as Operator to perform such work. The
 35 rights and duties granted to and imposed upon the Operator under this agreement are granted to and imposed upon the party
 36 designated as Operator for an operation in which the original Operator is a Non-Consenting Party. Consenting Parties, when
 37 conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this
 38 agreement.

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

57 (b) Relinquishment of Interest for Non-Participation. The entire cost and risk of conducting such operations shall be
 58 borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding
 59 paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and
 60 encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results
 61 in a dry hole, then subject to Articles VI.B.6. and VI.E.3., the Consenting Parties shall plug and abandon the well and restore
 62 the surface location at their sole cost, risk and expense; provided, however, that those Non-Consenting Parties that
 63 participated in the drilling, Deepening or Sidetracking of the well shall remain liable for, and shall pay, their proportionate
 64 shares of the cost of plugging and abandoning the well and restoring the surface location insofar only as those costs were not
 65 increased by the subsequent operations of the Consenting Parties. If any well drilled, Reworked, Sidetracked, Deepened,
 66 Recompleted or Plugged Back under the provisions of this Article results in a well capable of producing Oil and/or Gas in
 67 paying quantities, the Consenting Parties shall Complete and equip the well to produce at their sole cost and risk, and the
 68 well shall then be turned over to Operator (if the Operator did not conduct the operation) and shall be operated by it at the
 69 expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, Reworking,
 70 Sidetracking, Recomplete, Deepening or Plugging Back of any such well by Consenting Parties in accordance with the
 71 provisions of this Article ~~and Article XVI.O~~, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the
 72 Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-
 73 Consenting Party's interest in the well and share of production therefrom or, in the case of a Reworking, Sidetracking,
 74

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1 Deepening, Re-completing or Plugging Back, or a Completion pursuant to Article VI.C.1. Option No. 2, all of such Non-
 2 Consenting Party's interest in the production obtained from the operation in which the Non-Consenting Party did not elect
 3 to participate. Such relinquishment shall be effective until the proceeds of the sale of such share, calculated at the well, or
 4 market value thereof if such share is not sold (after deducting applicable ad valorem, production, severance, and excise taxes,
 5 royalty, overriding royalty and other interests not excepted by Article III.C. payable out of or measured by the production
 6 from such well accruing with respect to such interest until it reverts), shall equal the total of the following, **subject to Article XVI.O:**

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

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

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

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

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

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

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

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

72 3. Stand-By Costs: When a well which has been drilled or Deepened has reached its authorized depth and all tests have
 73 been completed and the results thereof furnished to the parties, or when operations on the well have been otherwise
 74 terminated pursuant to Article VI.F., stand-by costs incurred pending response to a party's notice proposing a Reworking,

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1 Sidetracking, Deepening, ReCompleting, Plugging Back or Completing operation in such a well (including the period required
2 under Article VI.B.6. to resolve competing proposals) shall be charged and borne as part of the drilling or Deepening
3 operation just completed. Stand-by costs subsequent to all parties responding, or expiration of the response time permitted,
4 whichever first occurs, and prior to agreement as to the participating interests of all Consenting Parties pursuant to the terms
5 of the second grammatical paragraph of Article VI.B.2. (a), shall be charged to and borne as part of the proposed operation,
6 but if the proposal is subsequently withdrawn because of insufficient participation, such stand-by costs shall be allocated
7 between the Consenting Parties in the proportion each Consenting Party's interest as shown on Exhibit "A" bears to the total
8 interest as shown on Exhibit "A" of all Consenting Parties.

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

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

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

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

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

48 The foregoing shall not imply a right of any Consenting Party to propose any Deepening for a Non-Consent Well prior
49 to the drilling of such well to its Initial Objective without the consent of the other Consenting Parties as provided in Article
50 VI.F. however, this Article VI.B.4 shall not apply to a Deepening operation within an existing Lateral or a Horizontal Well

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

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

57 (b) If the proposal is for Sidetracking a well which has previously produced, reimbursement shall be on the basis of
58 such party's proportionate share of drilling and equipping costs incurred in the initial drilling of the well down to the depth
59 at which the Sidetracking operation is conducted, calculated in the manner described in Article VI.B.4(b) above. Such party's
60 proportionate share of the cost of the well's salvable materials and equipment down to the depth at which the Sidetracking
61 operation is initiated shall be determined in accordance with the provisions of Exhibit "C."

62 This Article VI.B.5 shall not apply to operations in an existing Lateral of a Horizontal Well, including, but not limited to, Article XVI.B

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

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1 initial proposal shall prevail. Operator shall deliver notice of such result to all parties entitled to participate in the operation
 2 within five (5) days after expiration of the election period (or within twenty-four (24) hours, exclusive of Saturday, Sunday
 3 and legal holidays, if a drilling rig is on location). Each party shall then have two (2) days (or twenty-four (24) hours if a rig
 4 is on location) from receipt of such notice to elect by delivery of notice to Operator to participate in such operation or to
 5 relinquish interest in the affected well pursuant to the provisions of Article VI.B.2.; failure by a party to deliver notice within
 6 such period shall be deemed an election not to participate in the prevailing proposal.

7 7. Conformity to Spacing Pattern. Notwithstanding the provisions of this Article VI.B.2., it is agreed that no wells shall be
 8 proposed to be drilled to or Completed in or produced from a Zone from which a well located elsewhere on the Contract
 9 Area is producing, unless such well conforms to the ~~then-existing~~ well spacing pattern for such Zone.

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

13 **C. Completion of Wells; Reworking and Plugging Back:**

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

17 Option No. 1: All necessary expenditures for the drilling, Deepening or Sidetracking, testing, Completing and
 18 equipping of the ~~Well~~ ^{Horizontal} Well, including necessary tankage and/or surface facilities.

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

47 2. Rework, Recomplete or Plug Back: No well shall be Reworked, Recompleted or Plugged Back except a well Reworked,
 48 Recompleted, or Plugged Back pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the Reworking,
 49 Recompleting or Plugging Back of a well shall include all necessary expenditures in conducting such operations and
 50 Completing and equipping of said well, including necessary tankage and/or surface facilities.

51 **D. Other Operations:**

52 Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of _____
 53 Two Hundred Thousand Dollars (\$ 200,000) except in connection with the
 54 drilling, Sidetracking, Reworking, Deepening, Completing, Recompleting or Plugging Back of a well that has been previously
 55 authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden
 56 emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion
 57 are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the
 58 emergency to the other parties. If Operator prepares an AFE for its own use, Operator shall furnish any Non-Operator so
 59 requesting an information copy thereof for any single project costing in excess of Two Hundred Thousand Dollars
 60 (\$ 200,000). Any party who has not relinquished its interest in a well shall have the right to propose that
 61 Operator perform repair work or undertake the installation of artificial lift equipment or ancillary production facilities such as
 62 salt water disposal wells or to conduct additional work with respect to a well drilled hereunder or other similar project (but
 63 not including the installation of gathering lines or other transportation or marketing facilities, the installation of which shall
 64 be governed by separate agreement between the parties) reasonably estimated to require an expenditure in excess of the
 65 amount first set forth above in this Article VI.D. (except in connection with an operation required to be proposed under
 66 Articles VI.B.1. or VI.C.1. Option No. 2, which shall be governed exclusively by those Articles). Operator shall deliver such
 67 proposal to all parties entitled to participate therein. If within thirty (30) days thereof Operator secures the written consent
 68 of any party or parties owning at least 50% of the interests of the parties entitled to participate in such operation,
 69 each party having the right to participate in such project shall be bound by the terms of such proposal and shall be obligated
 70 to pay its proportionate share of the costs of the proposed project as if it had consented to such project pursuant to the terms
 71 of the proposal.

72 **E. Abandonment of Wells:**

73 1. Abandonment of Dry Holes. Except for any well drilled or Deepened pursuant to Article VI.B.2., any well which has
 74 been drilled or Deepened under the terms of this agreement and is proposed to be completed as a dry hole shall not be

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1 plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any
 2 party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) after
 3 delivery of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the
 4 proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the
 5 cost, risk and expense of the parties who participated in the cost of drilling or Deepening such well. Any party who objects to
 6 plugging and abandoning such well by notice delivered to Operator within forty-eight (48) hours (exclusive of Saturday,
 7 Sunday and legal holidays) after delivery of notice of the proposed plugging shall take over the well as of the end of such
 8 forty-eight (48) hour notice period and conduct further operations in search of Oil and/or Gas subject to the provisions of
 9 Article VI.B.; failure of such party to provide proof reasonably satisfactory to Operator of its financial capability to conduct
 10 such operations or to take over the well within such period or thereafter to conduct operations on such well or plug and
 11 abandon such well shall entitle Operator to retain or take possession of the well and plug and abandon the well. The party
 12 taking over the well shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against
 13 liability for any further operations conducted on such well except for the costs of plugging and abandoning the well and
 14 restoring the surface, for which the abandoning parties shall remain proportionately liable.

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

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

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

51 3. Abandonment of Non-Consent Operations: The provisions of Article VI.E.1. or VI.E.2. above shall be applicable as
 52 between Consenting Parties. ~~In the event of the proposed abandonment of any well excepted from said Articles; provided,~~
 53 ~~however,~~ no well shall be permanently plugged and abandoned unless and until all parties having the right to conduct further
 54 operations therein have been notified of the proposed abandonment and afforded the opportunity to elect to take over the well
 55 in accordance with the provisions of this Article VI.E.; and provided further, that Non-Consenting Parties who own an interest
 56 in a portion of the well shall pay their proportionate shares of abandonment and surface restoration cost for such well as
 57 ~~provided in Article VI.B.2.(b). /~~ ~~If Operator does not receive a written response from any Non-Operator within thirty (30) days after~~
 58 ~~delivering notice of proposed abandonment, then such Non-Operator shall be deemed to have consented to the proposal.~~

F. Termination of Operations:

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

G. Taking Production in Kind:

65 **Option No. 1: Gas Balancing Agreement Attached**
 66 ~~have the right but not the obligation to~~
 67 Each party shall / take in kind or separately dispose of its proportionate share of all Oil and Gas produced from the
 68 Contract Area, exclusive of production which may be used in development and producing operations and in preparing and
 69 treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking
 70 in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. ~~Any~~
 71 ~~party taking its share of production in kind shall be required to pay for only its proportionate share of such part of~~
 72 ~~Operator's surface facilities which it uses.~~

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

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1 directly from the purchaser thereof for its share of all production.

2 If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate
3 share of the Oil ^{and Gas} / produced from the Contract Area, Operator shall have the right, subject to the revocation at will by
4 the party owning it, but not the obligation, to purchase such Oil ^{and Gas} / or sell it to others at any time and from time to
5 time, for the account of the non-taking party. Any such purchase or sale by Operator may be terminated by
6 Operator upon at least ^{thirty} / ~~ten~~ (30) days written notice to the owner of said production and shall be subject always to
7 the right of the owner of the production upon at least ^{thirty} / ~~ten~~ (30) days written notice to Operator to exercise at any
8 time its right to take in kind, or separately dispose of, its share of all Oil ^{and Gas} / not previously delivered to a purchaser.
9 Any purchase or sale by Operator of any other party's share of Oil ^{and Gas} / shall be only for such reasonable periods of time
10 as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a
11 period in excess of one (1) year.

12 Any such sale by Operator shall be in a manner commercially reasonable under the circumstances but Operator
13 shall have no duty to share any existing market or to obtain a price equal to that received under any existing
14 market. The sale or delivery by Operator of a non-taking party's share of Oil ^{and Gas} / under the terms of any existing
15 contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said
16 contract. No purchase shall be made by Operator without first giving the non-taking party at least ^{thirty} / ~~ten~~ (30) days
17 written notice of such intended purchase and the price to be paid or the pricing basis to be used.

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

22 In the event one or more parties' separate disposition of its share of the Gas causes split-stream deliveries to separate
23 pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportion-
24 ate share of total Gas sales to be allocated to it, the balancing or accounting between the parties shall be in accordance with
25 any Gas balancing agreement between the parties hereto, whether such an agreement is attached as Exhibit "E" or is a
26 separate agreement. Operator shall give notice to all parties of the first sales of Gas from any well under this agreement. **Each party
27 electing to take in kind or separately dispose of its proportionate share of the production from the Contract Area shall keep
28 accurate records of the volume, selling price, royalty and taxes relative to its share of production. Non-Operator shall, upon
29 request, furnish Operator with true and complete copies of the records required to be kept hereunder whenever, under the
30 terms of this agreement or any agreement executed in connection herewith, it is necessary for Operator to obtain said
31 information. Any information furnished to Operator hereunder shall be used by Operator only to the extent necessary to
32 carry out its duties as Operator and shall otherwise be kept confidential.**

30 **Option No. 2: No Gas Balancing Agreement:**

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

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

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

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

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

62 **ARTICLE VII.**

63 **EXPENDITURES AND LIABILITY OF PARTIES**

64 **A. Liability of Parties:**

65 The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations,
66 and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the
67 liens granted among the parties in Article VII.B. are given to secure only the debts of each severally, and no party shall have
68 any liability to third parties hereunder to satisfy the default of any other party in the payment of any expense or obligation
69 hereunder. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other
70 partnership, joint venture, agency relationship or association, or to render the parties liable as partners, co-venturers, or
71 principals. In their relations with each other under this agreement, the parties shall not be considered fiduciaries or to have
72 established a confidential relationship but rather shall be free to act on an arm's-length basis in accordance with their own
73 respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other
74 with respect to activities hereunder **See also Article XVI.I.**

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1 B. Liens and Security Interests:

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

15 To perfect the lien and security agreement provided herein, each party hereto shall execute and acknowledge the recording
 16 supplement ^{in the form of Exhibit "H"} / and/or any financing statement prepared and submitted by any party hereto in conjunction herewith or at any time
 17 following execution hereof, and Operator is authorized to file this agreement or the recording supplement executed herewith as
 18 a lien or mortgage in the applicable real estate records and as a financing statement with the proper officer under the Uniform
 19 Commercial Code in the states in which the Contract Area is situated and such other states as Operator shall deem appropriate
 20 to perfect the security interest granted hereunder. Any party may file ^{a recording supplement in the form attached hereto as Exhibit "H"} / ~~this agreement, the recording supplement executed~~
 21 ~~herewith~~, or such other documents as it deems necessary as a lien or mortgage in the applicable real estate records and/or a
 22 financing statement with the proper officer under the Uniform Commercial Code.

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

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

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

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

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

60 C. Advances:

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

70 D. Defaults and Remedies:

71 If any party fails to discharge any financial obligation under this agreement, including without limitation the failure to
 72 make any advance under the preceding Article VII.C. or any other provision of this agreement, within the period required for
 73 such payment hereunder, then in addition to the remedies provided in Article VII.B. or elsewhere in this agreement, the
 74 remedies specified below shall be applicable. For purposes of this Article VII.D., all notices and elections shall be delivered

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1 only by Operator, except that Operator shall deliver any such notice and election requested by a non-defaulting Non-Operator,
 2 and when Operator is the party in default, the applicable notices and elections can be delivered by any Non-Operator.
 3 Election of any one or more of the following remedies shall not preclude the subsequent use of any other remedy specified
 4 below or otherwise available to a non-defaulting party.

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

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

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

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

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

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

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

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

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

62 **F. Taxes:**

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

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1 If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner
2 prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final
3 determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes
4 and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for
5 the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be
6 paid by them, as provided in Exhibit "C."

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

ARTICLE VIII.

ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

11 The Leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole
12 or in part unless all parties consent thereto; **provided however, no consent shall be required for an Oil and Gas Lease which has
13 terminated or expired by its own terms.**

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

35 Any assignment, lease or surrender made under this provision shall not reduce or change the assignor's, lessor's or surrendering
36 party's interest as it was immediately before the assignment, lease or surrender in the balance of the Contract Area; and the acreage
37 assigned, leased or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this
38 agreement but shall be deemed subject to an Operating Agreement **identical to and modified only to reflect the ownership of the acquiring parties and their respective interests**
39 ~~in the form of this agreement.~~

B. Renewal or Extension of Leases:

40 If any party secures a renewal or replacement of an Oil and Gas Lease or Interest subject to this agreement, then all other parties
41 **who participated in the ownership of the Lease or Leases being renewed or replaced**
42 shall be notified promptly upon such acquisition or, in the case of a replacement Lease taken before expiration of an existing Lease,
43 promptly upon expiration of the existing Lease. The parties notified shall have the right for a period of thirty (30) days following
44 delivery of such notice in which to elect to participate in the ownership of the renewal or replacement Lease, insofar as such Lease
45 affects lands within the Contract Area, by paying to the party who acquired it their proportionate shares of the acquisition cost
46 allocated to that part of such Lease within the Contract Area, which shall be in proportion to the interest held at that time by the
47 parties in the Contract Area. Each party who participates in the purchase of a renewal or replacement Lease shall be given an
48 assignment of its proportionate interest therein **without warranty of title except by, through or under the acquiring party**
49 ~~by the acquiring party.~~

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

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

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

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

67 **See also Article XVI.D.**

C. Acreage or Cash Contributions:

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

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

D. Assignment; Maintenance of Uniform Interest:

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

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

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

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

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

E. Waiver of Rights to Partition:

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

F. Preferential Right to Purchase:

33 (Optional; Check if applicable.)

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

ARTICLE IX.**INTERNAL REVENUE CODE ELECTION**

48 If, for federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, and if the
49 parties have not otherwise agreed to form a tax partnership pursuant to Exhibit "G" or other agreement between them, each
50 party thereby affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle
51 "A," of the Internal Revenue Code of 1986, as amended ("Code"), as permitted and authorized by Section 761 of the Code and
52 the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected
53 such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal
54 Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by
55 Treasury Regulation §1.761. Should there be any requirement that each party hereby affected give further evidence of this
56 election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal
57 Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other action
58 inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract
59 Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K," Chapter
60 1, Subtitle "A," of the Code, under which an election similar to that provided by Section 761 of the Code is permitted, each party
61 hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each
62 such party states that the income derived by such party from operations hereunder can be adequately determined without the
63 computation of partnership taxable income.

ARTICLE X.**CLAIMS AND LAWSUITS**

66 Operator may settle any single uninsured third party damage claim or suit arising from operations hereunder if the expenditure
67 does not exceed One Hundred Thousand Dollars (\$100,000) and if the payment is in complete settlement
68 of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over
69 the further handling of the claim or suit, unless such authority is delegated to Operator / . All costs and expenses of handling settling,
70 or otherwise discharging such claim or suit shall be a ^{at} the joint expense of the parties participating in the operation from which the
71 claim or suit arises. If a claim is made against any party or if any party is sued on account of any matter arising from operations
72 hereunder over which such individual has no control because of the rights given Operator by this agreement, such party shall
73 immediately notify all other parties, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

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ARTICLE XI.

FORCE MAJEURE

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

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

ARTICLE XII.

NOTICES

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

ARTICLE XIII.

TERM OF AGREEMENT

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

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

Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in the Completion of a well as a well capable of production of Oil and/or Gas in paying quantities, this agreement shall continue in force so long as any such well is capable of production, and for an additional period of 90 days thereafter; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling, Reworking, Deepening, Sidetracking, Plugging Back, testing or attempting to Complete or Re-complete a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is capable of producing Oil and/or Gas from the Contract Area, this agreement shall terminate unless drilling, Deepening, Sidetracking, Completing, Re-completing, Plugging Back or Reworking operations are commenced within 90 days from the date of abandonment of said well. "Abandonment" for such purposes shall mean either (i) a decision by all parties not to conduct any further operations on the well or (ii) the elapse of 180 days from the conduct of any operations on the well, whichever first occurs.

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

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

ARTICLE XIV.

COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

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

B. Governing Law:

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

C. Regulatory Agencies:

Nothing herein contained shall grant, or be construed to grant, Operator the right or authority to waive or release any rights, privileges, or obligations which Non-Operators may have under federal or state laws or under rules, regulations or

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1 orders promulgated under such laws in reference to oil, gas and mineral operations, including the location, operation, or
2 production of wells, on tracts offsetting or adjacent to the Contract Area.

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

11 **ARTICLE XV.**
12 **MISCELLANEOUS**

13 **A. Execution:**

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

29 **B. Successors and Assigns:**

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

33 **C. Counterparts:**

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

36 **D. Severability:**

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

40 **ARTICLE XVI.**
41 **OTHER PROVISIONS**

42
43 **A. Additional Definitions.**

- 44
45 1. The term "**Horizontal Well**" shall have the same meaning as the term defined by the state regulatory
46 agencies having jurisdiction over the Contract Area, in the absence of which the term shall mean a well
47 containing one or more Laterals which are drilled, Completed or Recompleted in a manner in which
48 the horizontal component of the Completion interval (1) extends at least one hundred feet (100') in the
49 objective formation(s) and (2) exceeds the vertical component of the Completion interval in the
50 objective formation(s).
51
52 2. The term "**Lateral**" shall mean that portion of a wellbore that deviates from approximate vertical
53 orientation to approximate horizontal orientation and all wellbore beyond such deviation to Total
54 Measured Depth.
55
56 3. The term "**Total Measured Depth**", when used in connection with a Horizontal Well, shall mean the
57 distance from the surface of the ground to the terminus, as measured along and including the vertical
58 component of the well and Lateral(s). When the proposed operation(s) is the drilling of, or operation
59 on, a Horizontal Well, the terms "depth" or "total depth" wherever used in this agreement shall be
60 deemed to read "Total Measured Depth" insofar as it applies to such well.
61
62 4. The term "**well**" shall mean and include all wells, however drilled, whether vertically, horizontally,
63 directionally or otherwise, in an endeavor to obtain the production of Oil and Gas.
64
65 5. The term "**Well Pad**" shall mean a drill-ready surface location from which one or more wells are drilled
66 and any related surface equipment, appurtenances and facilities related to and solely servicing such
67 location.
68
69

70 **B. Priority of Operations.**

- 71 1. **Vertical Wells.** If the parties participating in the drilling of any vertical well under this agreement
72 cannot mutually agree upon the conduct of further operations, the operations proposed to be
73 conducted shall be governed by the following sequence of priority:
74

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- 1 i. A proposal to do additional logging, coring, or testing; then
 2
 3 ii. A proposal to attempt to Complete the vertical well at the objective depth; then
 4
 5 iii. A proposal to Plug Back the vertical well and to attempt a Completion in an ascending order
 6 above the objective depth; then
 7
 8 iv. A proposal to Deepen the vertical well to a new objective depth, in order of ascending depth;
 9 then
 10
 11 v. A proposal to Sidetrack the vertical well.
 12
 13 2. **Horizontal Wells.** A proposal to plug a Horizontal Well that has been drilled to the authorized depth
 14 and all tests have been completed and the results thereof furnished to the Consenting Parties, and such
 15 parties cannot agree upon the sequence and timing of further operations regarding said Horizontal
 16 Well, the operations proposed to be conducted shall be governed by the following sequence of priority:
 17
 18 i. A proposal to do additional logging, coring, or testing; then
 19
 20 ii. A proposal to attempt to Complete the Horizontal Well at the authorized depth in the manner
 21 set forth in the AFE (i.e., in accordance with the casing stimulation and other completion
 22 programs set forth in the AFE); then
 23
 24 iii. A proposal to attempt to Complete the Horizontal Well at the authorized depth in a manner
 25 different than as set forth in the AFE; then
 26
 27 iv. A proposal to extend the length of the Lateral hole for a specified number of feet in the direction
 28 it is drilling, with priority given in ascending order to objectives above the authorized depth,
 29 and then in descending order to objectives below the authorized depth; then
 30
 31 v. A proposal to drill a new Lateral in a different direction at the authorized depth; then
 32
 33 vi. A proposal to drill a new Lateral in a different depth, with priority given in ascending order to
 34 objectives above the authorized depth, and then in descending order to objectives below the
 35 authorized depth; then
 36
 37 vii. A proposal to Plug Back and attempt to complete the Horizontal Well at a depth shallower than
 38 the authorized depth, with priority given to objectives in ascending order up the hole; then
 39
 40 viii. A proposal to Deepen the Horizontal Well below the authorized depth; then
 41
 42 ix. A proposal to Sidetrack the Horizontal Well to a new target objective, with priority given first
 43 in ascending order to objectives above the authorized depth, and then in descending order to
 44 objectives below, the authorized depth.
 45
 46 As to any possible conflicts that may arise during the Completion phase of a Horizontal
 47 Well, priority shall be given first to a Lateral of the authorized depth, and then to objective
 48 formations in ascending order above the authorized depth, and then to objective formations in
 49 descending order below the authorized depth. In a Horizontal Well, the Operator shall have the
 50 right to cease drilling at any time, for any reason, after it has drilled a Horizontal Well to the
 51 objective formation and has drilled horizontally for a distance which is at least equal to fifty
 52 percent (50%) of the length of the total horizontal displacement (displacement from true vertical)
 53 proposed for the operation.
 54
 55 3. If at the time the parties are considering a proposed operation, the well is in such condition, in the
 56 Operator's judgment, that a reasonably prudent operator would not conduct such operation for fear
 57 of mechanical difficulties, placing the hole, property, equipment or personnel in danger of loss, injury
 58 or death, or fear of loss of hole or the well for any reason without being able to attempt a Completion
 59 at the authorized depth, then the proposal shall be given no priority to any proposed operation except
 60 for plugging and abandoning the well.
 61
 62 4. The parties hereto acknowledge and agree that nothing in this Article XVI.B shall relieve a party, in
 63 whole or in part, from its obligation to pay all necessary expenditures for the drilling, Deepening or
 64 Sidetracking, testing, Completing and equipping of such an authorized well (including necessary
 65 tankage and/or surface facilities) to the extent required pursuant to Article VI.
 66
 67 C. Access to Contract Area and Information.
 68
 69 1. A Non-Consenting Party under Article VI.B or Article VI.C.1, shall not have access to the well site
 70 with respect to the applicable operation, however Oxy USA, Inc. shall be entitled to receive, and upon
 71 receipt of written request shall be given or provided with any information relating to that operation,
 72 including any notices, applications, reports, or similar information under Article V.D.5.
 73
 74 2. Operator will send to all Non-Operators, an election, or include in the original well election proposal,
 an election as to all coring, specialty geophysical logging, pressure analysis, or other non-standard tests
 and analysis and information pertaining thereto. If Non-Operator elects to participate, then Non-
 Operator will receive all data and any related analysis.
 D. Renewal or Extension of Leases. Notwithstanding anything herein to the contrary, each party
 committing any Lease or Leases or any undivided interest therein or portion thereof to this agreement

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1 shall have the sole option prior to the expiration of each such Lease to renew or extend such Lease with
 2 respect to all of such party's interest therein and to bear the renewal or extension costs and expenses
 3 incurred in connection therewith and thereby retain its interest and title in said Lease. If any such
 4 party does not timely exercise its option and procure a renewal or extension of its interest in such
 5 Lease, then any replacement Lease taken covering such interest will thereafter be subject to the terms
 6 of Article VIII.B. The provisions of this section shall only apply to Leases or portions of Leases located
 7 in the Contract Area.
 8

9 E. Intentionally left blank

10 F. Costs Associated with Use of Consultants. Operator may charge the reasonable costs of consultants,
 11 including attorneys, necessary to secure regulatory permits and approvals for drilling wells, laying
 12 pipelines, collecting and discharging water and any other matters related to the Contract Area.

14 G. Creation of Subsequent Interests. Except as described in Article XVI.O below, if after the date hereof
 15 any party hereto creates an overriding royalty, production payment or any other burden against its
 16 working interest production, and if any party or parties shall conduct non-consent operations pursuant
 17 to any provisions of this agreement, and as a result, become entitled to receive the working interest
 18 production otherwise belonging to the Non-Consenting Party, the party or parties entitled to receive
 19 the working interest production of the Non-Consenting Party shall receive such production free and
 20 clear of burdens against such production that may have been created subsequent to the effective date
 21 of this agreement. In this regard, any such interest that may have been created subsequent to the
 22 effective date of this agreement shall ipso facto terminate and vest in the Consenting Parties unless
 23 such interest is referenced on Exhibit "A", attached hereto.
 24
 25

26 H. Intentionally left blank

27 I. Additional Language to Article VII.A – Liabilities of Parties. NO PARTY SHALL BE LIABLE TO
 28 ANY OTHER PARTY HERETO FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER
 29 SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT
 30 LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT
 31 OF THIS AGREEMENT OR FOR ANY FAILURE OF PERFORMANCE RELATED HERETO
 32 HOWSOEVER CAUSED, WHETHER OR NOT ARISING FROM SUCH PARTY'S SOLE, JOINT
 33 OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, BREACH OF CONTRACT OR OTHER
 34 FAULT OR RESPONSIBILITY. For purposes of the foregoing, actual damages may, however,
 35 include indirect, special, consequential, incidental or indirect losses or exemplary or punitive damages
 36 to the extent (i) the injuries or losses resulting in or giving rise to such damages are incurred or suffered
 37 by a third party which is not a party to this agreement and (ii) such damages are recovered against
 38 such party by a third party which is not a party hereto. This Article XVI.I shall operate only to limit
 39 a party's liability and shall not operate to increase or expand any contractual obligation of a party
 40 hereunder.
 41
 42

43 J. Bankruptcy. If any party becomes insolvent or files for relief under the United States Bankruptcy
 44 Code and all or any part of this agreement is held to be an executory contract, then the Operator, or
 45 (if the Operator is the debtor in bankruptcy) any other party, shall be entitled to a determination by
 46 the debtor in possession or any trustee as to the rejection or assumption of this agreement within thirty
 47 (30) days from the date an order for relief is entered to seek adequate assurances as to the future
 48 performance of the debtor's obligations hereunder, and the protection of all interests affected thereby.
 49 To the extent permitted by order of the Bankruptcy Courts the debtor party shall satisfy its obligation
 50 to provide adequate assurances by advancing payments or depositing funds or appropriate legal
 51 instruments pursuant to a mutually acceptable escrow agreement.
 52
 53

54 K. Force Majeure. The Parties recognize that due to environmental concerns relating to the Contract
 55 Area, there may be limited drilling windows during which Operator will be permitted to drill, and that
 56 consequently a force majeure preventing drilling during one window may require that Operator defer
 57 drilling until the next available window, even though the force majeure that originally prevented the
 58 drilling terminates earlier. In that event, the force majeure shall be considered to continue until
 59 Operator, with reasonable diligence, is able to commence or resume drilling in the next available
 60 drilling window. If the force majeure ends while the drilling window is open but without sufficient
 61 time within that window to allow the well to be drilled to the authorized depth. Operator may defer
 62 commencement or resumption of drilling until the next available window.
 63

64 L. Intentionally left blank

65 M. Early Commencement of Operations. Notwithstanding anything to the contrary in this agreement,
 66 Operator shall have the right to commence activities preliminary to actual drilling operations
 67 including, without limitation, building location, roads and pits, delivering materials and equipment to
 68 the well site, rigging up a drilling rig, and/or any other actual drilling operations, at any time either
 69 before or after giving the notice of proposed operations required by said Articles. Operator's
 70 commencement of the foregoing prior to the expiration of the notice period shall not impair any other
 71 party's right to utilize the full 90~~30~~ day notice period (or 48 hour period if a drilling rig is on location)
 72
 73
 74

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1 for submittal of its participation election, provided that once a party has submitted its participation
 2 election, it shall not have the right to change its election without the approval of all Consenting Parties.

3
 4 N. Miscellaneous

5 1. Conflict of Terms. In the event of a conflict between the typewritten portions and printed portions of
 6 this agreement, the typewritten portions shall prevail. In the event of a conflict between the terms of
 7 this Article XVI and any other portion of this agreement, the terms of Article XVI shall govern, control
 8 and prevail.

9
 10 2. Invalid Provisions. In the event any provision contained in this agreement is contrary to any law, rule,
 11 regulation or order and is held to be invalid, void, illegal or unenforceable in any respect, the parties
 12 shall either modify the provision to properly conform with such law, rule, regulation or order or delete
 13 such provision from this agreement, and in either case the remaining provisions hereof shall remain
 14 unaffected and will continue in full force and effect. Furthermore, in lieu of such invalid, void, illegal
 15 or unenforceable provision there automatically shall be added as part of this agreement a provision as
 16 closely resembling such provision as shall then be valid, legal and enforceable so long as such provision
 17 does not have a material adverse effect on the rights of any party to this agreement.

18
 19 3. COPAS Interpretation. The provisions of Exhibit "C" attached hereto shall be interpreted as
 20 recommended by the Council of Petroleum Accountants Societies of North America, Accounting
 21 Procedure for Joint Operations, after giving effect to special changes and provisions noted herein and
 22 in the provisions of Exhibit "C", if any.

23
 24 4. JOA Preparation. Each party acknowledges and agrees that such party has been represented or had
 25 the opportunity to be represented by attorneys of its own choosing and therefore, for the purposes of
 26 construing this agreement, each party shall be deemed to have participated equally in the
 27 preparation and drafting of this agreement. If any ambiguity is contained in this agreement, no
 28 weight shall be given in favor or against any party in resolving that ambiguity on account of that
 29 party's drafting of this agreement.

30
 31 O. Initial and Subsequent Proposed Operations

32
 33 Non-Consent. In the event Oxy USA Inc. ("Oxy") elects not to participate in the Initial Well, in lieu of
 34 any non-consent penalties found in Article VI.B.2., Oxy shall be credited with an Overriding Royalty
 35 Interest ("ORRI") in all Oil and Gas produced and saved from such Initial Well, being calculated as
 36 the positive difference between thirty percent (30%) and existing royalty burdens on Oxy's lease(s) in
 37 the Contract Area. The ORRI shall be proportionately reduced to Oxy's interest in the Contract Area.
 38 Additionally, should Oxy elect not to participate as set forth above, Oxy shall be entitled to receive all
 39 well data and science as if Oxy were a consenting party. Except for the inapplicability of the non-
 40 consent penalties under this Article XVI.O., Oxy shall otherwise be entitled to all of the rights and
 41 privileges of a Non-Consenting Party under all applicable provisions in this Agreement.

42
 43 P. Intentionally left blank

44
 45 Q. Produced Water. Titus Oil & Gas Production II, LLC shall have the right to take in kind or separately
 46 dispose of its proportionate share of all water produced from the Contract Area. Any extra expenditure
 47 incurred in the taking in kind or separate disposition by Titus Oil & Gas Production II, LLC of its
 48 proportionate share of the produced water shall be borne by such party. If it elects to take in kind,
 49 Titus Oil & Gas Production II, LLC shall be required to pay for only its proportionate share of such
 50 part of Operator's surface facilities which it uses.

51
 52 R. JOA Applicability. This JOA shall only apply to wells which include lands in both New Mexico and
 53 Texas. If Operator is unable to drill across the New Mexico-Texas state line, this JOA shall not apply.

54
 55 S. Drilling Permits / Well Proposals. No party shall have the right to propose a well under the terms of
 56 this agreement prior to obtaining drilling permits from all governmental authorities. If a party
 57 proposes a well prior to obtaining drilling permits from all governmental authorities, such proposal
 58 shall be null and void. Upon obtaining drilling permits from all governmental authorities, such party
 59 must resubmit a well proposal to the parties in accordance with Article VI. as if no prior proposal had
 60 been made.

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

1 IN WITNESS WHEREOF, this agreement shall be effective as of the 1st day of May,

2 2021.

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

8 ATTEST OR WITNESS:

OPERATOR

Titus Oil & Gas Production, LLC

By Walter P. Jones

Walter P. Jones

Type or print name

Title Vice President - Land

Date July 8, 2021

Tax ID or S.S. No. 82-4669418

14 NON-OPERATORS

Oxy USA Inc.

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

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

1 IN WITNESS WHEREOF, this agreement shall be effective as of the 1st day of May,
2 2021

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

ATTEST OR WITNESS:

OPERATOR

Titus Oil & Gas Production, LLC

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

NON-OPERATORS

Oxy USA Inc.

By 

Type or print name Bradley S. Dusek

Title Attorney-in-fact

Date 7/8/2021

Tax ID or S.S. No. _____

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

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

ACKNOWLEDGMENTS

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

Individual acknowledgment:

State of _____)

) ss.

County of _____)

This instrument was acknowledged before me on

_____ by _____

(Seal, if any) _____

Title (and Rank) _____

My commission expires: _____

Acknowledgment in representative capacity:

State of Texas)

) ss.

County of Harris)

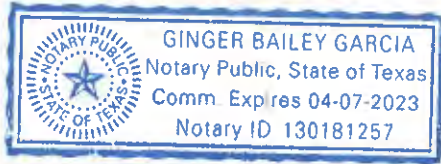
This instrument was acknowledged before me on

July 8, 2021 by Bradley S. Dusek as _____

Attorney-in-fact of OXY USA Inc, a Delaware corporation,
on behalf of said corporation.

Ms. B. Garcia
Title (and Rank) Notary

My commission expires: 4/7/2023



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

ACKNOWLEDGMENTS

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

Individual acknowledgment:

State of _____)

_____) ss.

County of _____)

This instrument was acknowledged before me on

_____ by _____

(Seal, if any)

_____ Title (and Rank)

My commission expires: _____

Acknowledgment in representative capacity:

State of TEXAS)

_____) ss.

County of TARRANT)

This instrument was acknowledged before me on

JULY 8TH, 2021 by WALTER P. JONES as

VP-LAND of TITUS OIL + GAS PRODUCTION, LLC

(Seal, if any)

Reed Brunette

_____ Title (and Rank) NOTARY

My commission expires: 11-15-2022

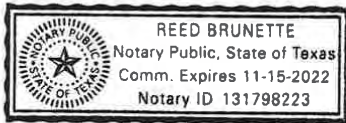


EXHIBIT "A"

Attached to that certain A.A.P.L. FORM 610 – 1989H Model Form Operating Agreement dated May 1st, 2021 between Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al as Non-Operators

CONTRACT AREA:

282.84 acres, more or less, being Section 29: E/2 E/2 and Section 32: Lot 1, NE/4 NE/4 (irregular section) of Township 26 South, Range 35 East, Lea County, New Mexico and portions of Section 25, Block C-24, Loving County, Texas, as more particularly shown on Exhibit A-1 attached hereto

CONTRACT AREA RESTRICTIONS:

All Depths, save and except the Medicine Man #1 Well (API: 42-301-31237) in Section 25, Block C-24, Loving County, TX.

This JOA shall only apply to wells which include lands in both New Mexico and Texas. If Operator is unable to drill across the New Mexico-Texas state line, this JOA shall not apply.

INTEREST OF THE PARTIES TO THIS AGREEMENT:

Interest Owners	Working Interest
Titus Oil & Gas Production, LLC 420 Throckmorton Street, Suite 1150 Fort Worth, TX 76102 wjones@titusoil.com Attn: Land Department	82.605006%
Oxy USA Inc. 5 Greenway Plaza, Suite 110 Houston, Texas 77046-0521 Attn: Land Department	17.39499%
Total:	100.00000%

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Lessor: Santa Fe Energy Resources, Inc.
Lessee: BLM NMNM 125400
Lease Date: December 1, 1996
Legal Description: E/2, NE/4 NW/4, E/2 SW/4 of Section 29, T26S-35E, Lea County, New Mexico

Lessor: Reagan Smith Energy Solutions, Inc.
Lessee: State of NM VB-2563
Lease Date: August 1, 2015
Legal Description: Lots 1, 2, 3, 4, N/2 N/2 (All) of Section 32, T26S-35E, Lea County, New Mexico

Lessor: Virginia Howell, a widow, the sole heir of Grover M. Howell, Jr.
Lessee: Wayne Newkumet
Lease Date: September 23, 2003
Recording: Volume 34; Page 108
Legal Description: All of Section 25, Block C-24, Loving County, Texas

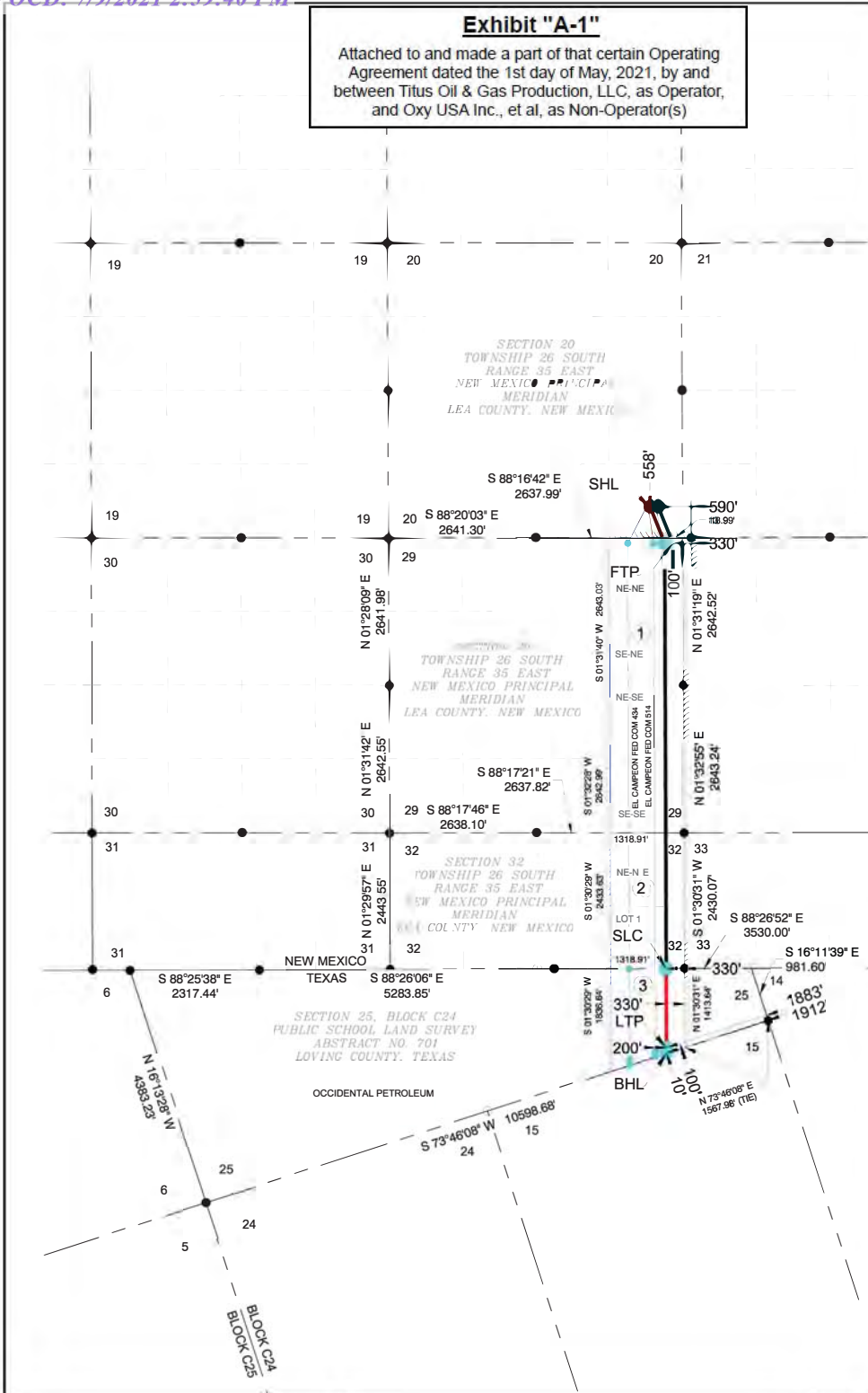
Lessor: Kathleen Howell Cone
Lessee: Wayne Newkumet
Lease Date: September 25, 2003
Recording: Volume 34; Page 200
Legal Description: All of Section 25, Block C-24, Loving County, Texas

BURDENS ON PRODUCTION:

Burdens of record as of the effective date of this agreement

Exhibit "A-1"

Attached to and made a part of that certain Operating Agreement dated the 1st day of May, 2021, by and between Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al, as Non-Operator(s)



SURFACE HOLE LOCATION
ELEVATION= 3172.14'
TEXAS CENTRAL - NAD 83

NORTHING	10712513.96
EASTING	1351511.11
LATITUDE	32.02304100
LONGITUDE	-103.38281477
TEXAS CENTRAL - NAD 27	
NORTHING	869934.66
EASTING	1055048.78
LATITUDE	32.02291440°
LONGITUDE	-103.38235512°

FIRST TAKE POINT
TEXAS CENTRAL - NAD 83

NORTHING	10711848.40
EASTING	1351753.61
LATITUDE	32.02123058°
LONGITUDE	-103.38197385°
TEXAS CENTRAL - NAD 27	
NORTHING	869269.12
EASTING	1055291.25
LATITUDE	32.02110395°
LONGITUDE	-103.38151432°

STATE LINE CROSSING
TEXAS CENTRAL - NAD 83

NORTHING	10704234.31
EASTING	1351550.64
LATITUDE	32.00029469°
LONGITUDE	-103.38195530°
TEXAS CENTRAL - NAD 27	
NORTHING	861655.25
EASTING	1055087.96
LATITUDE	31.00016796°
LONGITUDE	-103.38149694°

LAST TAKE POINT
TEXAS CENTRAL - NAD 83

NORTHING	10702820.18
EASTING	1351512.95
LATITUDE	31.99640634°
LONGITUDE	-103.38195184°
TEXAS CENTRAL - NAD 27	
NORTHING	860241.16
EASTING	1055050.24
LATITUDE	31.99627958°
LONGITUDE	-103.38149358°

BOTTOM HOLE LOCATION
TEXAS CENTRAL - NAD 83

NORTHING	10702725.21
EASTING	1351510.42
LATITUDE	31.99614521°
LONGITUDE	-103.38195160°
TEXAS CENTRAL - NAD 27	
NORTHING	860148.19
EASTING	1055047.71
LATITUDE	31.99601844°
LONGITUDE	-103.38149335°

LATERAL OFFSET

SHL - 558' FSL 590' FEL - SECTION 20
FTP - 100' FSL 330' FEL - SECTION 29
SLC - 330' FEL - SECTION 32 / LEASE
LTP - 100' FSL 1883' FEL - SECTION 25
LTP - 100' FSL 330' FEL - LEASE
BHL - 10' FSL 1912' FEL - SECTION 25
BHL - 10' FSL 330' FEL - LEASE

CALLED ACREAGE TOTALS

TRACT NO.	ACREAGE
1	160.00 ACRES
2	73.64 ACRES
3	49.20 ACRES
TOTAL ACRES	282.84 ACRES

EL CAMPEON FED COM 404H WELL BORE SUMMARY
SHL TO FTP=S 20°01'12" E, 708.36'
FTP TO SLC=S 01°31'37" W, 7616.80'
SLC TO LTP=S 01°31'37" W, 1414.64'
LTP TO BHL=S 01°31'37" W, 95.01'

NOTES:
1. BEARINGS AND COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 CENTRAL ZONE 4203
2. LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
3. THIS IS AN EXHIBIT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY TITUS OIL & GAS PRODUCTION, LLC. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

LEGEND

- DENOTES HORIZONTAL SURFACE LOCATION AND POINT OF PENETRATION
- DENOTES FIRST TAKE POINT LOCATION, LAST TAKE POINT LOCATION, AND BOTTOM HOLE LOCATION & TERMINUS POINT
- DENOTES BEARING CHANGE
- DENOTES FOUND MONUMENT
- DENOTES CALCULATED CORNER
- DENOTES PRODUCING WELL
- DENOTES PERMITTED WELL
- DENOTES SECTION LINE
- DENOTES PROPOSED LATERAL NEW MEXICO
- DENOTES PROPOSED LATERAL TEXAS
- DENOTES PROPOSED WELL PAD
- DENOTES ABSTRACT LINE
- DENOTES 660' BOUNDARY LINE
- DENOTES LEASE
- DENOTES TRACT

Scale: 1" = 2000'

JAMES C. YARGER, TEXAS R.P.L.S. NO. 5854, DATE 04/02/21

STATE OF TEXAS REGISTERED PROFESSIONAL LAND SURVEYOR 5854

THE SURFACE HOLE IS LOCATED APPROXIMATELY 20 MILES NORTHWEST OF KERMIT, TEXAS

TITUS OIL & GAS PRODUCTION, LLC

WELL LOCATION PLAT
EL CAMPEON FED COM 404H
SITUATED IN SECTION 20, TOWNSHIP 26 SOUTH, RANGE 35 EAST NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO SECTION 29, TOWNSHIP 26 SOUTH, RANGE 35 EAST NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO SECTION 32, TOWNSHIP 26 SOUTH, RANGE 35 EAST NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO SECTION 25, BLOCK C24 PUBLIC SCHOOL LAND SURVEY LOVING COUNTY, TEXAS

TBP/ELS FIRM# 10193740 19148	REV. #	DRAWN BY:	DATE:	REV. #	DRAWN BY:	DATE:	DRAWN BY:	DATE:	DWG. NO.	REV.
2129 S Great Southwest Parkway Suite 310 Grand Prairie, TX 75051	3	JEB	04/02/21	1	NH	02/17/21	JEB	01/12/21	EL CAMPEON FED COM 404H RRC PERMIT PLAT	3
(817) 528-1180 Fax (817) 528-1181				2	JEB	03/31/21		02/17/21	REV 3	
								SCALE: 1"=2000'	PG. 1 OF 1	



Exhibit " C "

ACCOUNTING PROCEDURE JOINT OPERATIONS

1 Attached to and made part of that certain A.A.P.L. FORM 610 – 1989H Model Form Operating Agreement dated May 1st, 2021 between
 2 Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al as Non-Operators

I. GENERAL PROVISIONS

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

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

17 1. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

64 "Joint Operations" means all operations / authorized under the Agreement ~~necessary or proper~~ for the exploration, appraisal, development, production, protection,
 65 maintenance, repair, abandonment, and restoration of the Joint Property.



1 **“Joint Property”** means the real and personal property subject to the Agreement.

2

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

7

8 **“Material”** means personal property, equipment, supplies, or consumables acquired or held for use by the Joint Property.

9

10 **“Non-Operators”** means the Parties to the Agreement other than the Operator.

11

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

16

17 **“Off-site”** means any location that is not considered On-site as defined in this Accounting Procedure.

18

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

22

23 **“Operator”** means the Party designated pursuant to the Agreement to conduct the Joint Operations.

24

25 **“Parties”** means legal entities signatory to the Agreement or their successors and assigns. Parties shall be referred to individually as
26 “Party.”

27

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

30

31 **“Participating Party”** means a Party that approves a proposed operation or otherwise agrees, or becomes liable, to pay and bear a share of
32 the costs and risks of conducting an operation under the Agreement.

33

34 **“Personal Expenses”** means reimbursed costs for travel and temporary living expenses.

35

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

38 **“Rig Related Commissioning”** shall mean all commissioning costs charged by the vendor and all costs (both onsite and offsite)
39 incurred by the Operator to oversee the construction, modification or transportation of a rig including, but not limited to, their
40 salaries and wages, personal expenses and support costs.

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

43

44 **“Supply Store”** means a recognized source or common stock point for a given Material item.

45

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

51

52 2. STATEMENTS AND BILLINGS

53

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

59

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



1 **3. ADVANCES AND PAYMENTS BY THE PARTIES**

2 A. Unless otherwise provided for in the Agreement, the Operator may require the Non-Operators to advance their share of the estimated
3 cash outlay for the succeeding month's operations within fifteen (15) days after receipt of the advance request or by the first day of
4 the month for which the advance is required, whichever is later. The Operator shall adjust each monthly billing to reflect advances
5 received from the Non-Operators for such month. If a refund is due, the Operator shall apply the amount to be refunded to the
6 subsequent month's billing or advance, unless the Non-Operator sends the Operator a written request for a cash refund. The Operator
7 shall remit the refund to the Non-Operator within fifteen (15) days of receipt of such written request.

8
9 B. Except as provided below, each Party shall pay its proportionate share of all bills in full within / ~~fifteen (15)~~ ^{thirty (30)} days of receipt date. If
10 payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the
11 *Wall Street Journal* on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum
12 contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser, plus attorney's fees, court
13 costs, and other costs in connection with the collection of unpaid amounts. If the *Wall Street Journal* ceases to be published or
14 discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the
15 Federal Reserve plus three percent (3%), per annum. Interest shall begin accruing on the first day of the month in which the payment
16 was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed.
17 Notwithstanding the foregoing, the Non-Operator may reduce payment, provided it furnishes documentation and explanation to the
18 Operator at the time payment is made, to the extent such reduction is caused by:

- 19
20 (1) being billed at an incorrect working interest or Participating Interest that is higher than such Non-Operator's actual working
21 interest or Participating Interest, as applicable; or
22 (2) being billed for a project or AFE requiring approval of the Parties under the Agreement that the Non-Operator has not approved
23 or is not otherwise obligated to pay under the Agreement; or
24 (3) being billed for a property in which the Non-Operator no longer owns a working interest, provided the Non-Operator has
25 furnished the Operator a copy of the recorded assignment or letter in-lieu. Notwithstanding the foregoing, the Non-Operator
26 shall remain responsible for paying bills attributable to the interest it sold or transferred for any bills rendered during the thirty
27 (30) day period following the Operator's receipt of such written notice; or
28 (4) charges outside the adjustment period, as provided in Section I.4 (*Adjustments*).

29
30 **4. ADJUSTMENTS**

31
32 A. Payment of any such bills shall not prejudice the right of any Party to protest or question the correctness thereof; however, all bills
33 and statements, including payout statements, rendered during any calendar year shall conclusively be presumed to be true and correct,
34 with respect only to expenditures, after twenty-four (24) months following the end of any such calendar year, unless within said
35 period a Party takes specific detailed written exception thereto making a claim for adjustment. The Operator shall provide a response
36 to all written exceptions, whether or not contained in an audit report, within the time periods prescribed in Section I.5 (*Expenditure*
37 *Audits*).

38
39 B. All adjustments initiated by the Operator, except those described in items (1) through (4) of this Section I.4.B, are limited to the
40 twenty-four (24) month period following the end of the calendar year in which the original charge appeared or should have appeared
41 on the Operator's Joint Account statement or payout statement. Adjustments that may be made beyond the twenty-four (24) month
42 period are limited to adjustments resulting from the following:

- 43
44 (1) a physical inventory of Controllable Material as provided for in Section V (*Inventories of Controllable Material*), or
45 (2) an offsetting entry (whether in whole or in part) that is the direct result of a specific joint interest audit exception granted by the
46 Operator relating to another property, or
47 (3) a government/regulatory audit, or
48 (4) a working interest ownership or Participating Interest adjustment.

49
50 **5. EXPENDITURE AUDITS**

51
52 A. A Non-Operator, upon written notice to the Operator and all other Non-Operators, shall have the right to audit the Operator's
53 accounts and records relating to the Joint Account within the twenty-four (24) month period following the end of such calendar year in
54 which such bill was rendered; however, conducting an audit shall not extend the time for the taking of written exception to and the
55 adjustment of accounts as provided for in Section I.4 (*Adjustments*). Any Party that is subject to payout accounting under the
56 Agreement shall have the right to audit the accounts and records of the Party responsible for preparing the payout statements, or of
57 the Party furnishing information to the Party responsible for preparing payout statements. Audits of payout accounts may include the
58 volumes of hydrocarbons produced and saved and proceeds received for such hydrocarbons as they pertain to payout accounting
59 required under the Agreement. Unless otherwise provided in the Agreement, audits of a payout account shall be conducted within the
60 twenty-four (24) month period following the end of the calendar year in which the payout statement was rendered.

61
62 Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a
63 manner that will result in a minimum of inconvenience to the Operator. The Operator shall bear no portion of the Non-Operators'
64 audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year
65 without prior approval of the Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of
66



1 those Non-Operators approving such audit.

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

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

14
15
16 B. The Operator shall provide a written response to all exceptions in an audit report within one hundred eighty (180) days after Operator
17 receives such report. Denied exceptions should be accompanied by a substantive response. ~~If the Operator fails to provide substantive
18 response to an exception within this one hundred eighty (180) day period, the Operator will owe interest on that exception or portion
19 thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section
20 I.3.B (*Advances and Payments by the Parties*).~~

21
22 C. The lead audit company shall reply to the Operator's response to an audit report within ninety (90) days of receipt, and the Operator
23 shall reply to the lead audit company's follow-up response within ninety (90) days of receipt; provided, however, each Non-Operator
24 shall have the right to represent itself if it disagrees with the lead audit company's position or believes the lead audit company is not
25 adequately fulfilling its duties. ~~Unless otherwise provided for in Section I.5.E, if the Operator fails to provide substantive response
26 to an exception within this ninety (90) day period, the Operator will owe interest on that exception or portion thereof, if ultimately
27 granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and
28 Payments by the Parties*).~~

29
30 D. If any Party fails to meet the deadlines in Sections I.5.B or I.5.C or if any audit issues are outstanding fifteen (15) months after
31 Operator receives the audit report, the Operator or any Non-Operator participating in the audit has the right to call a resolution
32 meeting, as set forth in this Section I.5.D or it may invoke the dispute resolution procedures included in the Agreement, if applicable.
33 The meeting will require one month's written notice to the Operator and all Non-Operators participating in the audit. The meeting
34 shall be held at the Operator's office or mutually agreed location, and shall be attended by representatives of the Parties with
35 authority to resolve such outstanding issues. Any Party who fails to attend the resolution meeting shall be bound by any resolution
36 reached at the meeting. The lead audit company will make good faith efforts to coordinate the response and positions of the
37 Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself.
38 Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information
39 supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may
40 be discussed at subsequent meetings until each such issue is resolved.

41
42 If the Agreement contains no dispute resolution procedures and the audit issues cannot be resolved by negotiation, the dispute ~~shall~~^{may}
43 be submitted to mediation. In such event, promptly following one Party's written request for mediation, the Parties to the dispute
44 shall choose a mutually acceptable mediator and share the costs of mediation services equally. The Parties shall each have present
45 at the mediation at least one individual who has the authority to settle the dispute. The Parties shall make reasonable efforts to
46 ensure that the mediation commences within sixty (60) days of the date of the mediation request. Notwithstanding the above, any
47 Party may file a lawsuit or complaint (1) if the Parties are unable after reasonable efforts, to commence mediation within sixty (60)
48 days of the date of the mediation request, (2) for statute of limitations reasons, or (3) to seek a preliminary injunction or other
49 provisional judicial relief, if in its sole judgment an injunction or other provisional relief is necessary to avoid irreparable damage or
50 to preserve the status quo. Despite such action, the Parties shall continue to try to resolve the dispute by mediation.

51
52 E. (*Optional Provision – Forfeiture Penalties*)

53 *If the Non-Operators fail to meet the deadline in Section I.5.C, any unresolved exceptions that were not addressed by the Non-
54 Operators within one (1) year following receipt of the last substantive response of the Operator shall be deemed to have been
55 withdrawn by the Non-Operators. If the Operator fails to meet the deadlines in Section I.5.B or I.5.C, any unresolved exceptions that
56 were not addressed by the Operator within one (1) year following receipt of the audit report or receipt of the last substantive response
57 of the Non-Operators, whichever is later, shall be deemed to have been granted by the Operator and adjustments shall be made,
58 without interest, to the Joint Account.*

59
60 6. APPROVAL BY PARTIES

61 A. GENERAL MATTERS

62 Where an approval or other agreement of the Parties or Non-Operators is expressly required under other Sections of this Accounting
63 Procedure and if the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the
64
65
66



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

3
4 This Section I.6.A applies to specific situations of limited duration where a Party proposes to change the accounting for charges from
5 that prescribed in this Accounting Procedure. This provision does not apply to amendments to this Accounting Procedure, which are
6 covered by Section I.6.B.

7 **B. AMENDMENTS**

8
9 If the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, this Accounting
10 Procedure can be amended by an affirmative vote of two (2) or more Parties, one of which is the Operator,
11 having a combined working interest of at least fifty-one percent (51%), which approval shall be binding on all Parties,
12 provided, however, approval of at least one (1) Non-Operator shall be required.

13
14 ~~C. AFFILIATES~~

15
16 ~~For the purpose of administering the voting procedures of Sections I.6.A and I.6.B, if Parties to this Agreement are Affiliates of each~~
17 ~~other, then such Affiliates shall be combined and treated as a single Party having the combined working interest or Participating~~
18 ~~interest of such Affiliates.~~

19
20 ~~For the purposes of administering the voting procedures in Section I.6.A, if a Non-Operator is an Affiliate of the Operator, votes~~
21 ~~under Section I.6.A shall require the majority in interest of the Non-Operator(s) after excluding the interest of the Operator's~~
22 ~~Affiliate.~~

23
24 **II. DIRECT CHARGES**

25
26 The Operator shall charge the Joint Account with the following items:

27
28 **1. RENTALS AND ROYALTIES**

29
30 Lease rentals and royalties paid by the Operator, on behalf of all Parties, for the Joint Operations.

31
32 **2. LABOR**

33
34 **A. Salaries and wages, including incentive compensation programs as set forth in COPAS MFI-37 ("Chargeability of Incentive**
35 **Compensation Programs"), for:**

- 36
37 (1) Operator's field employees directly employed On-site in the conduct of Joint Operations,
38
39 (2) Operator's employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint
40 Property if such costs are not charged under Section II.6 (*Equipment and Facilities Furnished by Operator*) or are not a
41 function covered under Section III (*Overhead*),
42
43 (3) Operator's employees providing First Level Supervision,
44
45 (4) Operator's employees providing On-site Technical Services for the Joint Property if such charges are excluded from the
46 overhead rates in Section III (*Overhead*),
47
48 (5) Operator's employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the
49 overhead rates in Section III (*Overhead*).
50

51
52 Charges for the Operator's employees identified in Section II.2.A may be made based on the employee's actual salaries and wages,
53 or in lieu thereof, a day rate representing the Operator's average salaries and wages of the employee's specific job category.

54
55 Charges for personnel chargeable under this Section II.2.A who are foreign nationals shall not exceed comparable compensation paid
56 to an equivalent U.S. employee pursuant to this Section II.2, unless otherwise approved by the Parties pursuant to Section
57 I.6.A (*General Matters*).

58
59 **B. Operator's cost of holiday, vacation, sickness, and disability benefits, and other customary allowances paid to employees whose**
60 **salaries and wages are chargeable to the Joint Account under Section II.2.A, excluding severance payments or other termination**
61 **allowances. Such costs under this Section II.2.B may be charged on a "when and as-paid basis" or by "percentage assessment" on the**
62 **amount of salaries and wages chargeable to the Joint Account under Section II.2.A. If percentage assessment is used, the rate shall**
63 **be based on the Operator's cost experience.**

64
65 **C. Expenditures or contributions made pursuant to assessments imposed by governmental authority that are applicable to costs**
66 **chargeable to the Joint Account under Sections II.2.A and B.**



- 1 D. Personal Expenses of personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A when the
2 expenses are incurred in connection with directly chargeable activities.
- 3
- 4 E. Reasonable relocation costs incurred in transferring to the Joint Property personnel whose salaries and wages are chargeable to the
5 Joint Account under Section II.2.A. Notwithstanding the foregoing, relocation costs that result from reorganization or merger of a
6 Party, or that are for the primary benefit of the Operator, shall not be chargeable to the Joint Account. Extraordinary relocation
7 costs, such as those incurred as a result of transfers from remote locations, such as Alaska or overseas, shall not be charged to the
8 Joint Account unless approved by the Parties pursuant to Section I.6.A (*General Matters*).
- 9
- 10 F. Training costs as specified in COPAS MFI-35 ("Charging of Training Costs to the Joint Account") for personnel whose salaries and
11 wages are chargeable under Section II.2.A. This training charge shall include the wages, salaries, training course cost, and Personal
12 Expenses incurred during the training session. The training cost shall be charged or allocated to the property or properties directly
13 benefiting from the training. The cost of the training course shall not exceed prevailing commercial rates, where such rates are
14 available.
- 15
- 16 G. Operator's current cost of established plans for employee benefits, as described in COPAS MFI-27 ("Employee Benefits Chargeable
17 to Joint Operations and Subject to Percentage Limitation"), applicable to the Operator's labor costs chargeable to the Joint Account
18 under Sections II.2.A and B based on the Operator's actual cost not to exceed the employee benefits limitation percentage most
19 recently recommended by COPAS.
- 20
- 21 H. Award payments to employees, in accordance with COPAS MFI-49 ("Awards to Employees and Contractors") for personnel whose
22 salaries and wages are chargeable under Section II.2.A.

23 3. MATERIAL

24

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

29 4. TRANSPORTATION

- 30
- 31 A. Transportation of the Operator's, Operator's Affiliate's, or contractor's personnel necessary for Joint Operations.
- 32
- 33 B. Transportation of Material between the Joint Property and another property, or from the Operator's warehouse or other storage point
34 to the Joint Property, shall be charged to the receiving property using one of the methods listed below. Transportation of Material
35 from the Joint Property to the Operator's warehouse or other storage point shall be paid for by the Joint Property using one of the
36 methods listed below:
- 37
- 38 (1) If the actual trucking charge is less than or equal to the Excluded Amount the Operator may charge actual trucking cost or a
39 theoretical charge from the Railway Receiving Point to the Joint Property. The basis for the theoretical charge is the per
40 hundred weight charge plus fuel surcharges from the Railway Receiving Point to the Joint Property. The Operator shall
41 consistently apply the selected alternative.
- 42
- 43 (2) If the actual trucking charge is greater than the Excluded Amount, the Operator shall charge Equalized Freight. Accessorial
44 charges such as loading and unloading costs, split pick-up costs, detention, call out charges, and permit fees shall be charged
45 directly to the Joint Property and shall not be included when calculating the Equalized Freight.
- 46
- 47

48 5. SERVICES

49

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

53

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

55 6. EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR

56

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

- 58
- 59 A. The Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including but not limited to
60 production facilities, Shore Base Facilities, Offshore Facilities, and Field Offices, at rates commensurate with the costs of ownership
61 and operation. The cost of Field Offices shall be chargeable to the extent the Field Offices provide direct service to personnel who
62 are chargeable pursuant to Section II.2.A (*Labor*). Such rates may include labor, maintenance, repairs, other operating expense,
63 insurance, taxes, depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation
64 not to exceed twelve percent (12%) per annum; provided, however, depreciation shall not be charged when the
65



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

4
5 B. In lieu of charges in Section II.6.A above, the Operator may elect to use average commercial rates prevailing in the immediate area
6 of the Joint Property, less twenty percent (20%). If equipment and facilities are charged under this Section II.6.B, the Operator shall
7 adequately document and support commercial rates and shall periodically review and update the rate and the supporting
8 documentation. For automotive equipment, the Operator may elect to use rates published by the Petroleum Motor Transport
9 Association (PMTA) or such other organization recognized by COPAS as the official source of rates.

10 C. Operator may, under COPAS Accounting Guideline 25 ("Allocation of Rig Related Expenditures"), charge the Joint Account
11 an allocated portion of any drillship or Rig-Related Commissioning and/or modification costs pursuant to the provisions of
12 Paragraphs 6.A. and 6.B. above, provided such drillship or Rig-Related Commissioning and/or modification costs are not
13 included in the drillship or rig rate charged by the drilling contractor.

14 15 7. AFFILIATES

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

22
23 B. For an Affiliate's goods and/or services used in operations not requiring an AFE or other authorization from the Non-Operators,
24 charges for such Affiliate's goods and services shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*), if the
25 charges exceed \$_____ in a given calendar year.

26
27 C. The cost of the Affiliate's goods or services shall not exceed average commercial rates prevailing in the area of the Joint Property,
28 unless the Operator obtains the Non-Operators' approval of such rates. The Operator shall adequately document and support
29 commercial rates and shall periodically review and update the rate and the supporting documentation; provided, however,
30 documentation of commercial rates shall not be required if the Operator obtains Non-Operator approval of its Affiliate's rates or
31 charges prior to billing Non-Operators for such Affiliate's goods and services. Notwithstanding the foregoing, direct charges for
32 Affiliate-owned communication facilities or systems shall be made pursuant to Section II.12 (*Communications*).

33
34 If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a
35 result of such omission shall be the amount established as the Operator's expenditure limitation in the Agreement. If the Agreement
36 does not contain an Operator's expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be
37 zero dollars (\$ 0.00).

38 39 8. DAMAGES AND LOSSES TO JOINT PROPERTY

40
41 All costs or expenses necessary for the repair or replacement of Joint Property resulting from damages or losses incurred, except to the
42 extent such damages or losses result from a Party's or Parties' gross negligence or willful misconduct, in which case such Party or Parties
43 shall be solely liable.

44
45 The Operator shall furnish the Non-Operator written notice of damages or losses incurred as soon as practicable after a report has been
46 received by the Operator.

47 48 9. LEGAL EXPENSE

49
50 Recording fees and costs of handling, settling, or otherwise discharging litigation, claims, and liens incurred in or resulting from
51 operations under the Agreement, or necessary to protect or recover the Joint Property, to the extent permitted under the Agreement. Costs
52 of the Operator's or Affiliate's legal staff or outside attorneys, including fees and expenses, are not chargeable unless approved by the
53 Parties pursuant to Section I.6.A (*General Matters*) or otherwise provided for in the Agreement.

54
55 Notwithstanding the foregoing paragraph, costs for procuring abstracts, fees paid to outside attorneys / ~~for title examinations (including~~
56 ~~preliminary, supplemental, shut-in royalty opinions, division order title opinions), and curative work shall be chargeable to the extent~~
57 ~~permitted as a direct charge in the Agreement.~~ ~~and/or outside landmen~~

58 59 10. TAXES AND PERMITS

60
61 All taxes and permitting fees of every kind and nature, assessed or levied upon or in connection with the Joint Property, or the production
62 therefrom, and which have been paid by the Operator for the benefit of the Parties, including penalties and interest, except to the extent the
63 penalties and interest result from the Operator's gross negligence or willful misconduct.

64
65 If ad valorem taxes paid by the Operator are based in whole or in part upon separate valuations of each Party's working interest, then
66 notwithstanding any contrary provisions, the charges to the Parties will be made in accordance with the tax value generated by each Party's
working interest.



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

3
4 Charges to the Joint Account resulting from sales/use tax audits, including extrapolated amounts and penalties and interest, are permitted,
5 provided the Non-Operator shall be allowed to review the invoices and other underlying source documents which served as the basis for
6 tax charges and to determine that the correct amount of taxes were charged to the Joint Account. If the Non-Operator is not permitted to
7 review such documentation, the sales/use tax amount shall not be directly charged unless the Operator can conclusively document the
8 amount owed by the Joint Account.

9
10 **11. INSURANCE**

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

17
18 **12. COMMUNICATIONS**

19
20 Costs of acquiring, leasing, installing, operating, repairing, and maintaining communication facilities or systems, including satellite, radio
21 and microwave facilities, between the Joint Property and the Operator's office(s) directly responsible for field operations in accordance
22 with the provisions of COPAS MFI-44 ("Field Computer and Communication Systems"). If the communications facilities or systems
23 serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (*Equipment and*
24 *Facilities Furnished by Operator*). If the communication facilities or systems serving the Joint Property are owned by the Operator's
25 Affiliate, charges to the Joint Account shall not exceed average commercial rates prevailing in the area of the Joint Property. ~~The Operator~~
26 ~~shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting~~
27 ~~documentation.~~
28

29
30 **13. ECOLOGICAL, ENVIRONMENTAL, AND SAFETY**

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

35
36 Costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting
37 responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other pollution
38 containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.

39
40 **14. ABANDONMENT AND RECLAMATION**

41
42 Costs incurred for abandonment and reclamation of the Joint Property, including costs required by lease agreements or by Laws.

43
44 **15. OTHER EXPENDITURES**

45
46 Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (*Direct Charges*), or in Section III
47 (*Overhead*) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the
48 Joint Operations. Charges made under this Section II.15 shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

49
50
51 **III. OVERHEAD**

52
53 As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (*Direct Charges*), the Operator
54 shall charge the Joint Account in accordance with this Section III.

55
56 Functions included in the overhead rates regardless of whether performed by the Operator, Operator's Affiliates or third parties and regardless
57 of location, shall include, but not be limited to, costs and expenses of:

- 58
59
- 60 • warehousing, other than for warehouses that are jointly owned under this Agreement
 - 61 • design and drafting (except when allowed as a direct charge under Sections II.13, III.1.A(ii), and III.2, Option B)
 - 62 • inventory costs not chargeable under Section V (*Inventories of Controllable Material*)
 - 63 • procurement
 - 64 • administration
 - 65 • accounting and auditing
 - 66 • gas dispatching and gas chart integration



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

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

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

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

- (Alternative 1) Fixed Rate Basis, Section III.1.B.
- (Alternative 2) Percentage Basis, Section III.1.C.

A. TECHNICAL SERVICES

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

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

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

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

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

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

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

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

B. OVERHEAD—FIXED RATE BASIS

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

Drilling Well Rate per month \$ 10,000 (prorated for less than a full month)

Producing Well Rate per month \$ 1,000

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

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



- 1 (b) Charges for any well undergoing any type of workover, recompletion, and/or abandonment for a period of five (5) or more
2 consecutive work-days shall be made at the Drilling Well Rate. Such charges shall be applied for the period from date
3 operations, with rig or other units used in operations, commence through date of rig or other unit release, except that no charges
4 shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.
- 5 (3) Application of Overhead—Producing Well Rate shall be as follows:
- 6
- 7 (a) An active well that is produced, injected into for recovery or disposal, or used to obtain water supply to support operations for
8 any portion of the month shall be considered as a one-well charge for the entire month.
- 9
- 10 (b) Each active completion in a multi-completed well shall be considered as a one-well charge provided each completion is
11 considered a separate well by the governing regulatory authority.
- 12
- 13 (c) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well,
14 unless the Drilling Well Rate applies, as provided in Sections III.1.B.(2)(a) or (b). This one-well charge shall be made whether
15 or not the well has produced.
- 16
- 17 (d) An active gas well shut in because of overproduction or failure of a purchaser, processor, or transporter to take production shall
18 be considered as a one-well charge provided the gas well is directly connected to a permanent sales outlet.
- 19
- 20 (e) Any well not meeting the criteria set forth in Sections III.1.B.(3) (a), (b), (c), or (d) shall not qualify for a producing overhead
21 charge.
- 22
- 23 (4) The well rates shall be adjusted on the first day of April each year following the effective date of the Agreement; provided,
24 however, if this Accounting Procedure is attached to or otherwise governing the payout accounting under a farmout agreement, the
25 rates shall be adjusted on the first day of April each year following the effective date of such farmout agreement. The adjustment
26 shall be computed by applying the adjustment factor most recently published by COPAS. The adjusted rates shall be the initial or
27 amended rates agreed to by the Parties increased or decreased by the adjustment factor described herein, for each year from the
28 effective date of such rates, in accordance with COPAS MFI-47 (“Adjustment of Overhead Rates”).
- 29

~~C. OVERHEAD—PERCENTAGE BASIS~~

~~(1) Operator shall charge the Joint Account at the following rates:~~

- 32
- 33
- 34 (a) ~~Development Rate _____ percent (____%) of the cost of development of the Joint Property, exclusive of costs~~
35 ~~provided under Section II.9 (Legal Expense) and all Material salvage credits.~~
- 36
- 37 (b) ~~Operating Rate _____ percent (____%) of the cost of operating the Joint Property, exclusive of costs~~
38 ~~provided under Sections II.1 (Rentals and Royalties) and II.9 (Legal Expense); all Material salvage credits; the value~~
39 ~~of substances purchased for enhanced recovery; all property and ad valorem taxes, and any other taxes and assessments that~~
40 ~~are levied, assessed, and paid upon the mineral interest in and to the Joint Property.~~
- 41

~~(2) Application of Overhead—Percentage Basis shall be as follows:~~

~~(a) The Development Rate shall be applied to all costs in connection with:~~

- 46 [i] ~~drilling, redrilling, sidetracking, or deepening of a well~~
- 47 [ii] ~~a well undergoing plugback or workover operations for a period of five (5) or more consecutive work-days~~
- 48 [iii] ~~preliminary expenditures necessary in preparation for drilling~~
- 49 [iv] ~~expenditures incurred in abandoning when the well is not completed as a producer~~
- 50 [v] ~~construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a~~
51 ~~fixed asset, other than Major Construction or Catastrophe as defined in Section III.2 (Overhead Major Construction~~
52 ~~and Catastrophe).~~

~~(b) The Operating Rate shall be applied to all other costs in connection with Joint Operations, except those subject to Section III.2 (Overhead Major Construction and Catastrophe).~~

2. OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE

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

64

65

66



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

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

7
8 A. If the Operator absorbs the engineering, design and drafting costs related to the project:

9
10 (1) 6 % of total costs if such costs are less than \$100,000; plus

11
12 (2) 4 % of total costs in excess of \$100,000 but less than \$1,000,000; plus

13
14 (3) 3 % of total costs in excess of \$1,000,000.

15
16 B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:

17
18 (1) 5 % of total costs if such costs are less than \$100,000; plus

19
20 (2) 3 % of total costs in excess of \$100,000 but less than \$1,000,000; plus

21
22 (3) 2 % of total costs in excess of \$1,000,000.

23
24 Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single Major
25 Construction project shall not be treated separately, and the cost of drilling and workover wells and purchasing and installing pumping
26 units and downhole artificial lift equipment shall be excluded. For Catastrophes, the rates shall be applied to all costs associated with each
27 single occurrence or event.

28
29 ~~On each project, the Operator shall advise the Non-Operator(s) in advance which of the above options shall apply.~~

30
31 For the purposes of calculating Catastrophe Overhead, the cost of drilling relief wells, substitute wells, or conducting other well operations
32 directly resulting from the catastrophic event shall be included. Expenditures to which these rates apply shall not be reduced by salvage or
33 insurance recoveries. Expenditures that qualify for Major Construction or Catastrophe Overhead shall not qualify for overhead under any
34 other overhead provisions.

35
36 In the event of any conflict between the provisions of this Section III.2 and the provisions of Sections II.2 (*Labor*), II.5 (*Services*), or II.7
37 (*Affiliates*), the provisions of this Section III.2 shall govern.

38 39 3. AMENDMENT OF OVERHEAD RATES

40
41 The overhead rates provided for in this Section III may be amended from time to time if, in practice, the rates are found to be insufficient
42 or excessive, in accordance with the provisions of Section I.6.B (*Amendments*).

43 44 45 IV. MATERIAL PURCHASES, TRANSFERS, AND DISPOSITIONS

46
47 The Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for direct purchases, transfers, and
48 dispositions. The Operator shall provide all Material for use in the conduct of Joint Operations; however, Material may be supplied by the Non-
49 Operators, at the Operator's option. Material furnished by any Party shall be furnished without any express or implied warranties as to quality,
50 fitness for use, or any other matter.

51 52 1. DIRECT PURCHASES

53
54 Direct purchases shall be charged to the Joint Account at the price paid by the Operator after deduction of all discounts received. The
55 Operator shall make good faith efforts to take discounts offered by suppliers, but shall not be liable for failure to take discounts except to
56 the extent such failure was the result of the Operator's gross negligence or willful misconduct. A direct purchase shall be deemed to occur
57 when an agreement is made between an Operator and a third party for the acquisition of Material for a specific well site or location.
58 Material provided by the Operator under "vendor stocking programs," where the initial use is for a Joint Property and title of the Material
59 does not pass from the manufacturer, distributor, or agent until usage, is considered a direct purchase. If Material is found to be defective
60 or is returned to the manufacturer, distributor, or agent for any other reason, credit shall be passed to the Joint Account within sixty (60)
61 days after the Operator has received adjustment from the manufacturer, distributor, or agent.



1 **2. TRANSFERS**

2
3 A transfer is determined to occur when the Operator (i) furnishes Material from a storage facility or from another operated property, (ii) has
4 assumed liability for the storage costs and changes in value, and (iii) has previously secured and held title to the transferred Material.
5 Similarly, the removal of Material from the Joint Property to a storage facility or to another operated property is also considered a transfer;
6 provided, however, Material that is moved from the Joint Property to a storage location for safe-keeping pending disposition may remain
7 charged to the Joint Account and is not considered a transfer. Material shall be disposed of in accordance with Section IV.3 (*Disposition of*
8 *Surplus*) and the Agreement to which this Accounting Procedure is attached.

9
10 **A. PRICING**

11
12 The value of Material transferred to/from the Joint Property should generally reflect the market value on the date of physical transfer.
13 Regardless of the pricing method used, the Operator shall make available to the Non-Operators sufficient documentation to verify the
14 Material valuation. When higher than specification grade or size tubulars are used in the conduct of Joint Operations, the Operator
15 shall charge the Joint Account at the equivalent price for well design specification tubulars, unless such higher specification grade or
16 sized tubulars are approved by the Parties pursuant to Section I.6.A (*General Matters*). Transfers of new Material will be priced
17 using one of the following pricing methods; provided, however, the Operator shall use consistent pricing methods, and not alternate
18 between methods for the purpose of choosing the method most favorable to the Operator for a specific transfer:

- 19
20 (1) Using published prices in effect on date of movement as adjusted by the appropriate COPAS Historical Price Multiplier (HPM)
21 or prices provided by the COPAS Computerized Equipment Pricing System (CEPS).
22
23 (a) For oil country tubulars and line pipe, the published price shall be based upon eastern mill carload base prices (Houston,
24 Texas, for special end) adjusted as of date of movement, plus transportation cost as defined in Section IV.2.B (*Freight*).
25
26 (b) For other Material, the published price shall be the published list price in effect at date of movement, as listed by a Supply
27 Store nearest the Joint Property where like Material is normally available, or point of manufacture plus transportation
28 costs as defined in Section IV.2.B (*Freight*).
29
30 (2) Based on a price quotation from a vendor that reflects a current realistic acquisition cost.
31
32 (3) Based on the amount paid by the Operator for like Material in the vicinity of the Joint Property within the previous twelve (12)
33 months from the date of physical transfer.
34
35 (4) As agreed to by the Participating Parties for Material being transferred to the Joint Property, and by the Parties owning the
36 Material for Material being transferred from the Joint Property.

37
38 **B. FREIGHT**

39 Transportation costs shall be added to the Material transfer price using the method prescribed by the COPAS Computerized
40 Equipment Pricing System (CEPS). If not using CEPS, transportation costs shall be calculated as follows:

- 41
42 (1) Transportation costs for oil country tubulars and line pipe shall be calculated using the distance from eastern mill to the
43 Railway Receiving Point based on the carload weight basis as recommended by the COPAS MFI-38 ("Material Pricing
44 Manual") and other COPAS MFIs in effect at the time of the transfer.
45
46 (2) Transportation costs for special mill items shall be calculated from that mill's shipping point to the Railway Receiving Point.
47 For transportation costs from other than eastern mills, the 30,000-pound interstate truck rate shall be used. Transportation costs
48 for macaroni tubing shall be calculated based on the interstate truck rate per weight of tubing transferred to the Railway
49 Receiving Point.
50
51 (3) Transportation costs for special end tubular goods shall be calculated using the interstate truck rate from Houston, Texas, to the
52 Railway Receiving Point.
53
54 (4) Transportation costs for Material other than that described in Sections IV.2.B.(1) through (3), shall be calculated from the
55 Supply Store or point of manufacture, whichever is appropriate, to the Railway Receiving Point
56

57 Regardless of whether using CEPS or manually calculating transportation costs, transportation costs from the Railway Receiving Point
58 to the Joint Property are in addition to the foregoing, and may be charged to the Joint Account based on actual costs incurred. All
59 transportation costs are subject to Equalized Freight as provided in Section II.4 (*Transportation*) of this Accounting Procedure.
60

61
62 **C. TAXES**

63 Sales and use taxes shall be added to the Material transfer price using either the method contained in the COPAS Computerized
64 Equipment Pricing System (CEPS) or the applicable tax rate in effect for the Joint Property at the time and place of transfer. In either
65 case, the Joint Account shall be charged or credited at the rate that would have governed had the Material been a direct purchase.
66



D. CONDITION

(1) Condition "A" – New and unused Material in sound and serviceable condition shall be charged at one hundred percent (100%) of the price as determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*). Material transferred from the Joint Property that was not placed in service shall be credited as charged without gain or loss; provided, however, any unused Material that was charged to the Joint Account through a direct purchase will be credited to the Joint Account at the original cost paid less restocking fees charged by the vendor. New and unused Material transferred from the Joint Property may be credited at a price other than the price originally charged to the Joint Account provided such price is approved by the Parties owning such Material, pursuant to Section 1.6.A (*General Matters*). All refurbishing costs required or necessary to return the Material to original condition or to correct handling, transportation, or other damages will be borne by the divesting property. The Joint Account is responsible for Material preparation, handling, and transportation costs for new and unused Material charged to the Joint Property either through a direct purchase or transfer. Any preparation costs incurred, including any internal or external coating and wrapping, will be credited on new Material provided these services were not repeated for such Material for the receiving property.

(2) Condition "B" – Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by seventy-five percent (75%).

Except as provided in Section IV.2.D(3), all reconditioning costs required to return the Material to Condition "B" or to correct handling, transportation or other damages will be borne by the divesting property.

If the Material was originally charged to the Joint Account as used Material and placed in service for the Joint Property, the Material will be credited at the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) multiplied by sixty-five percent (65%).

Unless otherwise agreed to by the Parties that paid for such Material, used Material transferred from the Joint Property that was not placed in service on the property shall be credited as charged without gain or loss.

(3) Condition "C" – Material that is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by fifty percent (50%).

The cost of reconditioning may be charged to the receiving property to the extent Condition "C" value, plus cost of reconditioning, does not exceed Condition "B" value.

(4) Condition "D" – Material that (i) is no longer suitable for its original purpose but useable for some other purpose, (ii) is obsolete, or (iii) does not meet original specifications but still has value and can be used in other applications as a substitute for items with different specifications, is considered Condition "D" Material. Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing, or drill pipe utilized as line pipe shall be priced at used line pipe prices. Casing, tubing, or drill pipe used as higher pressure service lines than standard line pipe, e.g., power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non-upset basis. For other items, the price used should result in the Joint Account being charged or credited with the value of the service rendered or use of the Material, or as agreed to by the Parties pursuant to Section 1.6.A (*General Matters*).

(5) Condition "E" – Junk shall be priced at prevailing scrap value prices.

E. OTHER PRICING PROVISIONS

(1) Preparation Costs

Subject to Section II (*Direct Charges*) and Section III (*Overhead*) of this Accounting Procedure, costs incurred by the Operator in making Material serviceable including inspection, third party surveillance services, and other similar services will be charged to the Joint Account at prices which reflect the Operator's actual costs of the services. Documentation must be provided to the Non-Operators upon request to support the cost of service. New coating and/or wrapping shall be considered a component of the Materials and priced in accordance with Sections IV.1 (*Direct Purchases*) or IV.2.A (*Pricing*), as applicable. No charges or credits shall be made for used coating or wrapping. Charges and credits for inspections shall be made in accordance with COPAS MFI-38 ("Material Pricing Manual").

(2) Loading and Unloading Costs

Loading and unloading costs related to the movement of the Material to the Joint Property shall be charged in accordance with the methods specified in COPAS MFI-38 ("Material Pricing Manual").



1 **3. DISPOSITION OF SURPLUS**

2 Surplus Material is that Material, whether new or used, that is no longer required for Joint Operations. The Operator may purchase, but
3 shall be under no obligation to purchase, the interest of the Non-Operators in surplus Material.
4

5 Dispositions for the purpose of this procedure are considered to be the relinquishment of title of the Material from the Joint Property to
6 either a third party, a Non-Operator, or to the Operator. To avoid the accumulation of surplus Material, the Operator should make good
7 faith efforts to dispose of surplus within twelve (12) months through buy/sale agreements, trade, sale to a third party, division in kind, or
8 other dispositions as agreed to by the Parties.
9

10 Disposal of surplus Materials shall be made in accordance with the terms of the Agreement to which this Accounting Procedure is
11 attached. If the Agreement contains no provisions governing disposal of surplus Material, the following terms shall apply:
12

- 13 • The Operator may, through a sale to an unrelated third party or entity, dispose of surplus Material having a gross sale value that
14 is less than or equal to the Operator's expenditure limit as set forth in the Agreement to which this Accounting Procedure is
15 attached without the prior approval of the Parties owning such Material.
16
- 17 • If the gross sale value exceeds the Agreement expenditure limit, the disposal must be agreed to by the Parties owning such
18 Material.
19
- 20 • Operator may purchase surplus Condition "A" or "B" Material without approval of the Parties owning such Material, based on
21 the pricing methods set forth in Section IV.2 (*Transfers*).
22
- 23 • Operator may purchase Condition "C" Material without prior approval of the Parties owning such Material if the value of the
24 Materials, based on the pricing methods set forth in Section IV.2 (*Transfers*), is less than or equal to the Operator's expenditure
25 limitation set forth in the Agreement. The Operator shall provide documentation supporting the classification of the Material as
26 Condition C.
27
- 28 • Operator may dispose of Condition "D" or "E" Material under procedures normally utilized by Operator without prior approval
29 of the Parties owning such Material.
30

31 **4. SPECIAL PRICING PROVISIONS**

32 **A. PREMIUM PRICING**

33 Whenever Material is available only at inflated prices due to national emergencies, strikes, government imposed foreign trade
34 restrictions, or other unusual causes over which the Operator has no control, for direct purchase the Operator may charge the Joint
35 Account for the required Material at the Operator's actual cost incurred in providing such Material, making it suitable for use, and
36 moving it to the Joint Property. Material transferred or disposed of during premium pricing situations shall be valued in accordance
37 with Section IV.2 (*Transfers*) or Section IV.3 (*Disposition of Surplus*), as applicable.
38

39 **B. SHOP-MADE ITEMS**

40 Items fabricated by the Operator's employees, or by contract laborers under the direction of the Operator, shall be priced using the
41 value of the Material used to construct the item plus the cost of labor to fabricate the item. If the Material is from the Operator's
42 scrap or junk account, the Material shall be priced at either twenty-five percent (25%) of the current price as determined in Section
43 IV.2.A (*Pricing*) or scrap value, whichever is higher. In no event shall the amount charged exceed the value of the item
44 commensurate with its use.
45

46 **C. MILL REJECTS**

47 Mill rejects purchased as "limited service" casing or tubing shall be priced at eighty percent (80%) of K-55/J-55 price as determined in
48 Section IV.2 (*Transfers*). Line pipe converted to casing or tubing with casing or tubing couplings attached shall be priced as K-55/J-
49 55 casing or tubing at the nearest size and weight.
50

51 **V. INVENTORIES OF CONTROLLABLE MATERIAL**

52 The Operator shall maintain records of Controllable Material charged to the Joint Account, with sufficient detail to perform physical inventories.
53

54 Adjustments to the Joint Account by the Operator resulting from a physical inventory of Controllable Material shall be made within twelve (12)
55 months following the taking of the inventory or receipt of Non-Operator inventory report. Charges and credits for overages or shortages will be
56 valued for the Joint Account in accordance with Section IV.2 (*Transfers*) and shall be based on the Condition "B" prices in effect on the date of
57 physical inventory unless the inventorying Parties can provide sufficient evidence another Material condition applies.
58
59
60
61
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63
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66



1 **1. DIRECTED INVENTORIES**

2
3 Physical inventories shall be performed by the Operator upon written request of a majority in working interests of the Non-Operators
4 (hereinafter, "directed inventory"); provided, however, the Operator shall not be required to perform directed inventories more frequently
5 than once every five (5) years. Directed inventories shall be commenced within one hundred eighty (180) days after the Operator receives
6 written notice that a majority in interest of the Non-Operators has requested the inventory. All Parties shall be governed by the results of
7 any directed inventory.

8
9 Expenses of directed inventories will be borne by the Joint Account; provided, however, costs associated with any post-report follow-up
10 work in settling the inventory will be absorbed by the Party incurring such costs. The Operator is expected to exercise judgment in keeping
11 expenses within reasonable limits. Any anticipated disproportionate or extraordinary costs should be discussed and agreed upon prior to
12 commencement of the inventory. Expenses of directed inventories may include the following:

- 13
14 A. A per diem rate for each inventory person, representative of actual salaries, wages, and payroll burdens and benefits of the personnel
15 performing the inventory or a rate agreed to by the Parties pursuant to Section I.6.A (*General Matters*). The per diem rate shall also
16 be applied to a reasonable number of days for pre-inventory work and report preparation.
- 17
18 B. Actual transportation costs and Personal Expenses for the inventory team.
- 19
20 C. Reasonable charges for report preparation and distribution to the Non-Operators.

21 **2. NON-DIRECTED INVENTORIES**

22
23 A. OPERATOR INVENTORIES

24
25 Physical inventories that are not requested by the Non-Operators may be performed by the Operator, at the Operator's discretion. The
26 expenses of conducting such Operator-initiated inventories shall not be charged to the Joint Account.

27
28 B. NON-OPERATOR INVENTORIES

29
30 Subject to the terms of the Agreement to which this Accounting Procedure is attached, the Non-Operators may conduct a physical
31 inventory at reasonable times at their sole cost and risk after giving the Operator at least ninety (90) days prior written notice. The
32 Non-Operator inventory report shall be furnished to the Operator in writing within ninety (90) days of completing the inventory
33 fieldwork.

34
35 C. SPECIAL INVENTORIES

36
37 The expense of conducting inventories other than those described in Sections V.1 (*Directed Inventories*), V.2.A (*Operator*
38 *Inventories*), or V.2.B (*Non-Operator Inventories*), shall be charged to the Party requesting such inventory; provided, however,
39 inventories required due to a change of Operator shall be charged to the Joint Account in the same manner as described in Section
40 V.1 (*Directed Inventories*).

EXHIBIT "D"

Attached to and made a part of that certain Operating Agreement dated the 1st day of May, 2021, by and between Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al, as Non-Operator(s)

INSURANCE

Operator shall procure and maintain for the benefit of the Operator and the Non-Operators, and charge to the joint account with respect to and for the duration of this agreement the insurance policies described below.

1. OPERATOR'S INSURANCE REQUIREMENTS. Operator shall during all times during the term of this Agreement carry the following insurance:

1.1 **Workers' Compensation Insurance and Employer's Liability Insurance.** Workers' Compensation insurance in accordance with the laws of the Contract Area or work hereunder is performed and Employer's Liability insurance with the minimum limits of \$1,000,000.

1.2 **Automobile Liability Insurance.** Automobile Liability insurance covering owned, non-owned and hired automotive equipment with minimum limits of \$1,000,000 combined single limit for Bodily Injury and Property Damage.

Notwithstanding the foregoing, Oxy USA Inc. shall have the right to self-insure any of the foregoing insurance requirements and upon receipt of Oxy USA Inc.'s written election to self-insure Operator shall not bill any portion of the premiums attributable to such policies against Oxy USA Inc. except with respect to workers' compensation as provided in Article V.D.9 of this Agreement. The foregoing is personal in nature to Oxy USA Inc. and in the event Oxy USA Inc. assigns its interest in this Agreement, the assignee pursuant to such assignment shall be responsible for its proportionate share of the premiums attributable to such policies.

1 NOTE: Instructions For Use of Gas Balancing
2 Agreement MUST be reviewed before finalizing
3 this document.
4
5
6

7 EXHIBIT "E"
8 GAS BALANCING AGREEMENT ("AGREEMENT")
9 ATTACHED TO AND MADE PART OF THAT CERTAIN

10 OPERATING AGREEMENT DATED May 1, 2021
11 BY AND BETWEEN Titus Oil & Gas Production, LLC, as Operator
12 AND Oxy USA Inc., et al. as Non-Operators ("OPERATING AGREEMENT")
13 RELATING TO THE State Line AREA,
14 Lea and Loving COUNTIES/PARISH, STATES OF New Mexico and Texas.

15
16 1. DEFINITIONS

17 The following definitions shall apply to this Agreement:

18 1.01 "Arm's Length Agreement" shall mean any gas sales agreement with an unaffiliated purchaser or any gas sales
19 agreement with an affiliated purchaser where the sales price and delivery conditions under such agreement are
20 representative of prices and delivery conditions existing under other similar agreements in the area between
21 unaffiliated parties at the same time for natural gas of comparable quality and quantity.

22 1.02 "Balancing Area" shall mean (select one):

23 each well subject to the Operating Agreement that produces Gas or is allocated a share of Gas production. If a
24 single well is completed in two or more producing intervals, each producing interval from which the Gas
25 production is not commingled in the wellbore shall be considered a separate well.

26 ~~all of the acreage and depths subject to the Operating Agreement.~~

27 _____
28 _____
29 _____
30 _____

31 1.03 "Full Share of Current Production" shall mean the Percentage Interest of each Party in the Gas actually produced
32 from the Balancing Area during each month.

33 1.04 "Gas" shall mean all hydrocarbons produced or producible from the Balancing Area, whether from a well classified
34 as an oil well or gas well by the regulatory agency having jurisdiction in such matters, which are or may be made
35 available for sale or separate disposition by the Parties, excluding oil, condensate and other liquids recovered by
36 field equipment operated for the joint account. "Gas" does not include gas used in joint operations, such as for fuel,
37 recycling or reinjection, or which is vented or lost prior to its sale or delivery from the Balancing Area.

38 1.05 "Makeup Gas" shall mean any Gas taken by an Underproduced Party from the Balancing Area in excess of its Full
39 Share of Current Production, whether pursuant to Section 3.3 or Section 4.1 hereof.

40 1.06 "Mcf" shall mean one thousand cubic feet. A cubic foot of Gas shall mean the volume of gas contained in one cubic
41 foot of space at a standard pressure base and at a standard temperature base.

42 1.07 "MMBtu" shall mean one million British Thermal Units. A British Thermal Unit shall mean the quantity of heat
43 required to raise one pound avoirdupois of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a
44 constant pressure of 14.73 pounds per square inch absolute.

45 1.08 "Operator" shall mean the individual or entity designated under the terms of the Operating Agreement or, in the
46 event this Agreement is not employed in connection with an operating agreement, the individual or entity
47 designated as the operator of the well(s) located in the Balancing Area.

48 1.09 "Overproduced Party" shall mean any Party having taken a greater quantity of Gas from the Balancing Area than
49 the Percentage interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

50 1.10 "Overproduction" shall mean the cumulative quantity of Gas taken by a Party in excess of its Percentage Interest in
51 the cumulative quantity of all Gas produced from the Balancing Area.

52 1.11 "Party" shall mean those individuals or entities subject to this Agreement, and their respective heirs, successors,
53 transferees and assigns.

54 1.12 "Percentage Interest" shall mean the percentage or decimal interest of each Party in the Gas produced from the
55 Balancing Area pursuant to the Operating Agreement covering the Balancing Area.

56 1.13 "Royalty" shall mean payments on production of Gas from the Balancing Area to all owners of royalties, overriding
57 royalties, production payments or similar interests.

58 1.14 "Underproduced Party" shall mean any Party having taken a lesser quantity of Gas from the Balancing Area than
59 the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

60 1.15 "Underproduction" shall mean the deficiency between the cumulative quantity of Gas taken by a Party and its
61 Percentage Interest in the cumulative quantity of all Gas produced from the Balancing Area.

62 1.16 (Optional) "Winter Period" shall mean the month(s) of November and December in one
63 calendar year and the month(s) of January, February, and March in the succeeding calendar year.

64 2. BALANCING AREA

65 2.1 If this Agreement covers more than one Balancing Area, it shall be applied as if each Balancing Area were covered
66 by separate but identical agreements. All balancing hereunder shall be on the basis of Gas taken from the Balancing Area
67 measured in (Alternative 1) Mcfs or (Alternative 2) MMBtus.

68 2.2 In the event that all or part of the Gas deliverable from a Balancing Area is or becomes subject to one or more
69 maximum lawful prices, any Gas not subject to price controls shall be considered as produced from a single Balancing Area
70 and Gas subject to each maximum lawful price category shall be considered produced from a separate Balancing Area.

71 3. RIGHT OF PARTIES TO TAKE GAS

72 3.1 Each Party desiring to take Gas will notify the Operator, or cause the Operator to be notified, of the volumes
73 nominated, the name of the transporting pipeline and the pipeline contract number (if available) and meter station relating
74 to such delivery, sufficiently in advance for the Operator, acting with reasonable diligence, to meet all nomination and other

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1 requirements. Operator is authorized to deliver the volumes so nominated and confirmed (if confirmation is required) to the
2 transporting pipeline in accordance with the terms of this Agreement.

3 3.2 Each Party shall make a reasonable, good faith effort to take its Full Share of Current Production each month, to the
4 extent that such production is required to maintain leases in effect, to protect the producing capacity of a well or reservoir, to
5 preserve correlative rights, or to maintain oil production.

6 3.3 When a Party fails for any reason to take its Full Share of Current Production (as such Share may be reduced by the
7 right of the other Parties to make up for Underproduction as provided herein), the other Parties shall be entitled to take any
8 Gas which such Party fails to take. To the extent practicable, such Gas shall be made available initially to each Underproduced
9 Party in the proportion that its Percentage Interest in the Balancing Area bears to the total Percentage Interests of all
10 Underproduced Parties desiring to take such Gas. If all such Gas is not taken by the Underproduced Parties, the portion not
11 taken shall then be made available to the other Parties in the proportion that their respective Percentage Interests in the
12 Balancing Area bear to the total Percentage Interests of such Parties.

13 3.4 All Gas taken by a Party in accordance with the provisions of this Agreement, regardless of whether such Party is
14 underproduced or overproduced, shall be regarded as Gas taken for its own account with title thereto being in such taking
15 Party.

16 3.5 Notwithstanding the provisions of Section 3.3 hereof, no Overproduced Party shall be entitled in any month to take any
17 Gas in excess of three hundred percent (300%) of its Percentage Interest of the Balancing Area's then-current Maximum
18 Monthly Availability; provided, however, that this limitation shall not apply to the extent that it would preclude production
19 that is required to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative
20 rights, or to maintain oil production. "Maximum Monthly Availability" shall mean the maximum average monthly rate of
21 production at which Gas can be delivered from the Balancing Area, as determined by the Operator, considering the maximum
22 efficient well rate for each well within the Balancing Area, the maximum allowable(s) set by the appropriate regulatory agency,
23 mode of operation, production facility capabilities and pipeline pressures.

24 3.6 In the event that a Party fails to make arrangements to take its Full Share of Current Production required to be
25 produced to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative rights, or
26 to maintain oil production, the Operator may sell any part of such Party's Full Share of Current Production that such Party fails
27 to take for the account of such Party and tender to such Party, on a current basis, the full proceeds of the sale, less any
28 reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of
29 such Full Share of Current Production. In making the sale contemplated herein, the Operator shall be obligated only to obtain
30 such price and conditions for the sale as are reasonable under the circumstances and shall not be obligated to share any of its
31 markets. Any such sale by Operator under the terms hereof shall be only for such reasonable periods of time as are consistent
32 with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one
33 year. Notwithstanding the provisions of Article 3.4 hereof, Gas sold by Operator for a Party under the provisions hereof shall
34 be deemed to be Gas taken for the account of such Party.

35 4. IN-KIND BALANCING

36 4.1 Effective the first day of any calendar month following at least thirty (30) days' prior
37 written notice to the Operator, any Underproduced Party may begin taking, in addition to its Full Share of Current
38 Production and any Makeup Gas taken pursuant to Section 3.3 of this Agreement, a share of current production determined
39 by multiplying thirty percent (30%) of the Full Shares of Current Production of all Overproduced Parties by
40 a fraction, the numerator of which is the Percentage Interest of such Underproduced Party and the denominator of which
41 is the total of the Percentage Interests of all Underproduced Parties desiring to take Makeup Gas. In no event will an
42 Overproduced Party be required to provide more than thirty percent (30%) of its Full Share of Current
43 Production for Makeup Gas. The Operator will promptly notify all Overproduced Parties of the election of an Underproduced
44 Party to begin taking Makeup Gas.

45 4.2 ~~(Optional - Seasonal Limitation on Makeup - Option 1)~~ Notwithstanding the provisions of Section 4.1, the
46 ~~average monthly amount of Makeup Gas taken by an Underproduced Party during the Winter Period pursuant to Section 4.1~~
47 ~~shall not exceed the average monthly amount of Makeup Gas taken by such Underproduced Party during the~~
48 ~~() months immediately preceding the Winter Period.~~

49 4.2 (Optional - Seasonal Limitation on Makeup - Option 2) Notwithstanding the provisions of Section 4.1, no
50 Overproduced Party will be required to provide more than zero percent (0%) of its Full Share
51 of Current Production for Makeup Gas during the Winter Period.

52 4.3 (Optional) Notwithstanding any other provision of this Agreement, at such time and for so long as Operator, or
53 (insofar as concerns production by the Operator) any Underproduced Party, determines in good faith that an Overproduced
54 Party has produced all of its share of the ultimately recoverable reserves in the Balancing Area, such Overproduced Party may
55 be required to make available for Makeup Gas, upon the demand of the Operator or any Underproduced Party, up to
56 one-hundred percent (100%) of such Overproduced Party's Full Share of Current Production.

57 5. STATEMENT OF GAS BALANCES

58 5.1 The Operator will maintain appropriate accounting on a monthly and cumulative basis of the volumes of Gas that each
59 Party is entitled to receive and the volumes of Gas actually taken or sold for each Party's account. Within forty-five (45) days
60 after the month of production, the Operator will furnish a statement for such month showing (1) each Party's Full Share of
61 Current Production, (2) the total volume of Gas actually taken or sold for each Party's account, (3) the difference between
62 the volume taken by each Party and that Party's Full Share of Current Production, (4) the Overproduction or
63 Underproduction of each Party, and (5) other data as recommended by the provisions of the Council of Petroleum
64 Accountants Societies Bulletin No.24, as amended or supplemented hereafter. Each Party taking Gas will promptly provide to
65 the Operator any data required by the Operator for preparation of the statements required hereunder.

66 5.2 If any Party fails to provide the data required herein for four (4) consecutive production months, the Operator, or
67 where the Operator has failed to provide data, another Party, may audit the production and Gas sales and transportation
68 volumes of the non-reporting Party to provide the required data. Such audit shall be conducted only after reasonable notice and
69 during normal business hours in the office of the Party whose records are being audited. All costs associated with such audit
70 will be charged to the account of the Party failing to provide the required data.

71 6. PAYMENTS ON PRODUCTION

72 6.1 Each Party taking Gas shall pay or cause to be paid all production and severance taxes due on all volumes of Gas
73 actually taken by such Party.

74 6.2 ~~(Alternative 1 Entitlements)~~ Each Party shall pay or cause to be paid all Royalty due with respect to Royalty

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~~owners to whom it is accountable as if such Party were taking its Full Share of Current Production, and only its Full Share of Current Production.~~

6.2.1 ~~(Optional - For use only with Section 6.2 - Alternative 1 - Entitlement)~~ Upon written request of a Party taking less than its Full Share of Current Production in a given month ("Current Underproducer"), any Party taking more than its Full Share of Current Production in such month ("Current Overproducer") will pay to such Current Underproducer an amount each month equal to the Royalty percentage of the proceeds received by the Current Overproducer for that portion of the Current Underproducer's Full Share of Current Production taken by the Current Overproducer; provided, however, that such payment will not exceed the Royalty percentage that is common to all Royalty burdens in the Balancing Area. Payments made pursuant to this Section 6.2.1 will be deemed payments to the Underproduced Party's Royalty owners for purposes of Section 7.5.

6.2 (Alternative 2 - Sales) Each Party shall pay or cause to be paid Royalty due with respect to Royalty owners to whom it is accountable based on the volume of Gas actually taken for its account.

6.3 In the event that any governmental authority requires that Royalty payments be made on any other basis than that provided for in this Section 6, each Party agrees to make such Royalty payments accordingly, commencing on the effective date required by such governmental authority, and the method provided for herein shall be thereby superseded.

7. CASH SETTLEMENTS

7.1 Upon the earlier of the plugging and abandonment of the last producing interval in the Balancing Area, the termination of the Operating Agreement or any pooling or unit agreement covering the Balancing Area, or at any time no Gas is taken from the Balancing Area for a period of twelve (12) consecutive months, any Party may give written notice calling for cash settlement of the Gas production imbalances among the Parties. Such notice shall be given to all Parties in the Balancing Area.

7.2 Within sixty (60) days after the notice calling for cash settlement under Section 7.1, the Operator will distribute to each Party a Final Gas Settlement Statement detailing the quantity of Overproduction owed by each Overproduced Party to each Underproduced Party and identifying the month to which such Overproduction is attributed, pursuant to the methodology set out in Section 7.4.

7.3 (Alternative 1 - Direct Party-to-Party Settlement) Within sixty (60) days after receipt of the Final Gas Settlement Statement, each Overproduced Party will pay to each Underproduced Party entitled to settlement the appropriate cash settlement, accompanied by appropriate accounting detail. At the time of payment, the Overproduced Party will notify the Operator of the Gas imbalance settled by the Overproduced Party's payment.

~~7.3 (Alternative 2 - Settlement Through Operator) Within sixty (60) days after receipt of the Final Gas Settlement Statement, each Overproduced Party will send its cash settlement, accompanied by appropriate accounting detail, to the Operator. The Operator will distribute the monies so received, along with any settlement owed by the Operator as an Overproduced Party, to each Underproduced Party to whom settlement is due within ninety (90) days after issuance of the Final Gas Settlement Statement. In the event that any Overproduced Party fails to pay any settlement due hereunder, the Operator may turn over responsibility for the collection of such settlement to the Party to whom it is owed, and the Operator will have no further responsibility with regard to such settlement.~~

~~7.3.1 (Optional - For use only with Section 7.3, Alternative 2 - Settlement Through Operator) Any Party shall have the right at any time upon thirty (30) days' prior written notice to all other Parties to demand that any settlements due such Party for Overproduction be paid directly to such Party by the Overproduced Party, rather than being paid through the Operator. In the event that an Overproduced Party pays the Operator any sums due to an Underproduced Party at any time after thirty (30) days following the receipt of the notice provided for herein, the Overproduced Party will continue to be liable to such Underproduced Party for any sums so paid, until payment is actually received by the Underproduced Party.~~

~~7.4 (Alternative 1 - Historical Sales Basis) The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the Gas taken from time to time by the Overproduced Party in excess of the Overproduced Party's Full Share of Current Production. Any Makeup Gas taken by the Underproduced Party prior to monetary settlement hereunder will be applied to offset Overproduction chronologically in the order of accrual.~~

7.4 (Alternative 2 - Most Recent Sales Basis) The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the volume of Gas that constituted Overproduction by the Overproduced Party from the Balancing Area. For the purpose of implementing the cash settlement provision of the Section 7, an Overproduced Party will not be considered to have produced any of an Underproduced Party's share of Gas until the Overproduced Party has produced cumulatively all of its Percentage Interest share of the Gas ultimately produced from the Balancing Area.

7.5 The values used for calculating the cash settlement under Section 7.4 will include all proceeds received for the sale of the Gas by the Overproduced Party calculated at the Balancing Area, after deducting any production or severance taxes paid and any Royalty actually paid by the Overproduced Party to an Underproduced Party's Royalty owner(s), to the extent said payments amounted to a discharge of said Underproduced Party's Royalty obligation, as well as any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of the Overproduction.

7.5.1 (Optional - For Valuation Under Percentage of Proceeds Contracts) For Overproduction sold under a gas purchase contract providing for payment based on a percentage of the proceeds obtained by the purchaser upon resale of residue gas and liquid hydrocarbons extracted at a gas processing plant, the values used for calculating cash settlement will include proceeds received by the Overproduced Party for both the liquid hydrocarbons and the residue gas attributable to the Overproduction.

~~7.5.2 (Optional - Valuation for Processed Gas - Option 1) For Overproduction processed for the account of the Overproduced Party at a gas processing plant for the extraction of liquid hydrocarbons, the full quantity of the Overproduction will be valued for purposes of cash settlement at the prices received by the Overproduced Party for the sale of the residue gas attributable to the Overproduction without regard to proceeds attributable to liquid hydrocarbons which may have been extracted from the Overproduction.~~

7.5.2 (Optional - Valuation for Processed Gas - Option 2) For Overproduction processed for the account of the Overproduced Party at a gas processing plant for the extraction of liquid hydrocarbons, the values used for calculating cash settlement will include the proceeds received by the Overproduced Party for the sale of the liquid hydrocarbons extracted from the Overproduction, less the actual reasonable costs incurred by the Overproduced Party to process the Overproduction and to transport, fractionate and handle the liquid hydrocarbons extracted therefrom prior to sale.

7.6 To the extent the Overproduced Party did not sell all Overproduction under an Arm's Length Agreement, the cash settlement will be based on the weighted average price received by the Overproduced Party for any gas sold from the

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Balancing Area under Arm's Length Agreements during the months to which such Overproduction is attributed. In the event that no sales under Arm's Length Agreements were made during any such month, the cash settlement for such month will be based on the spot sales prices published for the applicable geographic area during such month in a mutually acceptable pricing bulletin.

7.7 Interest compounded at the rate of twelve percent (12%) per annum or the maximum lawful rate of interest applicable to the Balancing Area, whichever is less, will accrue for all amounts due under Section 7.1 beginning the first day following the date payment is due pursuant to Section 7.3. Such interest shall be borne by the Operator or any Overproduced Party in the proportion that their respective delays beyond the deadlines set out in Sections 7.2 and 7.3 contributed to the accrual of the interest.

7.8 In lieu of the cash settlement required by Section 7.3, an Overproduced Party may deliver to the Underproduced Party an offer to settle its Overproduction in-kind and at such rates, quantities, times and sources as may be agreed upon by the Underproduced Party. If the Parties are unable to agree upon the manner in which such in-kind settlement gas will be furnished within sixty (60) days after the Overproduced Party's offer to settle in kind, which period may be extended by agreement of said Parties, the Overproduced Party shall make a cash settlement as provided in Section 7.3. The making of an in-kind settlement offer under this Section 7.8 will not delay the accrual of interest on the cash settlement should the Parties fail to reach agreement on an in-kind settlement.

7.9 (Optional - For Balancing Areas Subject to Federal Price Regulation) That portion of any monies collected by an Overproduced Party for Overproduction which is subject to refund by orders of the Federal Energy Regulatory Commission or other governmental authority may be withheld by the Overproduced Party until such prices are fully approved by such governmental authority, unless the Underproduced Party furnishes a corporate undertaking, acceptable to the Overproduced Party, agreeing to hold the Overproduced Party harmless from financial loss due to refund orders by such governmental authority.

7.10 (Optional - Interim Cash Balancing) At any time during the term of this Agreement, any Overproduced Party may, in its sole discretion, make cash settlement(s) with the Underproduced Parties covering all or part of its outstanding Gas imbalance, provided that such settlements must be made with all Underproduced Parties proportionately based on the relative imbalances of the Underproduced Parties, and provided further that such settlements may not be made more often than once every twenty-four (24) months. Such settlements will be calculated in the same manner provided above for final cash settlements. The Overproduced Party will provide Operator a detailed accounting of any such cash settlement within thirty (30) days after the settlement is made.

8. TESTING

Notwithstanding any provision of this Agreement to the contrary, any Party shall have the right, from time to time, to produce and take up to one hundred percent (100%) of a well's entire Gas stream to meet the reasonable deliverability test(s) required by such Party's Gas purchaser, and the right to take any Makeup Gas shall be subordinate to the right of any Party to conduct such tests; provided, however, that such tests shall be conducted in accordance with prudent operating practices only after thirty (30) days' prior written notice to the Operator and shall last no longer than ninety-six (96) hours.

9. OPERATING COSTS

Nothing in this Agreement shall change or affect any Party's obligation to pay its proportionate share of all costs and liabilities incurred in operations on or in connection with the Balancing Area, as its share thereof is set forth in the Operating Agreement, irrespective of whether any Party is at any time selling and using Gas or whether such sales or use are in proportion to its Percentage Interest in the Balancing Area.

10. LIQUIDS

The Parties shall share proportionately in and own all liquid hydrocarbons recovered with Gas by field equipment operated for the joint account in accordance with their Percentage Interests in the Balancing Area.

11. AUDIT RIGHTS

Notwithstanding any provision in this Agreement or any other agreement between the Parties hereto, and further notwithstanding any termination or cancellation of this Agreement, for a period of two (2) years from the end of the calendar year in which any information to be furnished under Section 5 or 7 hereof is supplied, any Party shall have the right to audit the records of any other Party regarding quantity, including but not limited to information regarding Btu-content. Any Underproduced Party shall have the right for a period of two (2) years from the end of the calendar year in which any cash settlement is received pursuant to Section 7 to audit the records of any Overproduced Party as to all matters concerning values, including but not limited to information regarding prices and disposition of Gas from the Balancing Area. Any such audit shall be conducted at the expense of the Party or Parties desiring such audit, and shall be conducted, after reasonable notice, during normal business hours in the office of the Party whose records are being audited. Each Party hereto agrees to maintain records as to the volumes and prices of Gas sold each month and the volumes of Gas used in its own operations, along with the Royalty paid on any such Gas used by a Party in its own operations. The audit rights provided for in this Section 11 shall be in addition to those provided for in Section 5.2 of this Agreement.

12. MISCELLANEOUS

12.1 As between the Parties, in the event of any conflict between the provisions of this Agreement and the provisions of any gas sales contract, or in the event of any conflict between the provisions of this Agreement and the provisions of the Operating Agreement, the provisions of this Agreement shall govern.

12.2 Each Party agrees to defend, indemnify and hold harmless all other Parties from and against any and all liability for any claims, which may be asserted by any third party which now or hereafter stands in a contractual relationship with such indemnifying Party and which arise out of the operation of this Agreement or any activities of such indemnifying Party under the provisions of this Agreement, and does further agree to save the other Parties harmless from all judgments or damages sustained and costs incurred in connection therewith.

12.3 Except as otherwise provided in this Agreement, Operator is authorized to administer the provisions of this Agreement, but shall have no liability to the other Parties for losses sustained or liability incurred which arise out of or in connection with the performance of Operator's duties hereunder, except such as may result from Operator's gross negligence or willful misconduct. Operator shall not be liable to any Underproduced Party for the failure of any Overproduced Party, (other than Operator) to pay any amounts owed pursuant to the terms hereof.

12.4 This Agreement shall remain in full force and effect for as long as the Operating Agreement shall remain in force and effect as to the Balancing Area, and thereafter until the Gas accounts between the Parties are settled in full, and shall inure to the benefit of and be binding upon the Parties hereto, and their respective heirs, successors, legal representatives

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and assigns, if any. The Parties hereto agree to give notice of the existence of this Agreement to any successor in interest of any such Party and to provide that any such successor shall be bound by this Agreement, and shall further make any transfer of any interest subject to the Operating Agreement, or any part thereof, also subject to the terms of this Agreement.

12.5 Unless the context clearly indicates otherwise, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

12.6 In the event that any "Optional" provision of this Agreement is not adopted by the Parties to this Agreement by a typed, printed or handwritten indication, such provision shall not form a part of this Agreement, and no inference shall be made concerning the intent of the Parties in such event. In the event that any "Alternative" provision of this Agreement is not so adopted by the Parties, Alternative 1 in each such instance shall be deemed to have been adopted by the Parties as a result of any such omission. In those cases where it is indicated that an Optional provision may be used only if a specific Alternative is selected: (i) an election to include said Optional provision shall not be effective unless the Alternative in question is selected; and (ii) the election to include said Optional provision must be expressly indicated hereon, it being understood that the selection of an Alternative either expressly or by default as provided herein shall not, in and of itself, constitute an election to include an associated Optional provision.

12.7 This Agreement shall bind the Parties in accordance with the provisions hereof, and nothing herein shall be construed or interpreted as creating any rights in any person or entity not a signatory hereto, or as being a stipulation in favor of any such person or entity.

12.8 If contemporaneously with this Agreement becoming effective, or thereafter, any Party requests that any other Party execute an appropriate memorandum or notice of this Agreement in order to give third parties notice of record of same and submits same for execution in recordable form, such memorandum or notice shall be duly executed by the Party to which such request is made and delivered promptly thereafter to the Party making the request. Upon receipt, the Party making the request shall cause the memorandum or notice to be duly recorded in the appropriate real property or other records affecting the Balancing Area.

12.9 In the event Internal Revenue Service regulations require a uniform method of computing taxable income by all Parties, each Party agrees to compute and report income to the Internal Revenue Service (select one) as if such Party were taking its Full Share of Current Production during each relevant tax period in accordance with such regulations, insofar as same relate to entitlement method tax computations; or based on the quantity of Gas taken for its account in accordance with such regulations, insofar as same relate to sales method tax computations.

13. ASSIGNMENT AND RIGHTS UPON ASSIGNMENT

13.1 Subject to the provisions of Sections 13.2 (if elected) and 13.3 hereof, and notwithstanding anything in this Agreement or in the Operating Agreement to the contrary, if any Party assigns (including any sale, exchange or other transfer) any of its working interest in the Balancing Area when such Party is an Underproduced or Overproduced Party, the assignment or other act of transfer shall, insofar as the Parties hereto are concerned, include all interest of the assigning or transferring Party in the Gas, all rights to receive or obligations to provide or take Makeup Gas and all rights to receive or obligations to make any monetary payment which may ultimately be due hereunder, as applicable. Operator and each of the other Parties hereto shall thereafter treat the assignment accordingly, and the assigning or transferring Party shall look solely to its assignee or other transferee for any interest in the Gas or monetary payment that such Party may have or to which it may be entitled, and shall cause its assignee or other transferee to assume its obligations hereunder.

13.2 (Optional - Cash Settlement Upon Assignment) Notwithstanding anything in this Agreement (including but not limited to the provisions of Section 13.1 hereof) or in the Operating Agreement to the contrary, and subject to the provisions of Section 13.3 hereof, in the event an Overproduced Party intends to sell, assign, exchange or otherwise transfer any of its interest in a Balancing Area, such Overproduced Party shall notify in writing the other working interest owners who are Parties hereto in such Balancing Area of such fact at least sixty (60) days prior to closing the transaction. Thereafter, any Underproduced Party may demand from such Overproduced Party in writing, within thirty (30) days after receipt of the Overproduced Party's notice, a cash settlement of its Underproduction from the Balancing Area. The Operator shall be notified of any such demand and of any cash settlement pursuant to this Section 13, and the Overproduction and Underproduction of each Party shall be adjusted accordingly. Any cash settlement pursuant to this Section 13 shall be paid by the Overproduced Party on or before the earlier of (i) of sixty (60) days after receipt of the Underproduced Party's demand or (ii) at the closing of the transaction in which the Overproduced Party sells, assigns, exchanges or otherwise transfers its interest in a Balancing Area on the same basis as otherwise set forth in Sections 7.3 through 7.6 hereof, and shall bear interest at the rate set forth in Section 7.7 hereof, beginning sixty (60) days after the Overproduced Party's sale, assignment, exchange or transfer of its interest in the Balancing Area for any amounts not paid. Provided, however, if any Underproduced Party does not so demand such cash settlement of its Underproduction from the Balancing Area, such Underproduced Party shall look exclusively to the assignee or other successor in interest of the Overproduced Party giving notice hereunder for the satisfaction of such Underproduced Party's Underproduction in accordance with the provisions of Section 13.1 hereof.

13.3 The provisions of this Section 13 shall not be applicable in the event any Party mortgages its interest or disposes of its interest by merger, reorganization, consolidation or sale of substantially all of its assets to a subsidiary or parent company, or to any company in which any parent or subsidiary of such Party owns a majority of the stock of such company.

14. OTHER PROVISIONS

Notwithstanding anything herein to the contrary, no Underproduced Party, which is a Non-Consenting Party under the Operating Agreement and is not entitled to participate in any operation regarding a Balancing Area, shall be entitled to take gas from said Balancing Area for which it is a Non-Consenting Party.

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1 15. COUNTERPARTS

2 This Agreement may be executed in counterparts, each of which when taken with all other counterparts shall constitute
3 a binding agreement between the Parties hereto; provided, however, that if a Party or Parties owning a Percentage Interest in
4 the Balancing Area equal to or greater than a _____ percent (_____%) therein fail(s) to execute this
5 Agreement on or before _____, this Agreement shall not be binding upon any Party and shall be of
6 no further force and effect.

7 IN WITNESS WHEREOF, this Agreement shall be effective as of the _____ day of _____, _____.

10 ATTEST OR WITNESS:

OPERATOR

11 _____

12 _____ BY: _____

13 _____

14 Type or print name

15 Title _____

16 Date _____

17 Tax ID or S.S. No. _____

19 NON-OPERATORS

20 _____

21 _____ BY: _____

22 _____

23 Type or print name

24 Title _____

25 Date _____

26 Tax ID or S.S. No. _____

29 _____ BY: _____

30 _____

31 Type or print name

32 Title _____

33 Date _____

34 Tax ID or S.S. No. _____

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ACKNOWLEDGMENTS

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

Individual acknowledgment:

State of _____)

_____) ss.

County of _____)

This instrument was acknowledged before me on _____

_____ by _____

(Seal, if any)

Title (and Rank) _____

My commission expires: _____

Acknowledgment in representative capacity:

State of _____)

_____) ss.

County of _____)

This instrument was acknowledged before me on _____

_____ by _____ as

_____ of _____.

(Seal, if any)

Title (and Rank) _____

My commission expires: _____

EXHIBIT "F"

Attached to and made a part of that certain Operating Agreement dated May 1st, 2021 by and between Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al, as Non-Operator(s)

EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION

All terms used in this Exhibit "F," but not defined herein, shall have the same meaning as such terms have in Operating Agreement to which this Exhibit "F" is attached.

During the performance of this contract, each of the Operator and the Non-Operators (collectively "Contractor" meaning and referring separately to each party) agrees as follows:

Contractor agrees that as a federal government contractor it is subject to: (1) Executive Order 11246 and the regulations, orders and rules issued thereunder; (2) the Rehabilitation Act of 1973 and the regulations, orders and rules issued thereunder; and (3) the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, and the regulations, orders, and rules issued thereunder. Accordingly, the following clauses must be, and hereby are, incorporated into this Exhibit "F" if the total value of the operations conducted pursuant to the Operating Agreement to which this Exhibit "F" is attached exceeds \$10,000:

- a. The Equal Employment Opportunity Clause (41 C.F.R Section 60-1.4);
- b. The Affirmative Action Clause for Disabled Veterans and Veterans of the Vietnam Era (41 C.F.R. Section 60-250.4); and
- c. The Affirmative Action Clause for Disabled Persons (60 C.F.R. Section 60-741.5).

[THE FOLLOWING SECTION ONLY APPLIES IF REQUIRED BY CONTRACT]

**UTILIZATION OF SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED
SMALL BUSINESS CONCERNS**

The provisions of this Section apply only if the total contract/purchase order amount exceeds \$500,000.

It is the policy of the United States that small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals and small business concerns owned and controlled by women shall have the maximum practicable opportunity to participate in the performance of Government contracts and or contracts awarded by a Federal agency.

Contractor agrees to use its best efforts to carry out this policy in the award of its subcontracts to the fullest extent consistent with efficient contract performance.

As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern (1) which is at least 51 percent unconditionally owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of which is unconditionally owned by one or more socially and economically disadvantaged individuals; and (2) whose management and daily business operations are controlled by one or more of such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one of these entities which has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization and which meets the requirements of 13 CFR 124. The Contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Subcontinent Asian Americans, and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act. The Contractor shall presume that socially and economically disadvantaged entities also include Indian Tribes and Native Hawaiian Organizations. The term "small business concern owned and controlled by women: shall mean a small business concern (1) which is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and (2) whose management and daily business operations are controlled by one or more women.

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EXHIBIT “H”

Attached to and made a part of that certain Operating Agreement dated the 1st day of May, 2021, by and between Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al, as Non-Operator(s)

**MODEL FORM RECORDING SUPPLEMENT TO
OPERATING AGREEMENT AND FINANCING STATEMENT**

THIS AGREEMENT, entered into by and between Titus Oil & Gas Production, LLC, hereinafter referred to as “Operator,” and the signatory party or parties other than Operator, hereinafter referred to individually as “Non-Operator,” and collectively as “Non-Operators.”

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the land identified in Exhibit “A” (said land, Leases and Interests being hereinafter called the “Contract Area”), and in any instance in which the Leases or Interests of a party are not of record, the record owner and the party hereto that owns the interest or rights therein are reflected on Exhibit “A”;

WHEREAS, the parties hereto have executed an Operating Agreement dated May 1, 2021 (herein the “Operating Agreement”), covering the Contract Area for the purpose of exploring and developing such lands, Leases and Interests for Oil and Gas; and

WHEREAS, the parties hereto have executed this agreement for the purpose of imparting notice to all persons of the rights and obligations of the parties under the Operating Agreement and for the further purpose of perfecting those rights capable of perfection.

NOW, THEREFORE, in consideration of the mutual rights and obligations of the parties hereto, it is agreed as follows:

1. This agreement supplements the Operating Agreement, which Agreement in its entirety is incorporated herein by reference, and all terms used herein shall have the meaning ascribed to them in the Operating Agreement.
2. The parties do hereby agree that:
 - A. The Oil and Gas Leases and/or Oil and Gas Interests of the parties comprising the Contract Area shall be subject to and burdened with the terms and provisions of this agreement and the Operating Agreement, and the parties do hereby commit such Leases and Interests to the performance thereof.
 - B. The exploration and development of the Contract Area for Oil and Gas shall be governed by the terms and provisions of the Operating Agreement, as supplemented by this agreement.
 - C. All costs and liabilities incurred in operations under this agreement and the Operating Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties hereto, as provided in the Operating Agreement.
 - D. Regardless of the record title ownership to the Oil and Gas Leases and/or Oil and Gas Interests identified on Exhibit “A,” all production of Oil and Gas from the Contract Area shall be owned by the parties as provided in the Operating Agreement; provided nothing contained in this agreement shall be deemed an assignment or cross-assignment of interests covered hereby.
 - E. Each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area as provided in the Operating Agreement.
 - F. An overriding royalty, production payment, net profits interest or other burden payable out of production hereafter created, assignments of production given as security for the payment of money and those overriding royalties, production payments and other burdens payable out of production heretofore created and defined as Subsequently Created Interests in the Operating Agreement shall be (i) borne solely by the party whose interest is burdened therewith, (ii) subject to suspension if a party is required to assign or relinquish to another party an interest which is subject to such burden, and (iii) subject to the lien and security interest hereinafter provided if the party subject to such burden fails to pay its share of expenses chargeable hereunder and under the Operating Agreement, all upon the terms and provisions and in the times and manner provided by the Operating Agreement.
 - G. The Oil and Gas Leases and/or Oil and Gas Interests which are subject hereto may not be assigned or transferred except in accordance with those terms, provisions and restrictions in the Operating Agreement regulating such transfers.

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

- H. The parties shall have the right to acquire an interest in renewal, extension and replacement leases, leases proposed to be surrendered, wells proposed to be abandoned, and interests to be relinquished as a result of non-participation in subsequent operations, all in accordance with the terms and provisions of the Operating Agreement.

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- I. The rights and obligations of the parties and the adjustment of interests among them in the event of a failure or loss of title, each party's right to propose operations, obligations with respect to participation in operations on the Contract Area and the consequences of a failure to participate in operations, the rights and obligations of the parties regarding the marketing of production, and the rights and remedies of the parties for failure to comply with financial obligations shall be as provided in the Operating Agreement.
 - J. Each party's interest under this agreement and under the Operating Agreement shall be subject to relinquishment for its failure to participate in subsequent operations and each party's share of production and costs shall be reallocated on the basis of such relinquishment, all upon the terms and provisions provided in the Operating Agreement.
 - K. All other matters with respect to exploration and development of the Contract Area and the ownership and transfer of the Oil and Gas Leases and/or Oil and Gas Interest therein shall be governed by the terms and provisions of the Operating Agreement.
3. The parties hereby grant reciprocal liens and security interests as follows:
- A. Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas Leases and Oil and Gas Interests in the Contract Area, and a security interest and/or purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this agreement and the Operating Agreement including but not limited to payment of expense, interest and fees, the proper disbursement of all monies paid under this agreement and the Operating Agreement, the assignment or relinquishment of interest in Oil and Gas Leases as required under this agreement and the Operating Agreement, and the proper performance of operations under this agreement and the Operating Agreement. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this agreement and the Operating Agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from the sale of production at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing.
 - B. Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in Oil and Gas Leases and Interests covered by this agreement and the Operating Agreement by, through or under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement and the Operating Agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest granted by the Operating Agreement and this instrument as to all obligations attributable to such interest under this agreement and the Operating Agreement whether or not such obligations arise before or after such interest is acquired.
 - C. To the extent that the parties have a security interest under the Uniform Commercial Code of the state in which the Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any party in the payment of its share of expenses, interest or fees, or upon the improper use of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by such party, plus interest, has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such defaulting party's share of Oil and Gas. All purchasers of production may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in this paragraph.
 - D. If any party fails to pay its share of expenses within one hundred-twenty (120) days after rendition of a statement therefor by Operator the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. The amount paid by each party so paying its share of the unpaid amount shall be secured by the liens and security rights described in this paragraph 3 and in the Operating Agreement, and each paying party may independently pursue any remedy available under the Operating Agreement or otherwise.
 - E. If any party does not perform all of its obligations under this agreement or the Operating Agreement, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this agreement or the Operating Agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshalling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder or under the Operating Agreement, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.
 - F. The lien and security interest granted in this paragraph 3 supplements identical rights granted under the Operating Agreement.
 - G. To the extent permitted by applicable law, Non-Operators agree that Operator may invoke or utilize the mechanics' or materialmen's lien law of the state in which the Contract Area is situated in order to secure the payment to Operator of any sum due under this agreement and the Operating Agreement for services performed or materials supplied by Operator.
 - H. The above described security will be financed at the wellhead of the well or wells located on the Contract Area and this Recording Supplement may be filed in the land records in the County or Parish in which the Contract Area is located, and as a financing statement in all recording offices required under the Uniform Commercial Code or other applicable state statutes to perfect the above-described security interest, and any party hereto may file a continuation statement as necessary under the Uniform Commercial Code, or other state laws.

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4. This agreement shall be effective as of the date of the Operating Agreement as above recited. Upon termination of this agreement and the Operating Agreement and the satisfaction of all obligations thereunder, Operator is authorized to file of record in all necessary recording offices a notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon the request of Operator, if Operator has complied with all of its financial obligations.
5. This agreement and the Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. No sale, encumbrance, transfer or other disposition shall be made by any party of any interest in the Leases or Interests subject hereto except as expressly permitted under the Operating Agreement and, if permitted, shall be made expressly subject to this agreement and the Operating Agreement and without prejudice to the rights of the other parties. If the transfer is permitted, the assignee of an ownership interest in any Oil and Gas Lease shall be deemed a party to this agreement and the Operating Agreement as to the interest assigned from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall relieve such party of obligations previously incurred by such party under this agreement or the Operating Agreement with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted under this agreement and the Operating Agreement in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Article VII.B. of the Operating Agreement and hereby shall continue to burden the interest transferred to secure payment of any such obligations.
6. In the event of a conflict between the terms and provisions of this agreement and the terms and provisions of the Operating Agreement, then, as between the parties, the terms and provisions of the Operating Agreement shall control.
7. This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which own, in fact, an interest in the Contract Area. In the event that any provision herein is illegal or unenforceable, the remaining provisions shall not be affected, and shall be enforced as if the illegal or unenforceable provision did not appear herein.
8. Other provisions. [See the Operating Agreement.](#)

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

IN WITNESS WHEREOF, this agreement shall be effective as of the 1st day of May, 2021.

OPERATOR

ATTEST OR WITNESS

Titus Oil & Gas Production, LLC

By: _____

Type or Print Name

Title: _____

Date: _____

Address: _____

NON-OPERATORS

ATTEST OR WITNESS

Oxy USA Inc.

By: _____

Type or Print Name

Title: _____

Date: _____

Address: _____

ATTEST OR WITNESS

By: _____

Type or Print Name

Title: _____

Date: _____

Address: _____

ATTEST OR WITNESS

By: _____

Type or Print Name

Title: _____

Date: _____

Address: _____

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ACKNOWLEDGMENTS

NOTE:

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

Individual Acknowledgment

State of _____ §

§ ss.

County of _____ §

This instrument was acknowledged before me on _____
by _____

(Seal, if any)

Title (and Rank) _____

My commission expires: _____

Acknowledgment in Representative Capacity

State of _____ §

§ ss.

County of _____ §

This instrument was acknowledged before me on _____
by _____ as _____ of _____

(Seal, if any)

Title (and Rank) _____

My commission expires: _____

EXHIBIT "A"

Attached to that certain Recording Supplement to A.A.P.L. FORM 610 – 1989H Model Form Operating Agreement dated May 1st, 2021 between Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al as Non-Operators

CONTRACT AREA:

282.84 acres, more or less, being Section 29: E/2 E/2 and Section 32: Lot 1, NE/4 NE/4 (irregular section) of Township 26 South, Range 35 East, Lea County, New Mexico and portions of Section 25, Block C-24, Loving County, Texas, as more particularly shown on Exhibit A-1 attached hereto

CONTRACT AREA RESTRICTIONS:

All Depths, save and except the Medicine Man #1 Well (API: 42-301-31237) in Section 25, Block C-24, Loving County, TX.

This JOA shall only apply to wells which include lands in both New Mexico and Texas. If Operator is unable to drill across the New Mexico-Texas state line, this JOA shall not apply.

INTEREST OF THE PARTIES TO THIS AGREEMENT:**Interest Owners**

Titus Oil & Gas Production, LLC
420 Throckmorton Street, Suite 1150
Fort Worth, TX 76102
wjones@titusoil.com
Attn: Land Department

Oxy USA Inc.
5 Greenway Plaza, Suite 110
Houston, Texas 77046-0521
Attn: Land Department

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Lessor: Santa Fe Energy Resources, Inc.
Lessee: BLM NMNM 125400
Lease Date: December 1, 1996
Legal Description: E/2, NE/4 NW/4, E/2 SW/4 of Section 29, T26S-35E, Lea County, New Mexico

Lessor: Reagan Smith Energy Solutions, Inc.
Lessee: State of NM VB-2563
Lease Date: August 1, 2015
Legal Description: Lots 1, 2, 3, 4, N/2 N/2 (All) of Section 32, T26S-35E, Lea County, New Mexico

Lessor: Virginia Howell, a widow, the sole heir of Grover M. Howell, Jr.
Lessee: Wayne Newkumet
Lease Date: September 23, 2003
Recording: Volume 34; Page 108
Legal Description: All of Section 25, Block C-24, Loving County, Texas

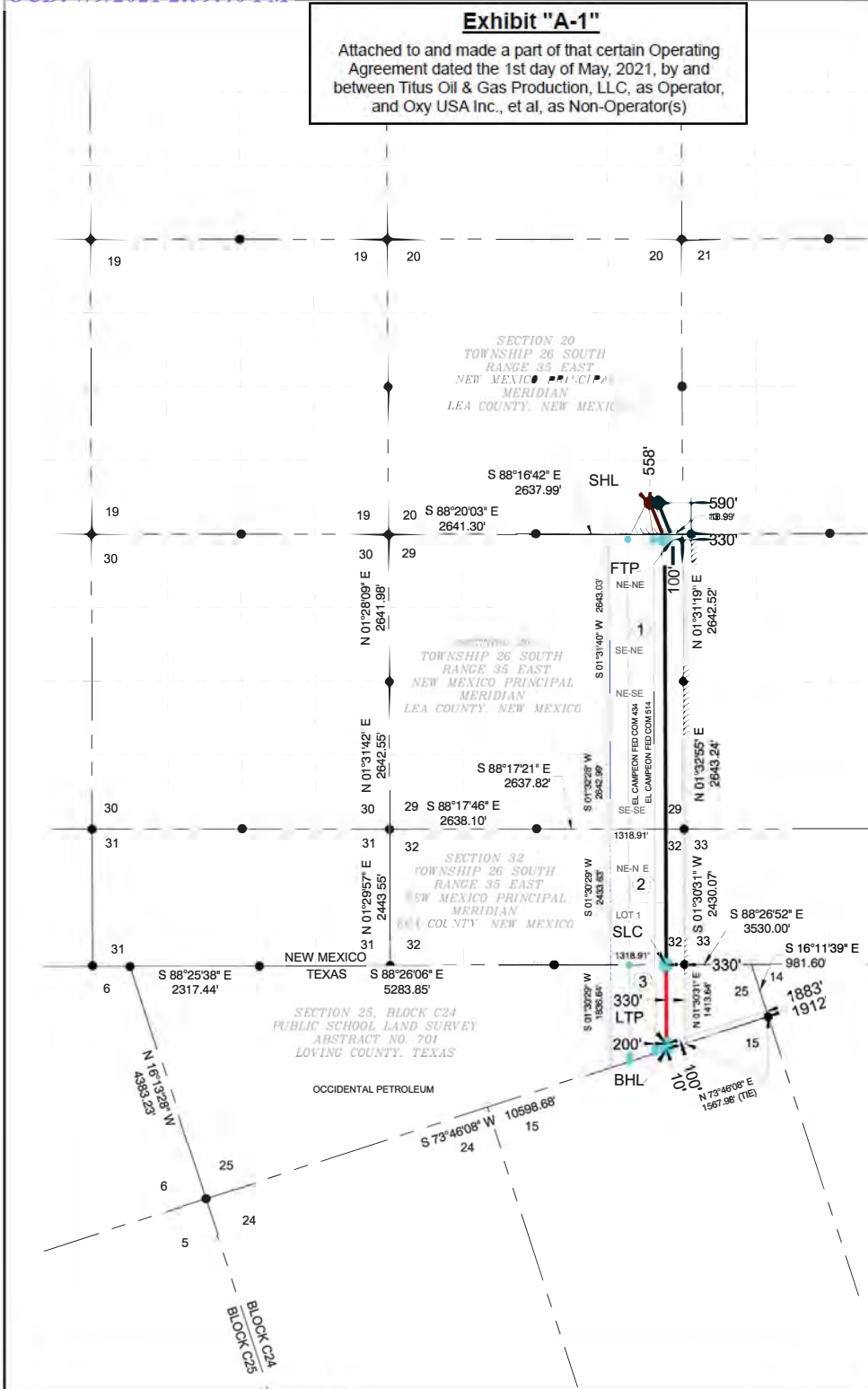
Lessor: Kathleen Howell Cone
Lessee: Wayne Newkumet
Lease Date: September 25, 2003
Recording: Volume 34; Page 200
Legal Description: All of Section 25, Block C-24, Loving County, Texas

BURDENS ON PRODUCTION:

Burdens of record as of the effective date of this agreement

Exhibit "A-1"

Attached to and made a part of that certain Operating Agreement dated the 1st day of May, 2021, by and between Titus Oil & Gas Production, LLC, as Operator, and Oxy USA Inc., et al, as Non-Operator(s)



SURFACE HOLE LOCATION
ELEVATION= 3172.14'
TEXAS CENTRAL - NAD 83

NORTHING	10712513.96
EASTING	1351511.11
LATITUDE	32.02304100
LONGITUDE	-103.38281477
TEXAS CENTRAL - NAD 27	
NORTHING	869934.66
EASTING	1055048.78
LATITUDE	32.02291440°
LONGITUDE	-103.38235512°

FIRST TAKE POINT
TEXAS CENTRAL - NAD 83

NORTHING	10711848.40
EASTING	1351753.61
LATITUDE	32.02123058°
LONGITUDE	-103.38197385°
TEXAS CENTRAL - NAD 27	
NORTHING	869269.12
EASTING	1055291.25
LATITUDE	32.02110395°
LONGITUDE	-103.38151432°

STATE LINE CROSSING
TEXAS CENTRAL - NAD 83

NORTHING	10704234.31
EASTING	1351550.64
LATITUDE	32.00029469°
LONGITUDE	-103.38195530°
TEXAS CENTRAL - NAD 27	
NORTHING	861655.25
EASTING	1055087.96
LATITUDE	31.00016796°
LONGITUDE	-103.38149694°

LAST TAKE POINT
TEXAS CENTRAL - NAD 83

NORTHING	10702820.18
EASTING	1351512.95
LATITUDE	31.99640634°
LONGITUDE	-103.38195184°
TEXAS CENTRAL - NAD 27	
NORTHING	860241.16
EASTING	1055050.24
LATITUDE	31.99627958°
LONGITUDE	-103.38149358°

BOTTOM HOLE LOCATION
TEXAS CENTRAL - NAD 83

NORTHING	10702725.21
EASTING	1351510.42
LATITUDE	31.99614521°
LONGITUDE	-103.38195160°
TEXAS CENTRAL - NAD 27	
NORTHING	860148.19
EASTING	1055047.71
LATITUDE	31.99601844°
LONGITUDE	-103.38149335°

LATERAL OFFSET

SHL - 558' FSL 590' FEL - SECTION 20
FTP - 100' FSL 330' FEL - SECTION 29
SLC - 330' FEL - SECTION 32 / LEASE
LTP - 100' FSL 1883' FEL - SECTION 25
LTP - 100' FSL 330' FEL - LEASE
BHL - 10' FSL 1912' FEL - SECTION 25
BHL - 10' FSL 330' FEL - LEASE

CALLED ACREAGE TOTALS

TRACT NO.	ACREAGE
1	160.00 ACRES
2	73.64 ACRES
3	49.20 ACRES
TOTAL ACRES	282.84 ACRES

EL CAMPEON FED COM 404H WELL BORE SUMMARY
SHL TO FTP=S 20°01'12" E, 708.36'
FTP TO SLC=S 01°31'37" W, 7616.80'
SLC TO LTP=S 01°31'37" W, 1414.64'
LTP TO BHL=S 01°31'37" W, 95.01'

NOTES:
1. BEARINGS AND COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 CENTRAL ZONE 4203
2. LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
3. THIS IS AN EXHIBIT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY TITUS OIL & GAS PRODUCTION, LLC. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

LEGEND

- DENOTES HORIZONTAL SURFACE LOCATION AND POINT OF PENETRATION
- DENOTES FIRST TAKE POINT LOCATION, LAST TAKE POINT LOCATION, AND BOTTOM HOLE LOCATION & TERMINUS POINT
- DENOTES BEARING CHANGE
- DENOTES FOUND MONUMENT
- DENOTES CALCULATED CORNER
- DENOTES PRODUCING WELL
- DENOTES PERMITTED WELL
- DENOTES SECTION LINE
- DENOTES PROPOSED LATERAL NEW MEXICO
- DENOTES PROPOSED LATERAL TEXAS
- DENOTES PROPOSED WELL PAD
- DENOTES ABSTRACT LINE
- DENOTES 660' BOUNDARY LINE
- DENOTES LEASE
- DENOTES TRACT

Scale: 1" = 2000'

JAMES C. YARGER
REGISTERED PROFESSIONAL LAND SURVEYOR
5854
04/02/21

JAMES C. YARGER TEXAS R.P.L.S. NO. 5854 DATE

THE SURFACE HOLE IS LOCATED APPROXIMATELY 20 MILES NORTHWEST OF KERMIT, TEXAS

TITUS OIL & GAS PRODUCTION, LLC

WELL LOCATION PLAT
EL CAMPEON FED COM 404H
SITUATED IN
SECTION 20, TOWNSHIP 26 SOUTH, RANGE 35 EAST
NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO
SECTION 29, TOWNSHIP 26 SOUTH, RANGE 35 EAST
NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO
SECTION 32, TOWNSHIP 26 SOUTH, RANGE 35 EAST
NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO
SECTION 25, BLOCK C24
PUBLIC SCHOOL LAND SURVEY
LOVING COUNTY, TEXAS

TRANSGLOBAL SERVICES, LLC
2129 S Great Southwest Parkway Suite 310
Grand Prairie, TX 75051
(972) 528-1180 Fax: (972) 528-1181

REV. #	DRAWN BY:	DATE:	REV. #	DRAWN BY:	DATE:
3	JEB	04/02/21	1	NH	02/17/21
			2	JEB	03/31/21

DRAWN BY:	DATE:	DWG. NO.:	REV.
JEB	01/12/21	EL CAMPEON FED COM 404H RRC PERMIT PLAT	3
CHECKED BY: GJS	DATE: 02/17/21	PG. 1 OF 1	
SCALE: 1"=2000'			

14.

DOCKET: OIL CONSERVATION DIVISION HEARINGS - Thursday, July 15, 2021

8:15 a.m.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e8ed7f6a91065e6b57a8ec45f51853006>

Event number: 146 027 0620

Event password: 5unVcFkun93

Join by video: [1460270620@nmemnrd.webex.com](https://nmemnrd.webex.com/join/1460270620)

Numeric Password: 223246

You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free

Access code: 146 027 0620

Applications for hearing shall be filed at least thirty (30) days in advance of the hearing date. A party who intends to present evidence shall file a pre-hearing statement no later than the close of business on the Thursday prior to the hearing date and serve a copy on the other parties, if any. The hearing examiner will dismiss the application if the applicant does not file and serve a pre-hearing statement as specified above.

NOTICE: The hearing examiner may call the following cases in any order in his or her discretion.

	Case Number	Description
1.	20738 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 E/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed Riverwalk Fed Com #501H well to be drilled from a surface hole location in NE/4 NE/4 (Unit A) of Section 29 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 17. The completed interval for this well will comply with statewide setbacks for horizontal oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
2.	20739 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed Riverwalk Fed Com #502H well to be drilled from a surface hole location in NW/4 NE/4 (Unit B) of Section 29 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 17. The completed interval for this well will comply with statewide setbacks for horizontal oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
3.	20740 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 360-acre, more or less, horizontal spacing unit comprised of the SE/4 SW/4 of Section 8 and the E/2 W/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed Riverwalk Fed Com #503H well to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 29 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8. The completed intervals for this well will comply with statewide setbacks for horizontal oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for

		supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
4.	20741 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 360-acre, more or less, horizontal spacing unit comprised of the SW/4 SW/4 of Section 8 and the W/2 W/2 of Sections 17 and 20, Township 26 South, Range 29 East, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed Riverwalk Fed Com #504H well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 29 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 8. The completed intervals for this well will comply with statewide setbacks for horizontal oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
5.	20742 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool, underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 17 and 20, Township 26 South, Range 29 East, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells: • The Riverwalk Fed Com #701H well, the Riverwalk Fed Com #702H well, and the Riverwalk Fed Com #901H well to be drilled from surface hole locations in NE/4 NE/4 (Unit A) of Section 29 to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 17. • The Riverwalk Fed Com #703H well to be drilled from a surface hole location in NE/4 NE/4 (Unit A) of Section 29 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 17. • The Riverwalk Fed Com #902H well to be drilled from a surface hole location in NW/4 NE/4 (Unit B) of Section 29 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 17. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
6.	20743 [Continued to September 23, 2021]	Application of COG Operating LLC for an overlapping non-standard horizontal spacing unit in the Wolfcamp formation and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order approving a 720-acre overlapping non-standard horizontal spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool), and (2) pooling all uncommitted interests in the proposed non-standard horizontal spacing unit comprised of the S/2 SW/4 of Section 8 and the W/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced non-standard horizontal spacing unit to the following proposed wells: • The Riverwalk Fed Com #704H Well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 29 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8. • The Riverwalk Fed Com #705H Well, the Riverwalk Fed Com #706H Well, and the Riverwalk Fed Com #904H Well to be drilled from surface hole locations in NW/4 NW/4 (Unit D) of Section 29 to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 8. • The Riverwalk Fed Com #903H Well to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 29 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8. The proposed 720-acre non-standard horizontal spacing unit will overlap an existing 640-acre standard horizontal spacing unit comprised of the W/2 equivalent of Section 5 and the W/2 of Section 8, which was approved under Division Order R-20286 and is currently dedicated to the Hambone Fed Com #25H (API No. 30-015-45581).
7.	21734 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation, Lea; Bone Spring Pool (Pool code 37570), underlying a standard 320-acre, more or less, horizontal spacing unit comprised of E/2E/2 of Sections 25 and 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells: • The Whistling Bird Fed Com 401H well to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 36 to a bottom hole location in the NE/4NE/4 (Unit A) of

		<p>Section 25, and</p> <ul style="list-style-type: none"> • The Whistling Bird Fed Com 501H well to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 36 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 25. <p>Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 23 miles southwest of Hobbs, New Mexico.</p>
8.	<p>21735 [Continued to September 23, 2021]</p>	<p>Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation, Lea; Bone Spring Pool (Pool code 37570), underlying a standard 320-acre, more or less, horizontal spacing unit comprised of W/2W/2 of Sections 25 and 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:</p> <ul style="list-style-type: none"> • The Whistling Bird Fed Com 404H well to be horizontally drilled from a surface hole location in the SW/4SW/4 (Unit M) of Section 36 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 25, and • The Whistling Bird Fed Com 504H well to be horizontally drilled from a surface hole location in the SW/4SW/4 (Unit M) of Section 36 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 25. <p>Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 23 miles southwest of Hobbs, New Mexico.</p>
9.	<p>21736 [Continued to September 23, 2021]</p>	<p>Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation, Lea; Bone Spring Pool (Pool code 37570), underlying a standard 320-acre, more or less, horizontal spacing unit comprised of E/2W/2 of Sections 25 and 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:</p> <ul style="list-style-type: none"> • The Whistling Bird Fed Com 403H well to be horizontally drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 36 to a bottom hole location in the NE/4NW/4 (Unit C) of Section 25, and • The Whistling Bird Fed Com 503H well to be horizontally drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 36 to a bottom hole location in the NE/4NW/4 (Unit C) of Section 25. <p>Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 23 miles southwest of Hobbs, New Mexico.</p>
10.	<p>21737 [Continued to September 23, 2021]</p>	<p>Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation, Lea; Bone Spring Pool (Pool code 37570), underlying a standard 320-acre, more or less, horizontal spacing unit comprised of W/2E/2 of Sections 25 and 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:</p> <ul style="list-style-type: none"> • The Whistling Bird Fed Com 402H well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 36 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 25, and • The Whistling Bird Fed Com 502H well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 36 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 25. <p>Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 23 miles southwest of Hobbs, New Mexico.</p>

<p>11.</p>	<p>21072 [Continued to October 21, 2021]</p>	<p>Application of Colgate Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 N/2 of Section 25, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and the N/2 N/2 of Section 30, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Red Bandana 25 State Com 121H and Red Bandana 25 State Com 131H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16.5 miles northeast of Carlsbad, New Mexico.</p>
<p>12.</p>	<p>21074 [Continued to October 21, 2021]</p>	<p>Application of Colgate Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 S/2 of Section 25, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and the N/2 S/2 of Section 30, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Red Bandana 25 State Com 123H and Red Bandana 25 State Com 133H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16.5 miles northeast of Carlsbad, New Mexico.</p>
<p>13.</p>	<p>21075 [Continued to October 21, 2021]</p>	<p>Application of Colgate Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 S/2 of Section 25, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and the S/2 S/2 of Section 30, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Red Bandana 25 State Com 124H and Red Bandana 25 State Com 134H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16.5 miles northeast of Carlsbad, New Mexico.</p>
<p>14.</p>	<p>21092 [Continued to October 21, 2021]</p>	<p>Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Section 25, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and the S/2 N/2 of Section 30, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Red Bandana 25 State Com 122H and Red Bandana 25 State Com 132H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16.5 miles northeast of Carlsbad, New Mexico.</p>
<p>15.</p>	<p>21945 [Continued to August 19, 2021]</p>	<p>(Re-Open) Application of Colgate Operating LLC to Amend Order No. R-21446, Eddy County, New Mexico. Applicant seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21446 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21446 on September 9, 2020, which designated Colgate as the operator of the unit and the Atlas 18 State Fed Com 122H and Atlas 18 State Fed Com 132H wells; and pooled uncommitted interest owners in a 233-acre, more or less, Bone Spring horizontal spacing unit comprised of the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East, and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. The Order requires commencement of drilling the wells within one year of the date of the Order unless Colgate obtains an extension by an amendment of this Order for good cause shown. Good</p>

		cause exists for Colgate's request for an extension of time due to limitations from the pandemic and recent market conditions.
16.	21946 [Dismissed]	(Re-Open) Application of Colgate Operating LLC to Amend Order No. R-21447, Eddy County, New Mexico. Applicant seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21447 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21447 on September 9, 2020, which designated Colgate as the operator of the unit and the Atlas 18 State Fed Com 131H well; and pooled uncommitted interest owners in a 233-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East, and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. The Order requires commencement of drilling the wells within one year of the date of the Order unless Colgate obtains an extension by an amendment of this Order for good cause shown. Good cause exists for Colgate's request for an extension of time due to limitations from the pandemic and recent market conditions.
17.	21645 [Dismissed]	Application of E.G.L. Resources, Inc. for compulsory pooling, Lea County, New Mexico. E.G.L. Resources, Inc. seeks an order pooling all mineral interest owners in the Bone Spring formation in a horizontal spacing unit comprised of the W/2SW/4 of Section 16 and the W/2W/2 of Section 21, Township 19 South, Range 34 East, NMPM. The unit will be dedicated to the Money Penny Well No. 1H, with a first take point in the SW/4SW/4 of 21 and a final take point in the NW/4SW/4 of Section 16. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Halfway, New Mexico.
18.	21646 [Dismissed]	Application of E.G.L. Resources, Inc. for compulsory pooling, Lea County, New Mexico. E.G.L. Resources, Inc. seeks an order pooling all mineral interest owners in the Bone Spring formation in a horizontal spacing unit comprised of the E/2SW/4 of Section 16 and the E/2W/2 of Section 21, Township 19 South, Range 34 East, NMPM. The unit will be dedicated to the Money Penny Well No. 2H, with a first take point in the SE/4SW/4 of 21 and a final take point in the NE/4SW/4 of Section 16. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Halfway, New Mexico.
19.	21784 [Continued to August 19, 2021]	Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following wells, both of which have been drilled from a common surface hole location in NW/4 NW/4 (Unit D) of said Section 28 to bottom hole locations in the SW/4 SW/4 (Unit M) of said Section 33: (1) the Stonewall 28 Fed Com #301H well (API No. 30-025-44866), and (2) the Stonewall 28 Fed Com #302H well (API No. 30-025-44867). The completed interval for the Stonewall 28 Fed Com #302H well is at a non-standard location and has been approved by the Division in Administrative Order NSL-7768. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 17 miles northwest of Jal, New Mexico.
20.	21785 [Continued to August 19, 2021]	Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the initial Stonewall 28 Fed Com #308H well (API No. 30-025-44873), which has been drilled from a surface hole location in NE/4 NW/4 (Unit C) of said Section 28 to a bottom hole location in the SE/4 SW/4 (Unit N) of said Section 33. The completed interval for the well will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for

		supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 17 miles northwest of Jal, New Mexico.
21.	21786 [Continued to August 19, 2021]	Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the initial Stonewall 28 Fed Com #309H well (API No. 30-025-44926), which has been drilled from a surface hole location in NW/4 NE/4 (Unit B) of said Section 28 to a bottom hole location in the SW/4 SE/4 (Unit O) of said Section 33. The completed interval for the well will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 17 miles northwest of Jal, New Mexico.
22.	21787 [Continued to August 19, 2021]	Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 E/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following wells, both of which have been drilled from a common surface hole location NE/4 NE/4 (Unit A) of said Section 28 to bottom hole locations in the SE/4 SE/4 (Unit P) of said Section 33: (1) the Stonewall 28 Fed Com #313H well (API No. 30-025-44874), and the Stonewall 28 Fed Com #314H well (API No. 30-025-44875). The completed interval for the Stonewall 28 Fed Com #313H well is at a non-standard location and has been approved by the Division in Administrative Order NSL-8062. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 17 miles northwest of Jal, New Mexico.
23.	20132 [Status Conference]	Approve the creation of a 160-acre spacing unit covering the E/2 E/2 of Section 6, T22S, R32E, and pool all uncommitted mineral interests in the Bone Spring formation underlying the unit
24.	20133 [Status Conference]	Approve the creation of a 160-acre spacing unit covering the W/2 E/2 of Section 6, T22S, R32E, and pool all uncommitted mineral interests in the Bone Spring formation underlying the unit
25.	20134 [Status Conference]	Approve the creation of a 320-acre spacing unit covering the E/2 of Section 6, T22S, R32E, and pool all uncommitted mineral interests in the Wolfcamp formation underlying the unit
26.	21100 [Continued to September 23, 2021]	Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Blue Ridge 20 WB Fed 8H; Blue Ridge 20 WA Fed 1H; Blue Ridge 20 WB Fed 4H; Blue Ridge 20 WA Fed 6H; Blue Ridge 20 WD Fed 2H; Blue Ridge 20 WA Fed 9H; Blue Ridge 20 WB Fed 13H; Blue Ridge 20 WA Fed 14H; Blue Ridge 20 WD Fed 7H; Blue Ridge 20 WD Fed 10H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
27.	21101 [Continued to September 23, 2021]	Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Blue Ridge 20 SB Fed 12H and the Blue Ridge 20 AV Fed Com 11H wells, to be horizontally

		drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
28.	21102 [Continued to September 23, 2021]	Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Blue Ridge 20 WB Fed Com 16H; Blue Ridge 20 WA Fed Com 17H; Blue Ridge 20 WB Fed Com 21H; Blue Ridge 20 WA Fed Com 22H; Blue Ridge 20 WB Fed Com 24H; Blue Ridge 20 WA Fed Com 25H; Blue Ridge 20 WB Fed Com 29H; Blue Ridge 20 WA Fed Com 30H; Blue Ridge 20 WD Fed Com 18H; Blue Ridge 20 WD Fed Com 23H; Blue Ridge 20 WD Fed Com 26H; Blue Ridge 20 WD Fed Com 31H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
29.	21104 [Continued to September 23, 2021]	Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Blue Ridge 20 SB Fed 5H and the Blue Ridge 20 AV Fed Com 3H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
30.	21105 [Continued to September 23, 2021]	Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Blue Ridge 20 AV Fed Com 19H and the Blue Ridge 20 SB Fed Com 20H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
31.	21106 [Continued to September 23, 2021]	Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Blue Ridge 20 AV Fed Com 27H and the Blue Ridge 20 SB Fed Com 28H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.
32.	21426 [Dismissed]	Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 SW/4 of Section 19 and the W/2 W/2 of 30, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Flagon 19 WXY State 5H well, to be horizontally drilled. The producing area for

		the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 21.5 miles West Southwest of Hobbs, New Mexico.
33.	21427 [Dismissed]	Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 SW/4 of Section 19 and the W/2 W/2 of 30, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Flagon 19 FB State 9H and Flagon 19 SB State 1H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 21.5 miles West Southwest of Hobbs, New Mexico.
34.	21428 [Dismissed]	Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 SW/4 of Section 19 and the E/2 W/2 of 30, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Flagon 19 SB State 2H and Flagon 19 FB State 10H wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 21.5 miles West Southwest of Hobbs, New Mexico.
35.	21429 [Dismissed]	Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 SW/4 of Section 19 and the E/2 W/2 of 30, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Flagon 19 WXY State 6H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 21.5 miles West Southwest of Hobbs, New Mexico.
36.	21063	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 3 and W/2W/2 of Section 10, Township 22 South, Range 32 East, NMPM. The unit will be dedicated to the Nina Cortell Well Nos. 125H and 131H, with first take points in the NW/4NW/4 of Section 3 and final take points in the SW/4SW/4 of Section 25. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 10 miles south-southeast of Halfway, New Mexico.
37.	21064	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and E/2W/2 of Section 10, Township 22 South, Range 32 East, NMPM. The unit will be dedicated to the Nina Cortell Well Nos. 126H, 132H, and 112H, with first take points in the NE/4NW/4 of Section 3 and final take points in the SE/4SW/4 of Section 25. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 10 miles south-southeast of Halfway, New Mexico.

38.	21065	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and E/2W/2 of Section 10, Township 22 South, Range 32 East, NMPM. The unit will be dedicated to the Nina Cortell Well No. 202H, with a first take point in the NE/4NW/4 of Section 3 and a final take point in the SE/4SW/4 of Section 25. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 10 miles south-southeast of Halfway, New Mexico.
39.	21683 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 16 and 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Cimarron 1621 Fed Com #131H well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a bottom hole location in SW/4 SW/4 (Unit M) of Section 21. The completed interval of the well will comply with standard setback requirements for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 22 miles west of Hobbs, New Mexico.
40.	21684 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 16 and 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Cimarron 1621 Fed Com #132H well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 16 to a bottom hole location in SE/4 SW/4 (Unit N) of Section 21. The completed interval of the well will comply with standard setback requirements for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 22 miles west of Hobbs, New Mexico.
41.	21685 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 16 and 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Cimarron 1621 Fed Com #201H well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a bottom hole location in SW/4 SW/4 (Unit M) of Section 21. The completed interval of the well will comply with Statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 22 miles west of Hobbs, New Mexico.
42.	21686 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 16 and 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Cimarron 1621 Fed Com #202H well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 16 to a bottom hole location in SE/4 SW/4 (Unit N) of Section 21. The completed interval of the well will comply with Statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 22 miles west of Hobbs, New Mexico.

43.	21748 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 280-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Section 22, the W/2 NE/4 and the NW/4 SE/4 of Section 27, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Wray Trust 2227 #133H well to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 22 to a bottom hole location in NW/4 SE/4 (Unit J) of Section 27. The completed interval of this well will comply with standard setback requirements for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles east of Carlsbad, New Mexico.
44.	21749 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 280-acre, more or less, horizontal spacing unit comprised of the E/2 E/2 of Section 22, the E/2 NE/4 and the NE/4 SE/4 of Section 27, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Wray Trust 2227 #134H well to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 22 to a bottom hole location in NE/4 SE/4 (Unit I) of Section 27. The completed interval of this well will comply with standard setback requirements for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles east of Carlsbad, New Mexico.
45.	21750 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 280-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Section 22, the W/2 NE/4 and the NW/4 SE/4 of Section 27, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Wray Trust 2227 #203H well to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 22 to a bottom hole location in NW/4 SE/4 (Unit J) of Section 27. The completed interval of this well will comply with standard setback requirements for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles east of Carlsbad, New Mexico.
46.	21751 [Status Conference]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 280-acre, more or less, horizontal spacing unit comprised of the E/2 E/2 of Section 22, the E/2 NE/4 and the NE/4 SE/4 of Section 27, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Wray Trust 2227 #204H well to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 22 to a bottom hole location in NE/4 SE/4 (Unit I) of Section 27. The completed interval of this well will comply with standard setback requirements for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles east of Carlsbad, New Mexico.
47.	21952 [Continued to August 19, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 15 and the N/2S/2 of Section 14, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ted 1514 Fed. Com. Well No. 203H, with a first take point in the NW/4SW/4 of Section 15 and a final take point in the NE/4SE/4 of Section 14. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for

		supervision, designation of Matador Production Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is centered approximately 19 miles east-southeast of Lakewood, New Mexico.
48.	21953 [Continued to August 19, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 15 and the S/2S/2 of Section 14, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ted 1514 Fed. Com. Well No. 204H, with a first take point in the SW/4SW/4 of Section 15 and a final take point in the SE/4SE/4 of Section 14. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is centered approximately 19 miles east-southeast of Lakewood, New Mexico.
49.	21325 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Third Bone Spring Sand formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 26 and the N/2N/2 of Section 25, Township 19 South, Range 29 East, NMPM, and Lot 1 and the NE/4NW/4 (the N/2NW/4) of Section 30, Township 19 South, Range 30 East, NMPM. The unit will be dedicated to the Hemingway 26/30 B3DC Fed. Com. Well No. 1H, a horizontal well with a first take point in the NW/4NW/4 of Section 26 and a last take point in the NE/4NW/4 of Section 30. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13 miles south-southwest of Loco Hills, New Mexico.
50.	21326 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Third Bone Spring Sand formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 26 and the S/2N/2 of Section 25, Township 19 South, Range 29 East, NMPM, and Lot 2 and the SE/4NW/4 (the S/2NW/4) of Section 30, Township 19 South, Range 30 East, NMPM. The unit will be dedicated to the Hemingway 26/30 B3EF Fed. Com. Well No. 1H, a horizontal well with a first take point in the SW/4NW/4 of Section 26 and a last take point in the SE/4NW/4 of Section 30. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13 miles south-southwest of Loco Hills, New Mexico.
51.	21327 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Third Bone Spring Sand formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 26 and the N/2S/2 of Section 25, Township 19 South, Range 29 East, NMPM, and Lot 3 and the NE/4SW/4 (the N/2SW/4) of Section 30, Township 19 South, Range 30 East, NMPM. The unit will be dedicated to the Hemingway 26/30 B3LK Fed. Com. Well No. 1H, a horizontal well with a first take point in the NW/4SW/4 of Section 26 and a last take point in the NE/4SW/4 of Section 30. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13-1/2 miles south-southwest of Loco Hills, New Mexico.
52.	21328 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Third Bone Spring Sand formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 26 and the S/2S/2 of Section 25, Township 19 South, Range 29 East, NMPM, and Lot 4 and the SE/4SW/4 (the S/2SW/4) of Section 30, Township 19 South, Range 30 East, NMPM. The unit will be dedicated to the Hemingway 26/30 B3MN Fed. Com. Well No. 1H, a horizontal well with a first take point in the SW/4SW/4 of Section 26 and a last take point in the SE/4SW/4 of Section 30. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in

		drilling, completing, and equipping the well. The unit is located approximately 13-1/2 miles south-southwest of Loco Hills, New Mexico.
53.	21896 [Continued to August 19, 2021]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 28, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to has drilled or proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation: (a) The Thor 28 WXY Fee Well No. 1H, with a first take point in the SE/4SW/4, and a last take point in the NE/4NW/4; of Section 28; (b) The Thor 28 WA Fee Well No. 3H, with a first take point in the SE/4SW/4, and a last take point in the NE/4NW/4; of Section 28; (c) The Thor 28 WXY Fee Well No. 5H, with a first take point in the SW/4SW/4, and a last take point in the NW/4NW/4; of Section 28; and (d) The Thor 28 WD Fee Well No. 8H, with a first take point in the SW/4SW/4, and a last take point in the NW/4NW/4; of Section 28. Also to be considered will be the cost of drilling, completing, and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is located approximately 1/2 mile south of Loving, New Mexico.
54.	20988	Application of Ostrich Oil and Gas LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of W/2 of Section 10, Township 22 South, Range 32 East, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial Frizzle Freedom 10 BS Fed Com #1H Well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 10, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 10. The completed interval for the proposed Frizzle Freedom 10 BS Fed Com #1H Well will be within 330' of the quarter-quarter line separating the W/2 W/2 and the E/2 W/2 of Section 10 to allow inclusion of this acreage into a standard 320-acre horizontal well spacing unit. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Loving, New Mexico.
55.	20989	Application of Ostrich Oil and Gas LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of W/2 of Section 10, Township 22 South, Range 32 East, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial Frizzle Freedom 10 WC Fed Com #2H Well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 10, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 10. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Loving, New Mexico.
56.	20630 [Status Conference]	Pool all uncommitted interests in the Bone Spring formation underlying a standard 640-acre horizontal well spacing unit comprised of the W/2 of Section 31, T21S, R32E and the W/2 of Section 6, T22S, R32E to be dedicated to the Party Trap 6-31 Fed Com No. 21H, No. 22H and 23H wells
57.	20631 [Status Conference]	Pool all uncommitted interests in the Bone Spring formation underlying a standard 640-acre horizontal well spacing unit comprised of the E/2 of Section 31, T21S, R32E and the E/2 of Section 6, T22S, R32E to be dedicated to the Party Trap 6-31 Fed Com No. 24H, No. 25H, and 26H wells
58.	20632 [Status Conference]	Pool all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre horizontal well spacing unit comprised of the W/2 of Section 31, T21S, R32E and the W/2 of Section 6, T22S, R32E to be dedicated to the Pary Trap 6031 Fed Com No. 31H, No. 32H, and No. 33H Wells
59.	20633 [Status Conference]	Pool all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre horizontal well spacing unit comprised fo the E/2 of Section 31, T21S, R32E and the E/2 of Section 6, T22S, R32E, to be dedicated to the Party Trap 6-31 Fed Com No. 34H, No. 35H, and No. 36H wells

60.	21676 [Continued to September 23, 2021]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Yeso formation (from the stratigraphic equivalent of 4,225' MD to 5,000' MD as observed on the Anderson-Federal 1 well Schlumberger Sidewall Neutron Porosity Log (API No. 30-015-20565)) in a 315-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 7, Township 17 South, Range 30 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to following wells: (1) Merak 7 Federal 10H well, which will be horizontally drilled from a surface location in Unit L of Section 8 to a bottom hole location in Lot 3 of Section 7; (2) Merak 7 Federal 11H well, which will be horizontally drilled from a surface location in Unit M of Section 8 to a bottom hole location in Lot 4 of Section 7; (3) Merak 7 Federal 22H well, which will be horizontally drilled from a surface location in Unit M of Section 8 to a bottom hole location in Lot 3 of Section 7; (4) Merak 7 Federal 51H well, which will be horizontally drilled from a surface location in Unit L of Section 8 to a bottom hole location in Lot 3 of Section 7; and (5) Merak 7 Federal 52H well, which will be horizontally drilled from a surface location in Unit M of Section 8 to a bottom hole location in Lot 4 of Section 7. The completed intervals of the wells will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 3 miles northwest of Loco Hills, New Mexico.
61.	21677 [Continued to September 23, 2021]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Yeso formation (from the stratigraphic equivalent of 5,000' MD to 6,341' MD as observed on the Anderson-Federal 1 well Schlumberger Sidewall Neutron Porosity Log (API No. 30-015-20565)) in a 315-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 7, Township 17 South, Range 30 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to the Merak 7 Federal 70H well, which will be horizontally drilled from a surface location in Unit M of Section 8 to a bottom hole location in Lot 4 of Section 7. The completed interval of the well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well is located approximately 3 miles northwest of Loco Hills, New Mexico.
62.	21880 [Dismissed]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks to pool uncommitted interests from the top of the Yeso formation (at a stratigraphic equivalent of approximately 3,511' MD as observed on the Rio Cinco 26 State #1 Platform Express, Compensated Neutron Lithodensity well log (API No. 30-015-31043)) to a depth of approximately 4,000' in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to the following wells: (1) Halberd A 27 State 1H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27; and (2) Halberd A 27 State 10H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27. The completed interval of the Halberd A 27 State 10H well will be within 330' of the line separating the N/2N/2 from the S/2N/2 of Section 27 to allow inclusion of this acreage into a standard 320-acre horizontal spacing unit. The completed intervals of the wells will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 10 miles west of Loco Hills, New Mexico.
63.	21881 [Dismissed]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks to pool uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (at a stratigraphic equivalent of approximately 5,568' MD as observed on the Rio Cinco 26 State #1 Platform Express, Compensated Neutron Lithodensity well log (API No. 30-015-31043)) in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to the following wells: (1) Halberd A 27 State 50H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27; (2) Halberd A 27 State 70H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27;

		(3) Halberd A 27 State 90H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27; (4) Halberd B 27 State 51H, which will be horizontally drilled from a surface location in Unit E of Section 26 to a bottom hole location in Unit E of Section 27; (5) Halberd B 27 State 71H, which will be horizontally drilled from a surface location in Unit E of Section 26 to a bottom hole location in Unit E of Section 27; and (6) Halberd B 27 State 91H, which will be horizontally drilled from a surface location in Unit E of Section 26 to a bottom hole location in Unit E of Section 27. The completed interval of the Halberd A State 70H well will be within 330' of the line separating the N/2N/2 from the S/2N/2 of Section 27 to allow inclusion of this acreage into a 320-acre horizontal spacing unit. The completed interval of the Halberd B State 71H well will be unorthodox. The completed intervals of the Halberd A 27 State 50H, 70H, 90H wells, and Halberd B 27 State 51H and 91H wells will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 10 miles west of Loco Hills, New Mexico.
64.	21882 [Dismissed]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks to pool uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (at a stratigraphic equivalent of approximately 5,568' MD as observed on the Rio Cinco 26 State #1 Platform Express, Compensated Neutron Lithodensity well log (API No. 30-015-31043)) in a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to the following wells: (1) Halberd C 27 State 52H, which will be horizontally drilled from a surface location in Unit I of Section 28 to a bottom hole location in Unit I of Section 27; (2) Halberd C 27 State 92H, which will be horizontally drilled from a surface location in Unit I of Section 28 to a bottom hole location in Unit I of Section 27; (3) Halberd D 27 State 72H, which will be horizontally drilled from a surface location in Unit P of Section 28 to a bottom hole location in Unit P of Section 27; and (4) Halberd D 27 State 53H, which will be horizontally drilled from a surface location in Unit P of Section 28 to a bottom hole location in Unit P of Section 27. The completed interval of the Halberd D 27 State 72H well will be within 330' of the line separating the N/2S/2 from the S/2S/2 of Section 27 to allow inclusion of this acreage into a 320-acre horizontal spacing unit. The completed intervals of the wells will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 10 miles west of Loco Hills, New Mexico.
65.	21883 [Dismissed]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks to pool uncommitted interests from the top of the Yeso formation (at a stratigraphic equivalent of approximately 3,511' MD as observed on the Rio Cinco 26 State #1 Platform Express, Compensated Neutron Lithodensity well log (API No. 30-015-31043)) to a depth of approximately 4,000' in a 160-acre, more or less, standard horizontal spacing unit comprised of the N/2S/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to the Halberd C 27 State 11H well, which will be horizontally drilled from a surface location in Unit I of Section 28 to a bottom hole location in Unit I of Section 27. The completed interval of the well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well is located approximately 10 miles west of Loco Hills, New Mexico.
66.	21935 [Continued to September 9, 2021]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests from the top of the Yeso formation to a depth of approximately 3,500' in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 36, Township 17 South, Range 27 East, Eddy County, New Mexico ("Unit"). The horizontal spacing unit will be dedicated to the Waukee A 36 State Com 3H, which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit D) of Section 31 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 36 ("Well"). The completed interval of the Well will be orthodox. The completed interval of the Well will be within 330' of the line separating the N/2N/2 and S/2N/2 of Section 36 to allow inclusion of this acreage into a standard 320-acre horizontal spacing unit. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Spur seeks to pool uncommitted interests from the

		<p>top of the Yeso formation (at a stratigraphic equivalent of approximately 3,065' MD as observed on the NO Bluff State Com #1 Schlumberger Dual Laterolog (API No. 30-015-30907)) to a depth of approximately 3,500'.</p> <p>Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well is located approximately four (4) miles southeast of Riverside, New Mexico.</p>
67.	<p>21936 [Continued to September 9, 2021]</p>	<p>Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests from a depth of approximately 3,500' to the base of the Yeso formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 36, Township 17 South, Range 27 East, Eddy County, New Mexico ("Unit"). The horizontal spacing unit will be dedicated to following wells:</p> <ul style="list-style-type: none"> • Waukee A 36 State Com 13H and Waukee A 36 State Com 70H, which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit D) of Section 31 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 36; and • Waukee B 36 State Com 12H and Waukee B 36 State Com 52H, which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit D) of Section 31 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 36 (collectively the "Wells"). <p>The completed intervals of the Wells will be orthodox. The completed interval of the Waukee B 36 State Com 52H will be within 330' of the line separating the N/2N/2 and S/2N/2 of Section 36 to allow inclusion of this acreage into a standard 320-acre horizontal spacing unit. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Spur seeks to pool uncommitted interests from a depth of approximately 3,500' to the base of the Yeso formation (at a stratigraphic equivalent of approximately 5,192' MD as observed on the NO Bluff State Com #1 Schlumberger Dual Laterolog (API No. 30-015-30907)).</p> <p>Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately four (4) miles southeast of Riverside, New Mexico.</p>
68.	<p>21611</p>	<p>Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 9 and the W/2 of Section 16, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells:</p> <p>(a) the Schlitz Fed. Com. Well No. 202H, with a first take point in the SE/4SW/4 of Section 16 and the last take point in the NE/4NW/4 of Section 9; and</p> <p>(b) the Schlitz Fed. Com. Well No. 211H, with a first take point in the SW/4SW/4 of Section 16 and the last take point in the NW/4NW/4 of Section 9.</p> <p>Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The well unit is located approximately 5 miles southeast of Whites City, New Mexico.</p>
69.	<p>21612</p>	<p>Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 9 and the E/2 of Section 16, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells:</p> <p>(a) the Schlitz Fed. Com. Well No. 204H, with a first take point in the SE/4SE/4 of Section 16 and the last take point in the NE/4NE/4 of Section 9; and</p> <p>(b) the Schlitz Fed. Com. Well No. 213H, with a first take point in the SW/4SE/4 of Section 16 and the last take point in the NW/4NE/4 of Section 9.</p> <p>Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The well unit is located approximately 5-1/2 miles southeast of Whites City, New Mexico.</p>

70.	21613	<p>Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 8 and the W/2 of Section 17, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells:</p> <p>(a) the OE Fed. Com. Well No. 202H, with a first take point in the NE/4NW/4 of Section 8 and the last take point in the SE/4SW/4 of Section 17; and</p> <p>(b) the OE Fed. Com. Well No. 211H, with a first take point in the NW/4NW/4 of Section 8 and the last take point in the SW/4SW/4 of Section 17.</p> <p>Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The well unit is located approximately 4 miles southeast of Whites City, New Mexico.</p>
71.	21614	<p>Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 8 and the E/2 of Section 17, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells:</p> <p>(a) the OE Fed. Com. Well No. 204H, with a first take point in the NE/4NE/4 of Section 8 and the last take point in the SE/4SE/4 of Section 17; and</p> <p>(b) the OE Fed. Com. Well No. 213H, with a first take point in the NW/4NE/4 of Section 8 and the last take point in the SW/4SE/4 of Section 17.</p> <p>Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The well unit is located approximately 4-1/2 miles southeast of Whites City, New Mexico.</p>
72.	<p>21458 [Continued to September 23, 2021]</p>	<p>Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (Salt Lake; Bone Spring [53560]) in a standard 480-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 of Section 24, Township 20 South, Range 32 East, and the NE/4 of Section 25, Township 20 South, Range 32 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: (1) Pakse South 24-25 Fed 113H, to be horizontally drilled from an approximate surface hole location 275' FNL and 1400' FEL of Section 24, T20S-R32E, to an approximate bottom hole location 2640' FSL and 1540' FEL of Section 25, T20S-R32E; (2) Pakse South 24-25 Fed 223H, to be horizontally drilled from an approximate surface hole location 250' FNL and 1400' FEL of Section 24, T20S-R32E, to an approximate bottom hole location 2640' FSL and 1540' FEL of Section 25, T20S-R32E; (3) Pakse South 24-25 Fed 323H, to be horizontally drilled from an approximate surface hole location 225' FNL and 1400' FEL of Section 24, T20S-R32E, to an approximate bottom hole location 2640' FSL and 1540' FEL of Section 25, T20S-R32E; (4) Pakse South 24-25 Fed 114H, to be horizontally drilled from an approximate surface hole location 275' FNL and 330' FEL of Section 24, T20S-R32E, to an approximate bottom hole location 2640' FSL and 330' FEL of Section 25, T20S-R32E; (5) Pakse South 24-25 Fed 224H, to be horizontally drilled from an approximate surface hole location 250' FNL and 330' FEL of Section 24, T20S-R32E, to an approximate bottom hole location 2640' FSL and 330' FEL of Section 25, T20S-R32E; and (6) Pakse South 24-25 Fed 324H, to be horizontally drilled from an approximate surface hole location 225' FNL and 330' FEL of Section 24, T20S-R32E, to an approximate bottom hole location 2640' FSL and 330' FEL of Section 25, T20S-R32E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 33 miles east of Carlsbad, New Mexico.</p>
73.	<p>21617 [Continued to September 23, 2021]</p>	<p>Application of Titus Oil and Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (Salt Lake; Bone Spring [53560]) underlying a standard 640-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of</p>

		<p>the W/2 of Section 12 and the W/2 of Section 13, all within Township 20 South, Range 32 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: Egg Roll Fed Com 221H well, to be horizontally drilled from an approximate surface hole location 467' FNL and 1306' FWL of Section 24, T20S-R32E, to an approximate bottom hole location 10' FNL and 330' FWL of Section 12, T20S-R32E; and Egg Roll Fed Com 222H well, to be horizontally drilled from an approximate surface hole location 467' FNL and 1336' FWL of Section 24, T20S-R32E, to an approximate bottom hole location 10' FNL and 1650' FWL of Section 12, T20S-R32E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately thirty miles northeast of Loving, New Mexico.</p>
<p>74.</p>	<p>21618 [Continued to September 23, 2021]</p>	<p>Application of Titus Oil and Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (Salt Lake; Wolfcamp [53570]) underlying a standard 640-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 of Section 12 and the W/2 of Section 13, all within Township 20 South, Range 32 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: Egg Roll Fed Com 431H well, to be horizontally drilled from an approximate surface hole location 306' FNL and 539' FWL of Section 24, T20S-R32E, to an approximate bottom hole location 10' FNL and 990' FWL of Section 12, T20S-R32E; and Egg Roll Fed Com 432H well, to be horizontally drilled from an approximate surface hole location 294' FNL and 2048' FWL of Section 24, T20S-R32E, to an approximate bottom hole location 10' FNL and 2310' FWL of Section 12, T20S-R32E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately thirty miles northeast of Loving, New Mexico.</p>
<p>75.</p>	<p>21619 [Status Conference]</p>	<p>Application of Titus Oil and Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (Salt Lake; Bone Spring [53560]) underlying a standard 560-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 of Section 22 and the NE/4 and N/2 SE/4 of Section 27, all within Township 20 South, Range 32 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: Thai Curry Fed Com 223H well, to be horizontally drilled from an approximate surface hole location 376' FNL and 593' FEL of Section 22, T20S-R32E, to an approximate bottom hole location 1330' FSL and 2310' FEL of Section 27, T20S-R32E; and Thai Curry Fed Com 224H well, to be horizontally drilled from an approximate surface hole location 376' FNL and 533' FEL of Section 22, T20S-R32E, to an approximate bottom hole location 1330' FSL and 990' FEL of Section 27, T20S-R32E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately twenty-seven miles northeast of Loving, New Mexico.</p>
<p>76.</p>	<p>21620 [Status Conference]</p>	<p>Application of Titus Oil and Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (Salt Lake; Wolfcamp [53570]) underlying a standard 560-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 of Section 22 and the NE/4 and N/2 SE/4 of Section 27, all within Township 20 South, Range 32 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: Thai Curry Fed Com 433H well, to be horizontally drilled from an approximate surface hole location 30' FNL and 488' FEL of Section 22, T20S-R32E, to an approximate bottom hole location 10' FSL and 2310' FEL of Section 27, T20S-R32E; and Thai Curry Fed Com 434H well, to be horizontally drilled from an approximate surface hole location 30' FNL and 458' FEL of Section 22, T20S-R32E, to an approximate bottom hole location 10' FSL and 990' FEL of Section 27, T20S-R32E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of</p>

		Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately twenty-seven miles northeast of Loving, New Mexico.
77.	21621 [Continued to September 23, 2021]	Application of Titus Oil and Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (Lea; Bone Spring [37570]) underlying a standard 1,280-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of Section 25 and Section 36, all within Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: Cane West Fed Com 121H well, to be horizontally drilled from an approximate surface hole location 966' FNL and 1234' FWL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 330' FWL of Section 25, T19S-R34E; Cane West Fed Com 123H well, to be horizontally drilled from an approximate surface hole location 1047' FNL and 1534' FEL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 1650' FEL of Section 25, T19S-R34E; Cane West Fed Com 124H well, to be horizontally drilled from an approximate surface hole location 268' FNL and 340' FEL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 330' FEL of Section 25, T19S-R34E; Cane West Fed Com 221H well, to be horizontally drilled from an approximate surface hole location 996' FNL and 1234' FWL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 330' FWL of Section 25, T19S-R34E; Cane West Fed Com 223H well, to be horizontally drilled from an approximate surface hole location 1047' FNL and 1564' FEL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 1650' FEL of Section 25, T19S-R34E; and Cane West Fed Com 224H well, to be horizontally drilled from an approximate surface hole location 268' FNL and 370' FEL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 330' FEL of Section 25, T19S-R34E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately twenty-three miles southwest of Hobbs, New Mexico.
78.	21872 [Status Conference]	Application of Titus Oil & Gas Production, LLC for Approval of Production Allocation, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division approving the production allocation of minerals in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) underlying a standard 280-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Section 29 and the NE/4 NE/4 & Lot 1 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, and Lot 1 of irregular Section 25, Block C24, in Loving County, Texas. The HSU will be dedicated to the El Campeon Fed Com 404H well, to be horizontally drilled from an approximate surface hole location 558' FSL and 590' FEL of Section 20, T26S-R35E, Lea County, New Mexico, to an approximate bottom hole location 10' FSL and 1912' FEL of Section 25, Block C24, Public School Land Survey, Abstract No. 701, Loving County, Texas. The well will cross the New Mexico/Texas border, continuing to produce in the Wolfcamp formation (Phantom; Wolfcamp [Texas Field No. 71052900]). Production will be allocated to New Mexico and Texas prorated on the basis of surface acreage in the proration unit or in any other manner mutually acceptable to the Division and to the Railroad Commission of Texas. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The well and lands are located approximately 14 miles southwest of Jal, New Mexico.
79.	21008	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Eddy County, New Mexico; Applicant seeks an order for a salt water disposal well for its Austin Federal SWD#1, (Pool Code 97869) to be drilled at a location 2,084' FSL and 226' FWL, Unit L, Section 30, Township 25 South, Range 31 East, N.M.P.M., Eddy County, New Mexico for injection into the Devonian-Silurian formations at depths between 16,880' through 18,340' open hole. The well will be located approximately 18 miles southeast of Malaga, New Mexico.
80.	21009	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Eddy County, New Mexico; Applicant seeks an order for a salt water disposal well for its Boone Federal SWD#1, (Pool Code 97869) to be drilled at a location 1,067' FSL and 1,405' FWL, Unit N, Section 26, Township 24 South, Range 31 East, N.M.P.M., Eddy County, New Mexico for

		injection into the Devonian-Silurian formations at depths between 18,087' through 19,587' open hole. The well will be located approximately 18 miles east of Malaga, New Mexico.
81.	21010	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico; Applicant seeks an order for a salt water disposal well for its Button Federal SWD#1, (Pool Code 97869) to be drilled at a location 1,913' FNL and 351' FWL, Unit E, Section 14, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico for injection into the Devonian-Silurian formations at depths between 18,550' through 20,010' open hole. The well will be located approximately 16 miles southwest of Jal, New Mexico.
82.	21011	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Byron Federal SWD#1, (Pool Code 96769) to be drilled at a location 1,810' FSL and 271' FWL, Unit L, Section 32, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico for injection into the Bell Canyon formation at depths between 5,330' through 6,175' open hole. The well will be located approximately 12 miles southwest of Jal, New Mexico.
83.	21012	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its James Federal SWD#1,(Pool Code 96769) to be drilled at a location 1,776' FSL and 229' FWL, Unit L, Section 34, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico for injection into the Bell Canyon formation at depths between 5,295' through 5,970' open hole. The well will be located approximately 10 miles southwest of Jal, New Mexico.
84.	21013	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Jim Federal SWD#1,(Pool Code 97869) to be drilled at a location 1,932' FSL and 258' FWL, Unit L, Section 22, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico for injection into the Devonian-Silurian formations at depths between 18,540' through 20,000' open hole. The well will be located approximately 17 miles southwest of Jal, New Mexico.
85.	21014	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its John Federal SWD#1,(Pool Code 96769) to be drilled at a location 1,429' FNL and 263' FEL, Unit H, Section 29, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico for injection into the Bell Canyon formation at depths between 5,330' through 6,100' open hole. The well will be located approximately 13 miles west of Jal, New Mexico.
86.	21015	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Julie Federal SWD#1,(Pool Code 97869) to be drilled at a location 561' FNL and 2,534' FWL, Unit C, Section 33, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico for injection into the Devonian-Silurian formations at depths between 18,570' through 20,030' open hole. The well will be located approximately 25 miles southwest of Jal, New Mexico.
87.	21016	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Muir Federal SWD#2, (Pool Code 97869) to be drilled at a location 1,245' FSL and 200' FEL, Unit P, Section 30, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico for injection into the Devonian-Silurian formations at depths between 17,500' through 18,780' open hole. The well will be located approximately 20 miles southwest of Jal, New Mexico.
88.	21017	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Nancy Federal SWD#1, (Pool Code 96769) to be drilled at a location 1,092' FSL and 260' FEL, Unit P, Section 22, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico for injection into the Bell Canyon formation at depths between 5,300' through 6,100' open hole. The well will be located approximately 12 miles west of Jal, New Mexico.
89.	21018	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Samford Federal SWD#2, (Pool Code 97869) to be drilled at a location 1,067' FNL and 200' FWL, Unit D, Section 34, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico for injection into the Devonian-Silurian formations at depths between 17,710' through 18,910' open hole. The well will be located approximately 25 miles southwest of Jal, New Mexico.

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90.	21019	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Eddy County, New Mexico. Applicant seeks an order for a salt water disposal well for its Worrill Federal SWD#1, (Pool Code 97869) to be drilled at a location 1,372' FNL and 1,903' FWL, Unit F, Section 14, Township 25 South, Range 31 East, N.M.P.M., Eddy County, New Mexico for injection into the Devonian-Silurian formations at depths between 16,775' through 18,140' open hole. The well will be located approximately 20 miles southeast of Malaga, New Mexico.
91.	21029	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico; Applicant seeks an order for a salt water disposal well for its Karen Federal SWD#1,(Pool Code 96769) to be drilled at a location 2,334' FSL and 2,416' FWL, Unit K, Section 5, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico for injection into the Bell Canyon formation at depths between 5,355' through 6,165' open hole. The well will be located approximately 18 miles southwest of Jal, New Mexico.
92.	21084	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Justin Federal SWD#2, (Pool Code 96769) to be drilled at a location 2,401' FNL and 194' FEL, Unit H, Section 25, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico for injection into the Bell Canyon formation at depths between 5,445' through 6,230' open hole. The well will be located approximately 15 miles west of Jal, New Mexico.
93.	21085	Application of Vista Disposal Solutions, LLC for approval of a salt water disposal well in Lea County, New Mexico. Applicant seeks an order for a salt water disposal well for its Kathy Federal SWD#2, (Pool Code 96769) to be drilled at a location 2,153' FNL and 612' FWL, Unit E, Section 3, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico for injection into the Bell Canyon formation at depths between 5,390 through 6,135' open hole. The well will be located approximately 16 miles southwest of Jal, New Mexico.
94.	21913 [Continued to August 19, 2021]	Amended Application of WPX Energy Permian, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool (98220)), underlying a 862.40-acre, more or less, standard horizontal spacing unit comprised of all of Section 26 and the N/2 equivalent of irregular Section 35, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) The Steel Guitar 35-26-29 Fed Com #411H well, and (2) the Steel Guitar 35-26-29 Fed Com #421H well, to be horizontally drilled from a common surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to bottom hole locations in the SW/4 NW/4 (Lot 9) of Section 35; (3) The Steel Guitar 35-26-29 Fed Com #412H well, (4) the Steel Guitar 35-26-29 Fed Com #422H well, and (5) the Steel Guitar 35-26-29 Fed Com #423H well, to be horizontally drilled from a common surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to bottom hole locations in the SE/4 NW/4 (Lot 10) of Section 35; and (6) The Steel Guitar 35-26-29 Fed Com #413H well, to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NE/4 (Lot 11) of Section 35. The S/2 N/2 of irregular Section 35 borders the Texas state line. Also to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 17 miles south of Malaga, New Mexico.
95.	21837 [Continued to August 19, 2021]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 N/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 201H and Camacho 25-26 State Com 301H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.

<p>96.</p>	<p>21838 [Continued to August 19, 2021]</p>	<p>Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 N/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 202H and Camacho 25-26 State Com 302H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.</p>
<p>97.</p>	<p>21839 [Continued to August 19, 2021]</p>	<p>Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 S/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 203H and Camacho 25-26 State Com 303H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.</p>
<p>98.</p>	<p>21840 [Continued to August 19, 2021]</p>	<p>Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 204H and Camacho 25-26 State Com 304H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.</p>
<p>99.</p>	<p>21659 [Continued to September 23, 2021]</p>	<p>Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Antelope Ridge; Wolfcamp pool (Pool code 2220), underlying a standard 279.98-acre, more or less, horizontal spacing unit comprised of E/2E/2 of Sections 4 and 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:</p> <ul style="list-style-type: none"> • The Picasso Fed Com 701H well to be horizontally drilled from a surface hole location in the NE/4NE/4 (Unit A) of Section 4 to a bottom hole location in the NE/4SE/4 (Unit I) of Section 9, and • The Picasso Fed Com 702H well to be horizontally drilled from a surface hole location in the NE/4NE/4 (Unit A) of Section 4 to a bottom hole location in the NE/4SE/4 (Unit I) of Section 9. <p>Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 18 miles northwest of Jal, New Mexico.</p>
<p>100.</p>	<p>21660 [Continued to September 23, 2021]</p>	<p>Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled causes seeks an order pooling all uncommitted interests in the Wolfcamp formation, Antelope Ridge; Wolfcamp pool (Pool code 2220), underlying a standard 319.94-acre, more or less, horizontal spacing unit comprised of W/2E/2 of Sections 4 and 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. COG proposes to dedicate the above-referenced horizontal spacing unit to the Picasso Fed Com 703H well to be horizontally drilled from a surface hole location in the NW/4NE/4 (Unit B) of Section 4 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 9. Also, to be considered will be the allocation of the cost</p>

		thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 18 miles northwest of Jal, New Mexico.
101.	21661 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the division pooling all uncommitted interests in the Bone Spring formation, Red Hills; Bone Spring, North pool (Pool code 96434), underlying a standard 279.98-acre, more or less, horizontal spacing unit comprised of E/2E/2 of Sections 4 and 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells: <ul style="list-style-type: none"> • The Picasso Fed Com 401H well to be horizontally drilled from a surface hole location in the NE/4NE/4 (Unit A) of Section 4 to a bottom hole location in the NE/4SE/4 (Unit I) of Section 9, and • The Picasso Fed Com 501H well to be horizontally drilled from a surface hole location in the NE/4NE/4 (Unit A) of Section 4 to a bottom hole location in the NE/4SE/4 (Unit I) of Section 9. Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 18 miles northwest of Jal, New Mexico.
102.	21662 [Continued to September 23, 2021]	Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled causes seeks an order pooling all uncommitted interests in the Bone Spring formation, Red Hills; Bone Spring, North pool (Pool code 96434), underlying a standard 319.94-acre, more or less, horizontal spacing unit comprised of W/2E/2 of Sections 4 and 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells: <ul style="list-style-type: none"> • The Picasso Fed Com 402H well to be horizontally drilled from a surface hole location in the NW/4NE/4 (Unit B) of Section 4 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 9, and • The Picasso Fed Com 502H well to be horizontally drilled from a surface hole location in the NW/4NE/4 (Unit B) of Section 4 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 9. Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 18 miles northwest of Jal, New Mexico.
103.	21884	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 18 and the N/2N2 of Section 17, Township 18 South, Range 31 East, NMPM. The unit will be dedicated to the Local Legend 18/17 B2DA Fed. Com. Well No. 1H, a horizontal well a first take point in the NW/4NW/4 of Section 18 and a last take point in the NE/4NE/4 of Section 17. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 6-1/2 miles southeast of Loco Hills, New Mexico.
104.	21885	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 18 and the S/2N2 of Section 17, Township 18 South, Range 31 East, NMPM. The unit will be dedicated to the Local Legend 18/17 B2EH Fed. Com. Well No. 1H, a horizontal well a first take point in the SW/4NW/4 of Section 18 and a last take point in the SE/4NE/4 of Section 17. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 6-1/2 miles southeast of Loco Hills, New Mexico.
105.	21886	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring

		formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 18 and the N/2S2 of Section 17, Township 18 South, Range 31 East, NMPM. The unit will be dedicated to the Local Legend 18/17 B2LI Fed. Com. Well No. 1H, a horizontal well a first take point in the NW/4SW/4 of Section 18 and a last take point in the NE/4SE/4 of Section 17. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 7 miles southeast of Loco Hills, New Mexico.
106.	21887	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 18 and the S/2S2 of Section 17, Township 18 South, Range 31 East, NMPM. The unit will be dedicated to the Local Legend 18/17 B2MP Fed. Com. Well No. 1H, a horizontal well a first take point in the SW/4SW/4 of Section 18 and a last take point in the SE/4SE/4 of Section 17. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 7 miles southeast of Loco Hills, New Mexico.
107.	21568 [Continued to September 23, 2021]	Application of Tap Rock Resources, LLC for a compulsory pooling, Lea County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 4 and the W/2E/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. The unit will be dedicated to The Contest Fed. Com. Well No. 143H, which has a first take point in the SW/4SE/4 of Section 9 and a last take point in the NW/4NE/4 of Section 4. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 18-1/2 miles northwest of Jal, New Mexico.
108.	21572 [Continued to September 23, 2021]	Application of Tap Rock Resources, LLC for a compulsory pooling, Lea County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 4 and the E/2NE/4 and NE/4SE/4 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. The unit will be dedicated to The Contest Fed. Com. Well No. 144H, which has a first take point in the NE/4SE/4 of Section 9 and a last take point in the NE/4NE/4 of Section 4. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 18-1/2 miles northwest of Jal, New Mexico.
109.	21771 [Continued to September 23, 2021]	Application of Tap Rock Resources, LLC for a compulsory pooling, Lea County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 4 and the NE/4, N/2SE/4, and SW/4SE/4 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. The unit will be dedicated to: (a) The Contest Fed. Com. Well No. 203H, with a first take point in the SW/4SE/4 of Section 9 and a last take point in the NW/4NE/4 of Section 4; (b) The Contest Fed. Com. Well No. 208H, with a first take point in the NE/4SE/4 of Section 9 and a last take point in the NE/4NE/4 of Section 4; and (c) The Contest Fed. Com. Well No. 216H, with a first take point in the SW/4SE/4 of Section 9 and a last take point in the NW/4NE/4 of Section 4. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is located approximately 18-1/2 miles northwest of Jal, New Mexico.

15.

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

IN THE MATTER OF THE
OIL CONSERVATION DIVISION
PRE-HEARING DOCKET 24-21

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
PRE-HEARING TRANSCRIPT

JULY 15, 2021

SANTA FE, NEW MEXICO

BEFORE: WILLIAM BRANCARD, HEARING EXAMINER
TECHNICAL EXAMINER DEAN McCLURE

This matter came on for hearing before the New Mexico Oil Conservation Division, HEARING EXAMINER WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on Thursday, July 15, 2021, via Webex Virtual Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

1 HEARING EXAMINER BRANCARD: Good morning, this is
2 hearings of the New Mexico Oil Conservation Division. It is
3 July 15, 2021. I'm William Brancard, the hearing examiner
4 for today. With me is our technical examiner, Dean McClure.
5 Dean, are you on?

6 TECHNICAL EXAMINER McCLURE: Yes, sir, I am. Can
7 you hear me?

8 HEARING EXAMINER BRANCARD: We can, thank you.
9 And through the course of today's hearing we may have some
10 special guest examiners for particular hearings.

11 As always, this hearing is being recorded, so
12 please speak clearly and slowly so that your words can be
13 recorded properly. I know we use lots of jargon and
14 initials, here so it gets kind of confusing.

15 The agenda for today is posted on our website.
16 There are 50 cases listed, although we have a lot of status
17 conferences so we may go through a lot of this quickly.

18 Also I just wanted to update everyone that as of
19 Monday our agency is going back to sort of kind of partial
20 in-the-office working. The building will be -- Wendell
21 Chino building will be sort of kind of open on Monday, that
22 is, if you want to meet with someone, you need to make an
23 appointment.

24 And that's particularly important because, as of
25 Monday, most of the employees will be probably on some sort

1 of hybrid schedule where they will be in the office a few
2 days a week and then not. So never assume that the person
3 you are looking for is going to be physically in the
4 building that day.

5 People are on regular schedules, so they should
6 be there certain specific days of the week if they are in
7 the building. Some folks, Ms. Marlene, for instance, will
8 be home all the time because she has done a fabulous job at
9 home working and would prefer to stay that way. So don't go
10 looking for Marlene in the building.

11 Which brings up the question, what are we going
12 to do with these hearings. There is no plan at this point.
13 We are going to continue as we are for the short term, but
14 we are starting to have discussions, and I would like to
15 invite all of the many esteemed counsel on the meeting today
16 that, if you have opinions about where you think we should
17 go in the future or near future, please send me an e-mail.

18 We can stay with these remote hearings, we are
19 not subject to the Open Meetings Act which the attorney
20 general's office is threatening to use on the Oil
21 Conservation Commission. We can do these meetings remotely.
22 We can go back to live hearings. Right now Porter Hall is
23 available but it will not be at some point in the future
24 because the front of the building does need to be renovated.
25 So that's partly why this is sort of kind of open is because

1 our building is still under construction at this point. It
2 will be for some period of time.

3 We could, you know, one option to consider is
4 whether to split the hearings. Oklahoma is doing that right
5 now. They are doing uncontested hearings via video, and
6 then they are doing contested hearings in person.

7 So do you have thoughts on this matter, send me
8 an e-mail, I would appreciate it and we will let you know
9 where we are going to go in the future. Don't expect a
10 decision in the next day or two, but at some point we will
11 find a path forward here. So thank you.

12 (Prehearing concluded.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by
12 nor related to any of the parties or attorneys in this case
13 and that I have no interest in the final disposition of this
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 15th day of July 2021.

18

/s/ Irene Delgado

19

Irene Delgado, NMCCR 253
License Expires: 12-31-21

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16.

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NOS: 21872

APPLICATION OF TITUS OIL & GAS PRODUCTION LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
JULY 15, 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on
Thursday, July 15, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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A P P E A R A N C E S

For the Applicant:

SHARON SHAHEEN
MONTGOMERY & ANDREWS
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Santa Fe, NM 87501

For EOG:

ADAM RANKIN
HOLLAND & HART
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Santa Fe, NM 87501
505-954-7286

For the Division:

ERIC AMES
1220 S. St. Francis Drive
Santa Fe, NM 87501

I N D E X

CASE CALLED	
STATUS CONFERENCE	04
REPORTER CERTIFICATE	10

1 HEARING EXAMINER BRANCARD: Now case 21872, Titus
2 Oil & Gas. We had scheduled this for a status conference
3 and for an update on any progress in this case. Entry for
4 Titus?

5 MS. SHAHEEN: Sharon Shaheen, Montgomery &
6 Andrews on behalf Titus Oil & Gas Production.

7 HEARING EXAMINER BRANCARD: Is the Division also
8 present for this case?

9 MR. AMES: Yes, Mr. Hearing Examiner, Eric Ames
10 for OCD.

11 HEARING EXAMINER BRANCARD: All right. Are there
12 any other interested persons in Case 21872?

13 MR. RANKIN: Good morning, Mr. Hearing Examiner,
14 Adam Rankin of the law firm of Holland & Hart, Santa Fe,
15 appearing on behalf of EOG Resources.

16 HEARING EXAMINER BRANCARD: Do you have an entry
17 in this case?

18 MR. RANKIN: We do.

19 HEARING EXAMINER BRANCARD: Any other persons
20 interested in this case?

21 (No response.)

22 HEARING EXAMINER BRANCARD: All right. We
23 understand this is a difficult case to move forward with,
24 possibly setting some precedent here, so we scheduled this
25 for a status conference to see how progress is being made on

1 this or not.

2 And I believe you filed a joint operating
3 agreement or a draft joint operating agreement, Ms. Shaheen?
4 Any other news to report?

5 MS. SHAHEEN: Well, we can talk about what I
6 believe the next steps are, but there that is an executed
7 joint operating agreement. I realize it has some red in it,
8 but if you scroll down to the signature pages, you will see
9 it's been executed by both Titus and Oxy.

10 So I think that was our first stumbling block,
11 and we are pleased to have moved that out of the way. It
12 has also been submitted to the Texas Railroad Commission,
13 and I understand that they will now proceed -- the hearing
14 examiners there will report to the Railroad Commission, and
15 I understand that report -- and this is based on my review
16 of the previous transcript -- that report will address the
17 policy options with respect to allocation of production, and
18 that with respect to operational issues, Railroad Commission
19 staff perceive working those out in the MOUs that they
20 anticipate to enter into with the Division.

21 HEARING EXAMINER BRANCARD: Is there any date for
22 an MRC -- I'm sorry -- RRC proceeding?

23 MS. SHAHEEN: I believe that this completes the
24 record for the RRC proceeding. There was a hearing held, I
25 want to say, in April, and the record was just held open

1 specifically for the purpose of getting the agreement in
2 place. And so now they will just proceed to prepare a
3 report, send that up to the Railroad Commission.

4 HEARING EXAMINER BRANCARD: Okay. So a report
5 will be prepared and then the full commission will discuss
6 it?

7 MS. SHAHEEN: That's my understanding. And I
8 haven't gotten an update as to timing on that, but as soon
9 as I do, I'm happy to share that information with you and
10 the Division.

11 HEARING EXAMINER BRANCARD: Okay. Mr. Ames, do
12 you have any further information regarding Texas?

13 MR. AMES: No, I do not.

14 MS. SHAHEEN: If I may, we are in the process of
15 putting together a draft MOU, and we would hope to be able
16 to share that both with the Division and with the Railroad
17 Commission and perhaps have another phone call with the
18 Division counsel, as well as Railroad Commission counsel.
19 That's what we would propose to do as the next step, if
20 Mr. Ames is amenable to that? Don't want to put you on the
21 spot.

22 MR. AMES: I don't feel on the spot, thank you.

23 HEARING EXAMINER BRANCARD: I assume, Mr. Ames,
24 you're working with the parties on this matter.

25 MR. AMES: I will take what Ms. Shaheen has said

1 and take it back to the Division and talk with my client and
2 we'll decide how to proceed. Thank you.

3 HEARING EXAMINER BRANCARD: Well, Ms. Shaheen,
4 that may not be a bad idea. To the extent, I think, that
5 the two state agencies can try to come to some informal
6 understanding of what an acceptable MOU would be, it would
7 be easier, I think, than to present that to the full
8 Railroad Commission rather than having the Railroad
9 Commissioners themselves trying to come up with something.

10 So I think if you all can work on language, that
11 might be a good start moving this forward. I don't want to
12 get this bogged down in the OCC versus RRC, you know, who's
13 got the better idea thing.

14 I think it's staff can work together and come up
15 with a proposal. That might be the way to do it, rather
16 than having people pontificate in public hearings.

17 MS. SHAHEEN: Well taken. One question I did
18 want to ask is, this is about -- you mentioned in the last
19 hearing the possibility of referring the decision up to the
20 Commission, and just wanted to talk about how that would
21 working, what the timing would be.

22 We do have these wells on a drilling schedule, so
23 if, if the Division does determine that it would refer it to
24 the Commission ultimately, we would like to get on a
25 Commission docket sooner rather than later. So I just throw

1 that out there for your consideration.

2 HEARING EXAMINER BRANCARD: Okay. I guess my
3 suggestion to the Commissioners, the Commission chair
4 specifically, would be that to sort of work in alignment
5 with the Railroad Commission. So once this gets referred up
6 to the full Railroad Commission for their discussion, that
7 would be the timing then to refer it to the OCC. So it
8 would seem like we would want those two bodies to sort of be
9 agreeing around the same time or looking at the same piece
10 of paper at the same time.

11 MR. AMES: (Unclear.) I'm sorry, Ms. Shaheen.

12 MS. SHAHEEN: I was just commenting. Please go
13 ahead.

14 MR. AMES: Yes, Mr. Brancard. OCD believes that
15 before this goes to the Commission in any form, there should
16 be at least some agreement as to the contours of a
17 memorandum of agreement with Texas, and we don't believe
18 that will happen for some time. We've not yet seen the
19 draft proposal that Ms. Shaheen referred to earlier, and we
20 are realistic about how much time it will take to work out
21 the various issues that we have described previously to --
22 to yourself.

23 So we would strongly recommend that this matter
24 be resolved as soon as possible before it's brought to the
25 Commission so that the Commission can make a reasoned

1 decision.

2 HEARING EXAMINER BRANCARD: Well, and likewise, I
3 would hope on the Texas side similarly, that staff can work
4 things out before they take to to the full Railroad
5 Commission.

6 Yeah, so I guess my only suggestion to the
7 parties is, move ahead with the draft, Ms. Shaheen, and get
8 the ball rolling, get the parties -- have something concrete
9 in front of them to discuss, then they can sort of see where
10 the issues are, identify issues that you haven't addressed,
11 and bring whatever necessary parties there are to the table,
12 if that includes each state's revenue folks, whatever.

13 You know, this is a simple well, you know, not
14 terribly longer than we normally approve, but the issue here
15 is that we could be setting some serious precedent for
16 relations between the two states, so, you know, I think it
17 will take a little bit of work as Mr. Ames puts in to get
18 this done. So the sooner we get started, the better.

19 MS. SHAHEEN: I hear you. I will get something
20 to Mr. Ames in the next week.

21 HEARING EXAMINER BRANCARD: Great, thank you.
22 Anything else on this matter?

23 MS. SHAHEEN: I think that covers my notes.

24 HEARING EXAMINER BRANCARD: Excellent. Well,
25 thank you for moving the ball forward here.

1 MS. SHAHEEN: Thank you for your help.

2 HEARING EXAMINER BRANCARD: And I will just, you
3 know, I will wait to hear from you all when you want to get
4 on to a docket. Would that be better, or do you want to
5 schedule another appearance here?

6 MS. SHAHEEN: A status conference in a month or
7 so might be helpful if Mr. Ames is amenable.

8 MR. AMES: A status conferences causes no harm,
9 Mr. Hearing Examiner, if that's your preference.

10 HEARING EXAMINER BRANCARD: We can set this up
11 for a status conference I believe September 23 is our next.

12 MS. SHAHEEN: August -- well, the next --

13 HEARING EXAMINER BRANCARD: I'm sorry, August.

14 MS. SHAHEEN: -- 19, I believe.

15 HEARING EXAMINER BRANCARD: August 19?

16 MS. SHAHEEN: I think. I don't have it handy,
17 but I believe that's the next hearing date.

18 HEARING EXAMINER BRANCARD: We will set it up for
19 a status conference on August 19.

20 MS. SHAHEEN: Thank you very much.

21 (Concluded.)

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1 STATE OF NEW MEXICO.

2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by
12 nor related to any of the parties or attorneys in this case
13 and that I have no interest in the final disposition of this
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 15th day of July 2021.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-21

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. 21872

**APPLICANT'S STATUS REPORT AND
REQUEST FOR ORDER OF APPROVAL OR,
IN THE ALTERNATIVE, REFERRAL TO THE COMMISSION**

TITUS OIL & GAS PRODUCTION, LLC ("Titus") hereby provides an update on the status of this matter in preparation for the status conference on August 19, 2021. In light of the current status and the order of approval from the Texas Railroad Commission expected to be entered on August 24, 2021, Titus requests that an order approving the application be entered or, in the alternative, that the matter be referred to the Commission for consideration on September 16, 2021. In support of this request, Titus states as follows:

1. The application in this matter was filed on April 6, 2021, for hearing on May 6, 2021. The application requests approval of production allocation between New Mexico and Texas for a proposed well, El Campeon Fed Com 404H, that will cross the interstate line and produce oil and gas underlying lands within New Mexico and Texas. Titus proposes that production be allocated between New Mexico and Texas based on surface acreage.
2. At the request of the Division, hearing on the instant matter was continued to May 20, 2021, and again to June 17, 2021, at which time the matter was heard.
3. Titus is the only working interest owner in the pertinent New Mexico lands. OXY USA Inc. ("OXY") is the only working interest owner in the pertinent Texas lands. A joint

operating agreement (“JOA”) between Titus and OXY was fully executed on July 8, 2021, effective May 1, 2021. A copy of the JOA was filed in this matter as Supplemental Exhibit A-9 on July 9, 2021 and provided by email to the hearing examiners and Division counsel.

4. The Hearings Division of the Railroad Commission of Texas (“RRC”) first considered Titus’s request for a Texas application to drill on April 13, 2021. The matter was taken under advisement pending execution of the JOA. After receiving the executed JOA, the Texas hearing examiner recommended that the RRC approve the Texas application via the RRC’s Oil and Gas Consent Agenda to be considered on August 24, 2021. *See* Notice of Meeting, Item No. 72, attached hereto as Exhibit 1. Titus anticipates that the Texas application will be approved accordingly and that an order of approval will issue on or about August 24, 2021 (“Texas Order”).

5. When the Texas Order has been issued, Titus will have all necessary Texas approvals to drill the El Campeon Fed Com 404H into Texas. Titus understands that Texas requires a memorandum of understanding with New Mexico only for the purpose of guidance for similar wells that may be proposed in the future, so that applications to drill such wells will not need to be referred to the RRC for hearing.

6. Titus has submitted the revisions to its pending administrative application for a non-standard location, which were requested by the hearing examiner at the hearing on June 17, 2021.

7. Titus prepared a draft memorandum of understanding (“MOU”) in light of its conferences with Division and RRC counsel, which was circulated to Division counsel on July 15, 2021. Titus has made efforts to set up a meeting between Division counsel and RRC counsel

to discuss the MOU, but has not been successful. Titus has not received any feedback from the Division regarding the draft MOU.

8. Titus has the El Campeon Fed Com 404H on its current drilling schedule and anticipates spudding the well in September 2021.

In light of these circumstances, Titus requests that the Division enter an order approving the application within sufficient time for Titus to drill the El Campeon 404H in accordance with its current drilling schedule. Titus attaches hereto as Exhibit 2 a draft order for the Division's consideration. The draft order addresses the issues previously raised by the Division. In the alternative, Titus requests that the Director refer this matter to the Commission for hearing on September 16, 2021, pursuant to 19.15.4.20 NMAC.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

Sharon T. Shaheen

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Attorneys for Titus Oil & Gas Production, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on August 18, 2021:

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Attorneys for EOG Resources, Inc.

/s/ Sharon T. Shaheen

Sharon T. Shaheen

NOTICE OF MEETING

RAILROAD COMMISSION OF TEXAS

Pursuant to Texas Government Code, Chapter 551, the following matters will be taken up for discussion and/or decision by the Railroad Commission of Texas at the William B. Travis Building, 1701 North Congress, Room 1-111, First Floor, Austin, Texas, on **Tuesday, August 24, 2021, commencing at 10:00 a.m.**

Webcast. Commission open meetings are webcast and may be accessed from the Commission's website at <https://www.rrc.texas.gov/> by clicking on "Open Meetings" and then "webcast home page", or by going directly to http://www.adminmonitor.com/tx/rrc/open_meeting/.

Register to Address the Commission on an Agenda Item. If you would like to register to address the Commission on an agenda item numbered below, please call 512-463-7865 or email RRCconference@rrc.texas.gov. Whether registering by phone or email, please include the following:

- (1) the agenda item number;
- (2) your name and affiliation;
- (3) your address;
- (4) your phone number;
- (5) whom you represent (self or company/client); and
- (6) whether you are available for questions from the Commissioners on a specific item on the agenda or are requesting to address the Commission during the Public Input item.

You must register **no later than noon (12 p.m.) on August 23rd**. Late registration by email could result in loss of the opportunity to participate on your item.

Auxiliary Aids or Services for Persons with a Disability. Any individual with a disability who plans to attend this meeting and who requires auxiliary aids or services should notify the Commission as far in advance as possible so that appropriate arrangements can be made. Requests may be made to the Human Resources Department of the Railroad Commission of Texas by mail at P.O. Box 12967, Austin, Texas 78711-2967; by telephone at 512-463-6981 or TDD No. 512-463-7284; by e-mail at ADA@rrc.texas.gov; or in person at 1701 North Congress Avenue, Suite 12-110, Austin, Texas.

HEARINGS DIVISION

GAS SERVICES

- 1. GUD No. 10606: Formal complaint of CNOOC Energy USA, LLC, against Williams MLP Operating, LLC and Mockingbird Midstream Gas Services, LLC.

SURFACE MINING AND RECLAMATION

- 2. SMRD C16-0014-SC-11-F: Application by San Miguel Electric Cooperative, Inc. for various phases of release of reclamation obligations on an aggregate 107.9 acres, Permit No. 11H, San Miguel Lignite Mine, Atascosa and McMullen Counties, Texas.

OIL AND GAS

- 3. OG-20-00002722: Complaint of Debra Christian that Basa Resources, Inc. (Operator No. 053974) does not have a good faith claim to operate the Jones, Callie (06123) Lease, Well Nos. 7, 8, 9, 10 and 13, East Texas Field, Gregg County, Texas; District 6E.
- 4. OG-20-00002724: Complaint of Debra Christian that Basa Resources, Inc. (Operator No. 053974) does not have a good faith claim to operate the Jones, George (06683) Lease, Well No. 12, East Texas Field, Gregg County, Texas; District 6E.
- 5. OG-20-00003058: Complaint of Debra Christian that Basa Resources, Inc. (Operator No. 053974) does not have a good faith claim to operate the Christian, J. M. -A- R/A -A- (07510) Lease, Well Nos. 3 & 4, East Texas Field, Gregg County, Texas; District 6E.
- 6. OG-20-00004451: Single Signature P-4 Filing of Asante Operating Company, LLC (Operator No. 033877) for the Sneed -A- (13662) Lease, Well Nos. 1, 2, 3, and 4, Buchanan Field, Caldwell County, Texas, to change the operator from Red Shell Inc. (Operator No. 696756) to Asante Operating Company, LLC; District 01.
- 7. OG-20-00002426: Enforcement action against BEP Operating, LLC (Operator No. 066718) for violations of statewide rules on the Butler, J. D. (23141) Lease, Well Nos. 2 and 3, Baylor County Regular Field, Baylor County, Texas; District 09.

OIL AND GAS CONSENT AGENDA (82 items; numbers 8 - 89)

- 8. OG-21-00005149: Application of Assent Energy Partners, LLC (Operator No. 035486) to consider permanent field rules for the Short Grass Prairie (Cong) Field, Hardeman County, Texas; District 09.
- 9. OG-20-00004502: Application of Verdugo-Pablo Energy, LLC (Operator No. 884574) for an exception to 16 TAC §3.32 for the Connie West (71078) Lease and Vito (71072) Lease, Platang (San Andres) Field, Yoakum County, Texas; District 8A.
- 10. OG-21-00005539: Application of U.S. Energy Development Corp. (No. 875462) for an exception to 16 TAC §3.32 for the Monte Lenoso B Pad (19738) Lease in the Briscoe Ranch (Eagleford) Field, Frio County, Texas; District 01.
- 11. OG-20-00005394: Application of Tall City Operations III LLC (No. 835518) for an exception to 16 TAC §3.32 for the Mothball 154-153-Unit W (53545) Lease, Hoefs T-K (Wolfcamp) Field, Reeves County, Texas; District 08.

67. OG-20-00003312: Exco Operating Company, Lp (Operator No. 256915) pursuant to 16 TAC §3.32 for an exception to flare gas for the Coleman Unit Zav E (18314) Lease, Well Nos. 2H and 4H, Briscoe Ranch (Eagleford) Field, Zavala County, Texas; District 01.
68. OG-20-00004861: Application of ER Operating Company (Operator No. 238075) pursuant to 16 TAC §3.32 for an exception to flare gas for the Googins 249 (71606) Lease, Platang (San Andres) Field, Yoakum County, Texas; District 8A.
69. OG-21-00005811: Application of James Lake Midstream LLC (Operator No. 429665) pursuant to 16 TAC §§3.36 and 3.46 to amend its commercial permit to inject fluid containing hydrogen sulfide gas into a reservoir productive of oil or gas for the James Lake Injection (45572) Lease, Well No. 1, Goldsmith (Ellenburger) Field, Ector County, Texas; District 08.
70. OG-21-00005946: Application of Windland Energy, LLC (Operator No. 931601) pursuant to 16 TAC §3.95 for a permit to create, operate, and maintain an underground liquid hydrocarbon storage facility for the Notrees Storage Unit Lease, Well Nos. 1, 2, and 3, Salado (Storage) Field, Ector County, Texas; District 08.
71. OG-20-00005461: Application of Prasad, Hari Production Co. (Operator No. 675948) to consider unitization and secondary recovery authority for the Fullerton East Glorieta Clearfork Unit Lease, Fullerton Field (Field ID No. 33230001), Andrews County, Texas; District 08.
72. OG-21-00006089: Request by Titus Oil & Gas Production, LLC (Operator No. 800622) to contest drilling permits unit denial of administrative approval for the El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field, Loving County, Texas; District 08.
73. OG-21-00006695: Single Signature P-4 Filing of Tesuque Oil & Gas LLC (Operator No. 844127) for the Mireles, Johnnie (02996) Lease, Well No. 1, Minerva-Rockdale Field, Milam County, Texas, to change the operator from Price Operating, LLC (Operator No. 676856) to Tesuque Oil & Gas LLC; District 01.
74. OG-21-00006856: Single Signature P-4 Filing of Tower Resources Inc. (Operator No. 862857) for the Garrison, E.V. et al (11848) Lease, Well Nos. 2608, 2609, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2627, 2628, 2629, 2630, 2631, 2632, 2633, and 2634, Slocum Field, Anderson County, Texas, to change the operator from Leverage Operating, LLC (Operator No. 498751) to Tower Resources Inc.; District 06.
75. OG-21-00006532: Single Signature P-4 Filing of Tall Dune Resources, LLC (Operator No. 835525) for the Foster, R. T. 17 (Gas ID No. 132635) Lease, Well No. 4, Conger (Penn) Field, Sterling County, Texas, to change the operator from Siana Oil & Gas (Operator No. 779259) to Tall Dune Resources, LLC; District 08.
76. OG-21-00006533: Single Signature P-4 Filing of Tall Dune Resources, LLC (Operator No. 835525) for the Foster, R. T. 17 (Gas ID No. 071245) Lease, Well No. 2C, Conger (Penn) Field, Sterling County, Texas, to change the operator from Siana Oil & Gas (Operator No. 779259) to Tall Dune Resources, LLC; District 08.

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. 21872

[PROPOSED] ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on June 17, 2021, and after considering the testimony and evidence and the recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Titus Oil & Gas Production, LLC (“Operator” or “Titus”) submitted an application (“Application”) for an order approving the production allocation of minerals in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) underlying a standard 280-acre, more or less, horizontal spacing and proration unit (“Unit”) comprised of the E/2 E/2 of Section 29 and the NE/4 NE/4 & Lot 1 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, and Lot 1 of irregular Section 25, Block C24, in Loving County, Texas.
2. Titus is the sole working interest owner in the New Mexico portion of the Unit and has the right to drill thereon.
3. OXY USA Inc. (“OXY”) is the sole working interest owner in the Texas portion of the Unit and has the right to drill thereon.
4. Titus and OXY have entered into a joint operating agreement effective May 1, 2021.
5. Titus proposes to dedicate this spacing unit to the **El Campeon Fed Com 404H** well (“Well”), to be horizontally drilled from an approximate surface hole location 558’ FSL and 590’ FEL of Section 20, T26S-R35E, Lea County, New Mexico, to an approximate bottom hole location 10’ FSL and 1912’ FEL of Section 25, Block C24, Public School Land Survey, Abstract No. 701, Loving County, Texas.

EXHIBIT 2

6. The Division entered an appearance intervening in this matter. EOG Resources, Inc. also entered an appearance in this matter, but does not object to approval of the Application.
7. Titus's application for permit to drill in the State of Texas was approved by the Railroad Commission of Texas on or about August 24, 2021.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
9. Operator is the owner of an oil and gas working interest within the Unit.
10. Titus properly provided notice to all working interest owners in adjacent acreage as instructed by the Division.
11. Operator has the right to drill the Well to a common source of supply at the depth and location in the Unit described in the Application.
12. The proposed production allocation between New Mexico and Texas will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
13. In order to permit Titus and other New Mexico mineral interest owners to obtain their just and fair share of the oil and gas underlying the subject lands, production should be allocated between New Mexico and Texas as proposed.

ORDER

14. The Unit shall be dedicated to the Well described above.
15. Allocation of all oil and gas production and its associated revenues, royalties, taxes, and any other related allocations shall be made on a surface acre proration unit basis.
16. Operator shall obtain a New Mexico API# and a Texas API# for the Well. Operator shall comply with all New Mexico reporting requirements through the New Mexico API#.
17. Operator's permitting and subsequent operations shall be subject to the rules and regulations of the OCC and all other applicable State of New Mexico regulatory agencies as it pertains to compliance with all environmental, surface activity, permitting, drilling, completion, production, plugging, abandonment, and any other regulatory requirements.
18. Operator shall report to each state's appropriate regulatory agencies the gross production volumes from the entire wellbore and shall also report to each state's appropriated regulatory agencies the production volumes allocated to lands located within each state's borders, as applicable. Operator shall report to each state's

regulatory agencies all required information for that portion of the wellbore located within each state's borders.

19. Operator shall obtain the OCD's approval for a non-standard location in New Mexico.
20. Operator shall maintain the appropriate financial assurances, bonds, and any other applicable financial and insurance requirements required by both the State of New Mexico and the State of Texas.
21. The Operator shall commence drilling the Well within one (1) year after the date of this Order and complete the Well no later than one (1) year after the commencement of drilling the Well.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

ADRIENNE SANDOVAL DIRECTOR

18.

DOCKET: OIL CONSERVATION DIVISION HEARINGS - Thursday, August 19, 2021

8:15 a.m.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=eac0ea72e0d976789bd751c2dd5457e8e>

Event number: 146 164 6781

Event password: VqhnGJf8F22

Join by video: 1461646781@nmemnrd.webex.com

Numeric Password: 158914

You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free

Access code: 146 164 6781

Applications for hearing shall be filed at least thirty (30) days in advance of the hearing date. A party who intends to present evidence shall file a pre-hearing statement no later than the close of business on the Thursday prior to the hearing date and serve a copy on the other parties, if any. The hearing examiner will dismiss the application if the applicant does not file and serve a pre-hearing statement as specified above.

NOTICE: The hearing examiner may call the following cases in any order in his or her discretion.

	Case Number	Description
1.	21727 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #271H well (API No. 30-015-pending), and (2) the Palmillo 29-30 State Com #375H well (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 NE/4 (Unit A) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 NE/4 (Unit A) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.
2.	21728 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #272H well (API No. 30-015-pending), and (2) the Palmillo 29-30 State Com #376H well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 NE/4 (Unit H) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 NE/4 (Unit H) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.
3.	21729 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #273H well (API No.

		30-015-pending), and (2) the Palmillo 29-30 State Com #377H well (API No. 30-015-pending), to be drilled from a common surface hole location in NE/4 SE/4 (Unit I) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.
4.	21730 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 29-30 State Com #274H well (API No. 30-015-pending), and (2) the Palmillo 29-30 State Com #378H well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 27 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of said Section 29. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.
5.	21837 [Continued to September 23, 2021]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 N/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 201H and Camacho 25-26 State Com 301H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.
6.	21838 [Continued to September 23, 2021]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 N/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 202H and Camacho 25-26 State Com 302H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.
7.	21839 [Continued to September 23, 2021]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 S/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 203H and Camacho 25-26 State Com 303H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200%

		charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.
8.	21840 [Continued to September 23, 2021]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Sections 25 and 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Camacho 25-26 State Com 204H and Camacho 25-26 State Com 304H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles southeast of Artesia, New Mexico.
9.	21851 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 16-17 State Com #241H well (API No. 30-015-pending), and (2) the Palmillo 16-17 State Com #341H well (API No. 30-015-pending), to be drilled from a common surface hole location in NW/4 NW/4 (Unit D) of Section 15, to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 17. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.
10.	21852 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 16-17 State Com #242H well (API No. 30-015-pending), and (2) the Palmillo 16-17 State Com #342H well (API No. 30-015-pending), to be drilled from a common surface hole location in NW/4 NW/4 (Unit D) of Section 15, to bottom hole locations in the SW/4 NW/4 (Unit E) of Section 17. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.
11.	21853 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 16-17 State Com #243H well (API No. 30-015-pending), and (2) the Palmillo 16-17 State Com #343H well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 SW/4 (Unit N) of Section 15, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 17. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.
12.	21854 [Status Conference]	Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit

		<p>comprised of the S/2 S/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Palmillo 16-17 State Com #244H well (API No. 30-015-pending), and (2) the Palmillo 16-17 State Com #344H well (API No. 30-015-pending), to be drilled from a common surface hole location in SE/4 SW/4 (Unit N) of Section 15, to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 17. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.</p>
13.	21460 [Status Conference]	<p>Application of Catena Resources Operating, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 8 and 17, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be initially dedicated to the proposed Rambo 193517 1H well to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 8. The completed interval for the proposed well will remain within 330 feet of the W/2 E/2 of Sections 8 and 17 to include this offsetting acreage in a standard horizontal well spacing unit. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well and the proposed horizontal spacing unit, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles West of Hobbs, New Mexico.</p>
14.	21483 [Status Conference]	<p>Application of Catena Resources Operating, LLC, for compulsory pooling in Lea County, New Mexico. Applicant seeks an order pooling all mineral interests within the Scharb Bone Spring Pool (Pool Code 55610), underlying the E/2 E/2 of Sections 8 and 17, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, on the following well listed below. This well is located approximately 17 miles southwest of Hobbs, New Mexico.</p> <p>Rambo 2H SHL: Unit B of Section 20, Township 19 South, Range 35 East; 190' FNL, 1390' FEL, NMPM; BHL: Unit A of Section 8, Township 19 South, Range 35 East; 100' FNL, 1200' FEL, NMPM; Completion Target: Scharb Bone Spring; Well Orientation: North/South Completion Location: standard.</p>
15.	21422	<p>Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), underlying a standard 767.85-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 23, 26, and the N/2NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 35, Township 26 South, Range 28 East, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the to the following proposed wells: Keg Shell Fed Com #704H and Keg Shell Fed Com #705H to be drilled from a surface hole location in the SE/4NW/4 (Lot 2) of Section 35 to a bottom hole location in the NE/4NW/4 (Unit C) of Section 23; Keg Shell Fed Com #706H to be drilled from a surface hole location in the SW/4NW/4 (Lot 1) of Section 35 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 23. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 22 miles southeast of Whites City, New Mexico.</p>
16.	21423	<p>Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), underlying a standard 767.95-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 23, 26, and the N/2NE/4 and Lots 3-4 (E/2 equivalent) of irregular Section 35, Township 26 South, Range 28 East, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal</p>

		spacing unit to the to the following proposed wells: Keg Shell Fed Com #701H and the Keg Shell Fed Com #702H to be drilled from a surface hole location in the SE/4NE/4 (Lot 4) of Section 35 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 23; Keg Shell Fed Com #703H to be drilled from a surface hole location in the SW/4NE/4 (Lot 3) of Section 35 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 23. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 22 miles southeast of Whites City, New Mexico.
17.	21657 [Continued to January 20, 2022]	Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Mesa Verde; Wolfcamp Pool (98252), underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 20 and 29, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the to the following proposed wells: The Azores Federal Com 701H well to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 29 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 20, The Azores Federal Com 702H well to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 29 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 20, and The Azores Federal Com 703H well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 29 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 20. The completed interval for the proposed Azores Federal Com 702H will be within 330' of the line separating the E/2E/2 and the W/2E/2 of Sections 20 and 29, which allows inclusion of this acreage into a standard 640-acre, more or less, horizontal spacing unit. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 30 miles East of Jal, New Mexico.
18.	21658 [Continued to January 20, 2022]	Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Mesa Verde; Wolfcamp Pool (98252), underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 20 and 29, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the to the following proposed wells: The Azores Federal Com 704H well to be horizontally drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 29 to a bottom hole location in the NE/4NW/4 (Unit C) of Section 20, The Azores Federal Com 705H well to be horizontally drilled from a surface hole location in the SW/4SW/4 (Unit M) of Section 29 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 20, and The Azores Federal Com 706H well to be horizontally drilled from a surface hole location in the SW/4SW/4 (Unit M) of Section 29 to a bottom hole location in the NW/4NW/4 (Unit D) of Section 20. The completed interval for the proposed Azores Federal Com 705H will be within 330' of the line separating the W/2W/2 and the E/2W/2 of Sections 20 and 29, which allows inclusion of this acreage into a standard 640-acre, more or less, horizontal spacing unit. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 30 miles East of Jal, New Mexico.
19.	21825 [Status Conference]	Application of Colgate Operating, LLC, for compulsory pooling in Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests within the Palmillo Bone Spring (Pool Code 96413), underlying the S/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, on the following wells listed below. These wells are located approximately 18 miles northeast of Carlsbad, New Mexico. <ul style="list-style-type: none"> • Blackhawk 16 State Com 123H This proposed well is a horizontal well with a legal surface location in Units I/P of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit L of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and TMD of approximately 17, 500 feet, and will target the 2nd Bonespring Sand. <ul style="list-style-type: none"> • Blackhawk 16 State Com 124H This proposed well is a horizontal well with a legal surface location in Units I/P of Section 16,

		<p>T19S, R28E, and an intended legal bottom hole location in Unit M of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and TMD of approximately 17, 500 feet, and will target the 2nd Bonespring Sand.</p> <ul style="list-style-type: none"> • Blackhawk 16 State Com 133H <p>This proposed well is a horizontal well with a legal surface location in Units I/P of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit L of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and TMD of approximately 18,600 feet, and will target the 3rd Bonespring Sand.</p> <ul style="list-style-type: none"> • Blackhawk 16 State Com 134H <p>This proposed well is a horizontal well with a legal surface location in Units I/P of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit M of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and TMD of approximately 18,600 feet, and will target the 3rd Bonespring Sand.</p>
<p>20.</p>	<p>21826 [Status Conference]</p>	<p>Application of Colgate Operating, LLC, for compulsory pooling in Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests within the Palmillo Bone Spring (Pool Code 96413), underlying the N/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, on the following wells listed below. These wells are located approximately 18 miles northeast of Carlsbad, New Mexico.</p> <ul style="list-style-type: none"> • Black Cat 16 State Com 121H <p>This proposed well is a horizontal well with a legal surface location in Units A/H of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit D of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and TMD of approximately 18,100 feet, and will target the 2nd Bonespring Sand.</p> <ul style="list-style-type: none"> • Black Cat 16 State Com 122H <p>This proposed well is a horizontal well with a legal surface location in Units A/H of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit D of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and TMD of approximately 18,600 feet, and will target the 2nd Bonespring Sand.</p> <ul style="list-style-type: none"> • Black Cat 16 State Com 131H <p>This proposed well is a horizontal well with a legal surface location in Units A/H of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit D of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and TMD of approximately 19,300 feet, and will target the 3rd Bonespring Sand.</p> <ul style="list-style-type: none"> • Black Cat 16 State Com 132H <p>This proposed well is a horizontal well with a legal surface location in Unit I/P of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit E of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and TMD of approximately 19,300 feet, and will target the 3rd Bonespring Sand.</p>
<p>21.</p>	<p>21827 [Status Conference]</p>	<p>Application of Colgate Operating, LLC, for compulsory pooling in Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests within the West Winchester Bone Spring (Pool Code 97569), underlying the S/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, on the following wells listed below. These wells are located approximately 16 miles northeast of Carlsbad, New Mexico.</p> <ul style="list-style-type: none"> • Black Jack 29 State Com 123H <p>This proposed well is a horizontal well with a legal surface location in Units I/P of Section 29, T19S, R28E, and an intended legal bottom hole location in Unit L3 of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,455 feet and TMD of approximately 17,655 feet, and will target the 2nd Bonespring Sand.</p> <ul style="list-style-type: none"> • Black Jack 29 State Com 124H <p>This proposed well is a horizontal well with a legal surface location in Units I/P of Section 29, T19S, R28E, and an intended legal bottom hole location in Unit L4 of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,455 feet and TMD of approximately 17,655 feet, and will target the 2nd Bonespring Sand.</p> <ul style="list-style-type: none"> • Black Jack 29 State Com 133H <p>This proposed well is a horizontal well with a legal surface location in Units I/P of Section 29, T19S, R28E, and an intended legal bottom hole location in Unit L3 of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,630 feet and TMD of approximately 18,830 feet, and will target the 3rd Bonespring Sand.</p> <ul style="list-style-type: none"> • Black Jack 29 State Com 134H <p>This proposed well is a horizontal well with a legal surface location in Units I/P of Section 29,</p>

		T19S, R28E, and an intended legal bottom hole location in Unit M of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,630 feet and TMD of approximately 18,830 feet, and will target the 3rd Bonespring Sand.
22.	21878 [Status Conference]	<p>Application of Colgate Operating, LLC, for compulsory pooling in Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests within the West Winchester Bone Spring (Pool Code 97569), underlying the N/2 of Sections 29 and 30, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, on the following wells listed below. These wells are located approximately 17 miles east of Lakewood, New Mexico.</p> <ul style="list-style-type: none"> • Buckhorn 29 State Com 121H <p>This proposed well is a horizontal well with a legal surface location in Units A/H of Section 29, T19S, R28E, and an intended legal bottom hole location in Unit L1 of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,000 feet and TMD of approximately 17,360 feet, and will target the 2nd Bone Spring.</p> <ul style="list-style-type: none"> • Buckhorn 29 State Com 122H <p>This proposed well is a horizontal well with a legal surface location in Units A/H of Section 29, T19S, R28E, and an intended legal bottom hole location in Unit L2 of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,000 feet and TMD of approximately 17,360 feet, and will target the 2nd Bone Spring.</p> <ul style="list-style-type: none"> • Buckhorn 29 State Com 131H <p>This proposed well is a horizontal well with a legal surface location in Units A/H of Section 29, T19S, R28E, and an intended legal bottom hole location in Unit L1 of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,200 feet and TMD of approximately 18,560 feet, and will target the 3rd Bone Spring.</p> <ul style="list-style-type: none"> • Buckhorn 29 State Com 132H <p>This proposed well is a horizontal well with a legal surface location in Units A/H of Section 29, T19S, R28E, and an intended legal bottom hole location in Unit L2 of Section 30, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,200 feet and TMD of approximately 18,560 feet, and will target the 3rd Bone Spring.</p>
23.	21945 [Dismissed]	(Re-Open) Application of Colgate Operating LLC to Amend Order No. R-21446, Eddy County, New Mexico. Applicant seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21446 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21446 on September 9, 2020, which designated Colgate as the operator of the unit and the Atlas 18 State Fed Com 122H and Atlas 18 State Fed Com 132H wells; and pooled uncommitted interest owners in a 233-acre, more or less, Bone Spring horizontal spacing unit comprised of the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East, and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. The Order requires commencement of drilling the wells within one year of the date of the Order unless Colgate obtains an extension by an amendment of this Order for good cause shown. Good cause exists for Colgate's request for an extension of time due to limitations from the pandemic and recent market conditions.
24.	21745 [Continued to January 20, 2022]	<p>Application of Devon Energy Production Company, L.P., for compulsory pooling, non-standard spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests within the Wolfcamp (Pool Code 98248) and Bone Spring formations (Pool Code 97899), underlying E/2 of Sections 20 and 29, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, on the following wells listed below. These wells are located approximately 21 miles east of Malaga, New Mexico.</p> <p>A. Rebel Scum 20-29 Fed Com 613H</p> <p>The surface location for this well is proposed to be approximately 1670' FEL and 190' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 1670' FEL and 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the E/2 of Section 20 and the E/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>B. Rebel Scum 20-29 Fed Com 614H</p> <p>The surface location for this well is proposed to be approximately 570' FEL and 190' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 330' FEL and 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the E/2 of Section 20 and the E/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>C. Rebel Scum 20-29 Fed Com 713H</p> <p>The surface location for this well is proposed to be approximately 1700' FEL and 190' FNL,</p>

		<p>Section 20-T24S-R32E, and a bottom hole location at approximately 2310' FEL and 20' FSL section 29-T24S-R32E. The dedicated horizontal spacing unit will be the E/2 of Section 20 and the E/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>D. Rebel Scum 20-29 Fed Com 714H The surface location for this well is proposed to be approximately 660' FEL and 190' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 990' FEL and 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the E/2 of Section 20 and the E/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>E. Rebel Scum 20-29 Fed Com 333H The surface location for this well is proposed to be approximately 1630' FEL and 190' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 1650' FEL and 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the W/2E/2 of Section 20 and the W/2E/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>F. Rebel Scum 20-29 Fed Com 334H The surface location for this well is proposed to be approximately 540' FEL and 190' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 330' FEL and 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the E/2E/2 of Section 20 and the E/2E/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p>
25.	21746 [Continued to January 20, 2022]	<p>Application of Devon Energy Production Company, L.P., for compulsory pooling, non-standard spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests within the Wolfcamp formation (Pool Code 98248), underlying W/2 of Sections 20 & 29, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, on the following wells listed below. These wells are located approximately 21 miles east of Malaga, New Mexico.</p> <p>A. Rebel Scum 20-29 Fed Com 611H The surface location for this well is proposed to be approximately 1110' FWL & 200' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 990' FWL & 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the W/2 of Section 20 and the W/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>B. Rebel Scum 20-29 Fed Com 612H The surface location for this well is proposed to be approximately 1170' FWL & 200' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 2310' FWL & 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the W/2 of Section 20 and the W/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>C. Rebel Scum 20-29 Fed Com 711H The surface location for this well is proposed to be approximately 1080' FWL & 200' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 330' FWL & 20' FSL section 29-T24S-R32E. The dedicated horizontal spacing unit will be the W/2 of Section 20 and the W/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p> <p>D. Rebel Scum 20-29 Fed Com 712H The surface location for this well is proposed to be approximately 1140' FWL & 200' FNL, Section 20-T24S-R32E, and a bottom hole location at approximately 1650' FWL & 20' FSL, Section 29-T24S-R32E. The dedicated horizontal spacing unit will be the W/2 of Section 20 and the W/2 of Section 29-T24S-R32E, Lea County, New Mexico.</p>
26.	20344 [Status Conference]	Pool all uncommitted interests in the Bone Spring formation (Red Hills;Lower Bone Spring Pool) underlying a 320-acre standard horizontal spacing unit comprised of the E/2 E/2 of Sections 17 and 20, T25S, R34E to be dedicated to three wells
27.	20345 [Status Conference]	Pool all uncommitted interests in the Wolfcamp formation (Pitchfork Ranch;Wolfcamp, South Pool) underlying a 320-acre standard horizontal spacing unit comprised of the W/2 E/2 of Sections 17 and 20, T25S, R34E, to be dedicated to two wells
28.	20346 [Status Conference]	Pool all uncommitted interests in the Bone Spring formation (Red Hills;Lower Bone Spring Pool) underlying a 320-acre standard horizontal spacing unit comprised of the W/2 E/2 of Sections 17 and 20, T25S, R34E to be dedicated to three wells
29.	20347 [Status Conference]	Pool all uncommitted interests in the Wolfcamp formation (Pitchfork Ranch;Wolfcamp, South Pool) underlying a 320-acre standard horizontal spacing unit comprised of the E/2 E/2 of Sections 17 and 20, T25S, R34E, to be dedicated to two wells
30.	20424 [Status Conference]	Pool all uncommitted interests in the Bone Spring formation underlying a 480-acre standard horizontal spacing unit comprised of the W/2 of Section 21 and the NW/4 of Section 28, T22S, R32E, to be dedicated to ten Roadrunner 21 Fed wells

<p>31.</p>	<p>21784</p>	<p>Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following wells, both of which have been drilled from a common surface hole location in NW/4 NW/4 (Unit D) of said Section 28 to bottom hole locations in the SW/4 SW/4 (Unit M) of said Section 33: (1) the Stonewall 28 Fed Com #301H well (API No. 30-025-44866), and (2) the Stonewall 28 Fed Com #302H well (API No. 30-025-44867). The completed interval for the Stonewall 28 Fed Com #302H well is at a non-standard location and has been approved by the Division in Administrative Order NSL-7768. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 17 miles northwest of Jal, New Mexico.</p>
<p>32.</p>	<p>21785</p>	<p>Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the initial Stonewall 28 Fed Com #308H well (API No. 30-025-44873), which has been drilled from a surface hole location in NE/4 NW/4 (Unit C) of said Section 28 to a bottom hole location in the SE/4 SW/4 (Unit N) of said Section 33. The completed interval for the well will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 17 miles northwest of Jal, New Mexico.</p>
<p>33.</p>	<p>21786</p>	<p>Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the initial Stonewall 28 Fed Com #309H well (API No. 30-025-44926), which has been drilled from a surface hole location in NW/4 NE/4 (Unit B) of said Section 28 to a bottom hole location in the SW/4 SE/4 (Unit O) of said Section 33. The completed interval for the well will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 17 miles northwest of Jal, New Mexico.</p>
<p>34.</p>	<p>21787</p>	<p>Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 E/2 of Sections 28 and 33, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following wells, both of which have been drilled from a common surface hole location NE/4 NE/4 (Unit A) of said Section 28 to bottom hole locations in the SE/4 SE/4 (Unit P) of said Section 33: (1) the Stonewall 28 Fed Com #313H well (API No. 30-025-44874), and the Stonewall 28 Fed Com #314H well (API No. 30-025-44875). The completed interval for the Stonewall 28 Fed Com #313H well is at a non-standard location and has been approved by the Division in Administrative Order NSL-8062. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 17 miles northwest of Jal, New Mexico.</p>

35.	21977 [Continued to October 21, 2021]	Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 of Section 21, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the to the following proposed wells: <ul style="list-style-type: none"> • The Galleon 21 Fed #701H well (API No. 30-025-47279) and the Galleon 21 Fed #702H well (API No. 30-025-47280), to be drilled from a common surface hole location in SW/4 SW/4 (Unit M) of said Section 21 to bottom hole locations in the NW/4 NW/4 (Unit D) of said Section 21; and • The Galleon 21 Fed #703H well (API No. 30-025-47281), and the Galleon 21 Fed #704H well (API No. 30-025-47282), to be drilled from a common surface hole location in SE/4 SW/4 (Unit N) of said Section 21 to bottom hole locations in the NE/4 NW/4 (Unit C) of said Section 21. The completed interval for the proposed Galleon 21 Fed #703H well will remain within 330 feet of the quarter-quarter line separating the W/2 W/2 from the E/2 W/2 of Section 21 to allow inclusion of this acreage into a standard 320-acre horizontal well spacing unit. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 17 miles southeast of Galleon, New Mexico.
36.	22017	Application of Kaiser-Francis Oil Company for compulsory pooling, Eddy County, New Mexico. Kaiser-Francis Oil Company seeks an order pooling all mineral interest owners in the Delaware formation underlying a horizontal spacing unit comprised of the W/2SW/4 of Section 24 and the W/2W/2 of Section 25, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to the Brantley Fee 2425 LBC Well No. 1H, with a first take point in the NW/4SW/4 of Section 24 and a final take point in the SW/4SW/4 of Section 25. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is located approximately 3 miles southeast of Malaga, New Mexico.
37.	20309 [Status Conference]	Pool all uncommitted mineral interests underlying a Bone Spring horizontal spacing unit comprised of the E/2 of Section 17, T25S, R34E
38.	20310 [Status Conference]	Pool all uncommitted mineral interests underlying a Wolfcamp horizontal spacing unit comprised of the E/2 of Section 17, T25S, R34E
39.	21169 [Status Conference]	Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Colossus 19 WB Fed Com 11H and the Colossus 19 WB Fed Com 17H wells, to be horizontally drilled. The producing area for the wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 13 miles Southwest of Jal, New Mexico.
40.	21170 [Status Conference]	Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Colossus 19 WA Fed Com 9H; Colossus 19 WXY Fed Com 12H; Colossus 19 WA Fed Com 15H; and Colossus 19 WXY Fed Com 18H wells, to be horizontally drilled. The producing area for the wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

41.	21171 [Status Conference]	Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Colossus 19 SB Fed Com 19H and Colossus 19 AV Fed Com 24H wells, to be horizontally drilled. The producing area for the wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 13 miles Southwest of Jal, New Mexico.
42.	21172 [Status Conference]	Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Colossus 19 SB Fed Com 13H and Colossus 19 AV Fed Com 27H wells, to be horizontally drilled. The producing area for the wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 13 miles Southwest of Jal, New Mexico.
43.	21387 [Continued to December 16, 2021]	Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the S/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Decimus 5 WXY Fed Com 1H and Decimus 5 WXY Fed Com 2H wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 4 miles Northwest of Loving, New Mexico.
44.	21952 [Continued to September 23, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 15 and the N/2S/2 of Section 14, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ted 1514 Fed. Com. Well No. 203H, with a first take point in the NW/4SW/4 of Section 15 and a final take point in the NE/4SE/4 of Section 14. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is centered approximately 19 miles east-southeast of Lakewood, New Mexico.
45.	21953 [Continued to September 23, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 15 and the S/2S/2 of Section 14, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ted 1514 Fed. Com. Well No. 204H, with a first take point in the SW/4SW/4 of Section 15 and a final take point in the SE/4SE/4 of Section 14. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is centered approximately 19 miles east-southeast of Lakewood, New Mexico.
46.	21985	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Sections 14 and 15, Township 24 South, Range 28 East, Eddy County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial George 14&15-24S-28E #113H well, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 14 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 15. The completed interval of the well will comply with statewide setbacks for oil wells. Also to be

		considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located near Malaga, New Mexico.
47.	21986	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Sections 14 and 15, Township 24 South, Range 28 East, Eddy County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial George 14&15-24S-28E #114H well, to be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 14 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 15. The completed interval of the well will comply with statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located near Malaga, New Mexico.
48.	21991 [Continued to September 23, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 32 and N/2S/2 of Section 31, Township 17 South, Range 31 East, NMPM. The unit will be dedicated to the Cedar 3231 Fed. Com. Well No. 123H, with a first take point in the NE/4SE/4 of Section 32 and a last take point in the NW/4SW/4 of Section 31. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 5 miles east-southeast of Loco Hills, New Mexico.
49.	21992 [Continued to September 23, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 32 and S/2S/2 of Section 31, Township 17 South, Range 31 East, NMPM. The unit will be dedicated to the Cedar 3231 Fed. Com. Well No. 124H, with a first take point in the SE/4SE/4 of Section 32 and a last take point in the SW/4SW/4 of Section 31. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 5 miles east-southeast of Loco Hills, New Mexico.
50.	21994 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 33 and N/2N/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Medford 3334 Fed. Com. Well No. 201H, with a first take point in the NW/4NW/4 of Section 33 and a last take point in the NE/4NE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.
51.	21995 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 33 and S/2N/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Medford 3334 Fed. Com. Well No. 202H, with a first take point in the SW/4NW/4 of Section 33 and a last take point in the SE/4NE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.

52.	22000 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 33 and N/2S/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Medford 3334 Fed. Com. Well No. 203H, with a first take point in the NW/4SW/4 of Section 33 and a last take point in the NE/4SE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12 miles northeast of Carlsbad, New Mexico.
53.	22001 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 33 and S/2S/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Medford 3334 Fed. Com. Well No. 204H, with a first take point in the SW/4SW/4 of Section 33 and a last take point in the SE/4SE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12 miles northeast of Carlsbad, New Mexico.
54.	22002 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 33 and N/2N/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) Medford 3334 Fed. Com. Well No. 121H, with a first take point in the NW/4NW/4 of Section 33 and a last take point in the NE/4NE/4 of Section 34; and (ii) Medford 3334 Fed. Com. Well No. 135H, with a first take point in the NW/4NW/4 of Section 33 and a last take point in the NE/4NE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.
55.	22003 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 33 and S/2N/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) Medford 3334 Fed. Com. Well No. 122H, with a first take point in the SW/4NW/4 of Section 33 and a last take point in the SE/4NE/4 of Section 34; and (ii) Medford 3334 Fed. Com. Well No. 136H, with a first take point in the SW/4NW/4 of Section 33 and a last take point in the SE/4NE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.
56.	22004 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 33 and N/2S/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) the Medford 3334 Fed. Com. Well No. 123H, with a first take point in the NW/4SW/4 of Section 33 and a last take point in the NE/4SE/4 of Section 34; and (ii) the Medford 3334 Fed. Com. Well No. 137H, with a first take point in the NW/4SW/4 of Section 33 and a last take point in the NE/4SE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12 miles northeast of Carlsbad, New Mexico.

<p>57.</p>	<p>22005 [Continued to October 21, 2021]</p>	<p>Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 33 and S/2S/2 of Section 34, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) the Medford 3334 Fed. Com. Well No. 124H, with a first take point in the SW/4SW/4 of Section 33 and a last take point in the SE/4SE/4 of Section 34; and (ii) the Medford 3334 Fed. Com. Well No. 138H, with a first take point in the SW/4SW/4 of Section 33 and a last take point in the SE/4SE/4 of Section 34. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12 miles northeast of Carlsbad, New Mexico.</p>
<p>58.</p>	<p>22006 [Continued to October 21, 2021]</p>	<p>Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 28 and N/2N/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ed Drake Fed. Com. Well No. 201H, with a first take point in the NW/4NW/4 of Section 28 and a last take point in the NE/4NE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13 miles northeast of Carlsbad, New Mexico.</p>
<p>59.</p>	<p>22008 [Continued to October 21, 2021]</p>	<p>Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 28 and S/2N/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ed Drake Fed. Com. Well No. 202H, with a first take point in the SW/4NW/4 of Section 28 and a last take point in the SE/4NE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13 miles northeast of Carlsbad, New Mexico.</p>
<p>60.</p>	<p>22009 [Continued to October 21, 2021]</p>	<p>Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 28 and N/2S/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ed Drake Fed. Com. Well No. 203H, with a first take point in the NW/4SW/4 of Section 28 and a last take point in the NE/4SE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.</p>
<p>61.</p>	<p>22010 [Continued to October 21, 2021]</p>	<p>Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 28 and S/2S/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ed Drake Fed. Com. Well No. 204H, with a first take point in the SW/4SW/4 of Section 28 and a last take point in the SE/4SE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.</p>
<p>62.</p>	<p>22011 [Continued to October 21, 2021]</p>	<p>Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 28 and N/2N/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) the Ed Drake Fed. Com. Well No. 121H, with a first take point in the NW/4NW/4 of Section 28 and a last take point in the NE/4NE/4 of Section 27; and (ii) (i) the Ed Drake Fed. Com. Well No. 135H, with a first take point in the NW/4NW/4 of Section 28 and a</p>

		last take point in the NE/4NE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13 miles northeast of Carlsbad, New Mexico.
63.	22012 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 28 and S/2N/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) the Ed Drake Fed. Com. Well No. 122H, with a first take point in the SW/4NW/4 of Section 28 and a last take point in the SE/4NE/4 of Section 27; and (ii) the Ed Drake Fed. Com. Well No. 136H, with a first take point in the SW/4NW/4 of Section 28 and a last take point in the SE/4NE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13 miles northeast of Carlsbad, New Mexico.
64.	22013 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 28 and N/2S/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) the Ed Drake Fed. Com. Well No. 123H, with a first take point in the NW/4SW/4 of Section 28 and a last take point in the NE/4SE/4 of Section 27; and (ii) the Ed Drake Fed. Com. Well No. 137H, with a first take point in the NW/4SW/4 of Section 28 and a last take point in the NE/4SE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.
65.	22014 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 28 and S/2S/2 of Section 27, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the following two initial wells: (i) the Ed Drake Fed. Com. Well No. 124H, with a first take point in the SW/4SW/4 of Section 28 and a last take point in the SE/4SE/4 of Section 27; and (ii) the Ed Drake Fed. Com. Well No. 138H, with a first take point in the SW/4SW/4 of Section 28 and a last take point in the SE/4SE/4 of Section 27. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 12-1/2 miles northeast of Carlsbad, New Mexico.
66.	21578 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 8 and E/2E/2 of Section 17, Township 19 South, Range 35 East, NMPM. The unit will be dedicated to the Hibiscus State Well No. 134H, with a first take point in the NE/4NE/4 of Section 8 and a last take point in the SE/4SE/4 of Section 17. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 13-1/2 miles west-northwest of Monument, New Mexico.
67.	21579 [Continued to October 21, 2021]	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying a (proximity tract) horizontal spacing unit comprised of the E/2 of Section 8 and E/2 of Section 17, Township 19 South, Range 35 East, NMPM. The unit will be dedicated to (a) the Hibiscus State Well No. 207H, with a first take point in the NW/4NE/4 of Section 8 and a last take point in the SW/4SE/4 of Section 17, and (b) the Hibiscus State Well No. 208H, with a first take point in the NE/4NE/4 of Section 8 and a last take point in the SE/4SE/4 of Section 17. Also to be considered will be the cost of drilling, completing, and equipping the wells and the allocation of

		the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is located approximately 13-1/2 miles west-northwest of Monument, New Mexico.
68.	21896 [Continued to September 23, 2021]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 28, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to has drilled or proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation: (a) The Thor 28 WXY Fee Well No. 1H, with a first take point in the SE/4SW/4, and a last take point in the NE/4NW/4; of Section 28; (b) The Thor 28 WA Fee Well No. 3H, with a first take point in the SE/4SW/4, and a last take point in the NE/4NW/4; of Section 28; (c) The Thor 28 WXY Fee Well No. 5H, with a first take point in the SW/4SW/4, and a last take point in the NW/4NW/4; of Section 28; and (d) The Thor 28 WD Fee Well No. 8H, with a first take point in the SW/4SW/4, and a last take point in the NW/4NW/4; of Section 28. Also to be considered will be the cost of drilling, completing, and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is located approximately 1/2 mile south of Loving, New Mexico.
69.	21772 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 24 and the N/2N/2 of Section 23, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ruso Blanco 24/23 W0AD Fed. Com. Well No. 1H, a horizontal well with a first take point in the NE/4NE/4 of Section 24 and a last take point in the NW/4NW/4 of Section 23. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 15 miles northeast of Carlsbad, New Mexico.
70.	21773 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 24 and the S/2N/2 of Section 23, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ruso Blanco 24/23 W0HE Fed. Com. Well No. 1H, a horizontal well with a first take point in the SE/4NE/4 of Section 24 and a last take point in the SW/4NW/4 of Section 23. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 15 miles northeast of Carlsbad, New Mexico.
71.	21774 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 24 and the N/2S/2 of Section 23, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ruso Blanco 24/23 W0IL Fed. Com. Well No. 1H, a horizontal well with a first take point in the NE/4SE/4 of Section 24 and a last take point in the NW/4SW/4 of Section 23. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 14-1/2 miles northeast of Carlsbad, New Mexico.
72.	21775 [Status Conference]	Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 24 and the S/2S/2 of Section 23, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Ruso Blanco 24/23 W0PM Fed. Com. Well No. 1H, a horizontal well with a first take point in the SE/4SE/4 of Section 24 and a last take point in the SW/4SW/4 of Section 23. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of

		the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 14-1/2 miles northeast of Carlsbad, New Mexico.
73.	21987 [Continued to October 21, 2021]	Application of OXY USA Inc. for approval of 1,280-acre non-standard spacing units in the Bone Spring & Wolfcamp formations comprised of acreage subject to a proposed communitization agreement, Lea County, New Mexico. Applicant in the above-styled cause seeks an order approving 1,280-acre non-standard spacing units to match the corresponding proposed Communitization Agreement for the acreage underlying Sections 8 and 17, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. The acreage underlying the proposed non-standard spacing units are subject to the following Division designated pools: <ul style="list-style-type: none"> • Bilbrey Basin; Bone Spring, South Pool (Pool Code 97366) • WC-025 G-09 S223219D; Wolfcamp Pool (Pool Code 98296) The subject area is located approximately 31 miles east of Carlsbad, New Mexico.
74.	21988 [Continued to October 21, 2021]	Application of OXY USA Inc. for approval of 1,280-acre non-standard spacing units in the Bone Spring & Wolfcamp formations comprised of acreage subject to a proposed communitization agreement, Lea County, New Mexico. Applicant in the above-styled cause seeks an order approving 1,280-acre non-standard spacing units to match the corresponding proposed Communitization Agreement for the acreage underlying Sections 7 and 18, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. The acreage underlying the proposed non-standard spacing units are subject to the following Division designated pools: <ul style="list-style-type: none"> • Bilbrey Basin; Bone Spring, South Pool (Pool Code 97366) • WC-025 G-09 S223219D; Wolfcamp Pool (Pool Code 98296) The subject area is located approximately 30 miles east of Carlsbad, New Mexico.
75.	21982 [Continued to October 6, 2021]	Notice of Violation issued to Petrolia Energy Corporation
76.	22024 [Continued to October 21, 2021]	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests within the Yeso formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 35, Township 17 South, Range 28 East in Eddy County, New Mexico ("Unit"). The Unit will be dedicated to following wells: <ul style="list-style-type: none"> • Cecilia State Com 1H, which will be horizontally drilled from a surface location in the SW/4NW/4 (Unit E) of Section 36 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 35; and • Cecilia State Com 10H, which will be horizontally drilled from a surface location in the SW/4NW/4 (Unit E) of Section 36 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 35 (collectively the "Wells"). The completed intervals of the Wells will be orthodox. The completed interval of the Cecilia State Com 1H will be within 330' of the line separating the N/2N/2 and S/2N/2 of Section 35 to allow inclusion of this acreage into a standard 320-acre horizontal spacing unit. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 2 miles east of Artesia, New Mexico.
77.	21613 [Continued to October 21, 2021]	Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 8 and the W/2 of Section 17, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells: <ul style="list-style-type: none"> (a) the OE Fed. Com. Well No. 202H, with a first take point in the NE/4NW/4 of Section 8 and the last take point in the SE/4SW/4 of Section 17; and (b) the OE Fed. Com. Well No. 211H, with a first take point in the NW/4NW/4 of Section 8 and the last take point in the SW/4SW/4 of Section 17. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in

		drilling, completing, and equipping the wells. The well unit is located approximately 4 miles southeast of Whites City, New Mexico.
78.	21614 [Continued to October 21, 2021]	<p>Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 8 and the E/2 of Section 17, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells:</p> <p>(a) the OE Fed. Com. Well No. 204H, with a first take point in the NE/4NE/4 of Section 8 and the last take point in the SE/4SE/4 of Section 17; and</p> <p>(b) the OE Fed. Com. Well No. 213H, with a first take point in the NW/4NE/4 of Section 8 and the last take point in the SW/4SE/4 of Section 17.</p> <p>Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The well unit is located approximately 4-1/2 miles southeast of Whites City, New Mexico.</p>
79.	21197 [Status Conference]	<p>Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring (Oil) formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 E/2 of Section 18 and the W/2 E/2 of Section 19, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following well: River Ranch Fed Com 323H well, to be horizontally drilled from an approximate surface hole location 471' FSL and 1947' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 1652' FEL of Section 19, T26S-R35E. The completed interval and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles southwest of Jal, New Mexico.</p>
80.	21198 [Status Conference]	<p>Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 E/2 of Section 18 and the W/2 E/2 of Section 19, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: (1) River Ranch Fed Com 403H well, to be horizontally drilled from an approximate surface hole location 471' FSL and 2007' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 2313' FEL of Section 19, T26S-R35E, and (2) River Ranch Fed Com 513H well, to be horizontally drilled from an approximate surface hole location 471' FSL and 1872' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 1872' FEL of Section 19, T26S-R35E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 13 miles southwest of Jal, New Mexico.</p>
81.	21199 [Status Conference]	<p>Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Section 18 and the E/2 E/2 of Section 19, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: (1) River Ranch Fed Com 404H well, to be horizontally drilled from an approximate surface hole location 474' FSL and 627' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 330' FEL of Section 19, T26S-R35E, (2) River Ranch Fed Com 434H well, to be horizontally drilled from an approximate surface hole location 474' FSL and 687' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 992' FEL of Section 19, T26S-R35E, and (3) River Ranch Fed Com 514H well, to be horizontally drilled from an approximate surface hole location 474' FSL and 560' FEL of Section 7, T26S-R35E, to an</p>

		<p>approximate bottom hole location 10' FSL and 530' FEL of Section 19, T26S-R35E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 13 miles southwest of Jal, New Mexico.</p>
<p>82.</p>	<p>21872 [Status Conference]</p>	<p>Application of Titus Oil & Gas Production, LLC for Approval of Production Allocation, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division approving the production allocation of minerals in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) underlying a standard 280-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Section 29 and the NE/4 NE/4 & Lot 1 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, and Lot 1 of irregular Section 25, Block C24, in Loving County, Texas. The HSU will be dedicated to the El Campeon Fed Com 404H well, to be horizontally drilled from an approximate surface hole location 558' FSL and 590' FEL of Section 20, T26S-R35E, Lea County, New Mexico, to an approximate bottom hole location 10' FSL and 1912' FEL of Section 25, Block C24, Public School Land Survey, Abstract No. 701, Loving County, Texas. The well will cross the New Mexico/Texas border, continuing to produce in the Wolfcamp formation (Phantom; Wolfcamp [Texas Field No. 71052900]. Production will be allocated to New Mexico and Texas prorated on the basis of surface acreage in the proration unit or in any other manner mutually acceptable to the Division and to the Railroad Commission of Texas. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The well and lands are located approximately 14 miles southwest of Jal, New Mexico.</p>
<p>83.</p>	<p>21913 [Continued to October 21, 2021]</p>	<p>Amended Application of WPX Energy Permian, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool (98220)), underlying a 862.40-acre, more or less, standard horizontal spacing unit comprised of all of Section 26 and the N/2 equivalent of irregular Section 35, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) The Steel Guitar 35-26-29 Fed Com #411H well, and (2) the Steel Guitar 35-26-29 Fed Com #421H well, to be horizontally drilled from a common surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to bottom hole locations in the SW/4 NW/4 (Lot 9) of Section 35; (3) The Steel Guitar 35-26-29 Fed Com #412H well, (4) the Steel Guitar 35-26-29 Fed Com #422H well, and (5) the Steel Guitar 35-26-29 Fed Com #423H well, to be horizontally drilled from a common surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to bottom hole locations in the SE/4 NW/4 (Lot 10) of Section 35; and (6) The Steel Guitar 35-26-29 Fed Com #413H well, to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NE/4 (Lot 11) of Section 35. The S/2 N/2 of irregular Section 35 borders the Texas state line. Also to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 17 miles south of Malaga, New Mexico.</p>
<p>84.</p>	<p>21565 [Status Conference]</p>	<p>Application of Caza Petroleum, LLC for compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC seeks an order pooling all mineral interests in the Bone Spring formation (limited to depths from the top of the Bone Spring formation to the base of the First Bone Spring) underlying a (proximity tract) horizontal spacing unit comprised of the E/2 of Section 27 and the E/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the following wells: (a) The Caza Gramma 27-34 State Well No. 6H, to be drilled to a depth sufficient to test the Avalon Bone Spring; and (b) The Caza Gramma 27-34 State Well No. 7H, to be drilled to a depth sufficient to test the First Bone Spring. The above two wells will have first take points in the NW/4NE/4 of Section 27 and last take points in the SW/4SE/4 of Section 34. (c) The Caza Gramma 27-34 State Well No. 9H, to be drilled to a depth sufficient to test the First Bone Spring; and (d) The Caza Gramma 27-34 State Well No. 10H, to be drilled to a depth sufficient to test the</p>

		<p>Avalon Bone Spring. The above two wells will have first take points in the NE/4NE/4 of Section 27 and last take points in the SE/4SE/4 of Section 34. (e) The Caza Gramma 27-34 State Well No. 8H, to be drilled to a depth sufficient to test the Avalon Bone Spring. The well has first and last take points approximately 1320 feet from the East lines of Sections 27 and 34. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Caza Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling, completing, and equipping the wells. The unit is located approximately 12 miles west-southwest of Oil Center, New Mexico.</p>
85.	22048 [Status Conference]	<p>Application of Caza Petroleum, LLC and Caza Operating, LLC for approval of an overlapping spacing unit in the Bone Spring formation and to allow two operators in a certain well unit, Lea County, New Mexico. Caza Petroleum, LLC and Caza Operating, LLC seek approval of an overlapping spacing unit in the Bone Spring formation (limited to depths from the top of the Bone Spring formation to the base of the First Bone Spring) in a (proximity tract) horizontal spacing unit comprised of the E/2 of Section 27 and the E/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, for purposes of drilling its proposed Caza Gramma 27-34 State Wells. Caza Operating, LLC also requests that it be approved as operator of Bone Spring wells, limited to the above stated depths, in the E/2 of Section 34. The well unit is located approximately 12 miles west-southwest of Oil Center, New Mexico.</p>
86.	21634 [Dismissed]	<p>Application of Tamaroa Operating, LLC for Approval of a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order: (1) approving an 80-acre, more or less, non-standard spacing and proration unit comprised of the NW/4 NW/4 of Section 29 and the NE/4 NE/4 of Section 30, Township 9 South, Range 29 East in Chaves County; and (2) pooling all uncommitted interests in all formations from the surface through the Devonian formation underlying the proposed non-standard spacing unit. Applicant proposes to dedicate the spacing unit to the Heritage Park #1 well, which will be vertically drilled from a surface location 660' FNL and 10' FEL in Section 30. The completed interval for the well will comply with the Division's standard setback requirements. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Tamaroa Operating, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed well is located approximately 26 miles east of Roswell, New Mexico.</p>
87.	21836 [Dismissed]	<p>Application of Plains Radio Petroleum Co. for approval of a standard spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Applicant seeks an order approving a standard 40 acre spacing and proration unit comprised of the NW4/NW4 of Section 29, Township 9 South, Range 29 East dedicated to the Plainview 29 #1 well. The application requests pooling all uncommitted interests in all formations from the surface through the Devonian formation underlying the proposed unit; designating Plains Radio as the operator of the proposed unit; and denying the competing application filed by Tamaroa Operating, LLC currently pending in Case No. 21634 before the Division. The well is to be located approximately 26 miles east of Roswell, New Mexico.</p>

19.

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. 21872

ENTRY OF APPEARANCE

Harold L. Hensley, Jr., of Kelly Hart & Hallman LLP, hereby enters his appearance on behalf of Pegasus Resources, LLC, Fortis Minerals II, LLC, and Santa Elena Minerals IV, LP, in the above captioned matter.

Respectfully submitted,

/s/ Harold L. Hensley, Jr.

Harold L. Hensley, Jr.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on August 27, 2021.

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Harold L. Hensley, Jr.

20.

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

APPLICATION OF TITUS OIL & GAS
PRODUCTION, LLC FOR APPROVAL OF
PRODUCTION ALLOCATION, LEA COUNTY,
NEW MEXICO

Case No. 21872

ENTRY OF APPEARANCE

Hinkle Shanor LLP (Dana S. Hardy and Michael Rodriguez) hereby enters its appearance on behalf of Pegasus Resources, LLC, Fortis Minerals II, LLC, and Santa Elena Minerals IV, LP in the above-referenced matter.

Respectfully submitted

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CERTIFICATE OF SERVICE

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/s/ Dana S. Hardy

Dana S. Hardy

21.

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. 21872

**APPLICANT'S SECOND STATUS REPORT AND
REQUEST FOR ORDER OF APPROVAL**

TITUS OIL & GAS PRODUCTION, LLC ("Titus") hereby provides an update on the status of this matter. As explained below, Titus has received an order of approval and permit from the Railroad Commission of Texas ("RRC"). In light of the RRC's approval and the related permit, Titus requests that an order approving the application be entered with similar conditions. In support of this request, Titus states as follows:

1. Background facts and procedural history are stated in Titus's previous status report, which was filed with the Division on August 18, 2021.
2. On August 24, 2021, the Railroad Commission of Texas ("RRC") issued a Final Order approving Titus's application for a permit and exception to Texas's Statewide Rule 37 to drill the El Campeon Fed Com Well No. 404H across the interstate line between New Mexico and Texas. *See* Exhibit 3, attached hereto; *see also* Exhibit 4, attached hereto (providing notice of Final Order). A permit was issued accordingly. *See* Exhibit 5, attached hereto.
3. Titus now has all necessary Texas approvals to drill the El Campeon Fed Com 404H into Texas. Contrary to previous understanding, please be advised that Texas requests, but has not required a memorandum of understanding with New Mexico prior to issuing its approvals. A future memorandum of understanding is for the purpose of guidance for similar

wells that may be proposed in the future. Titus has been advised that applications to drill such wells will not necessarily need to be referred to the RRC for hearing going forward.

4. The approval requested in this matter pertains only to one well, the El Campeon 404H, which will be drilled from New Mexico into Texas, in compliance with all New Mexico and Texas regulations. *See generally* Application.

5. Applicant's landman Walter Jones has obtained additional information about interstate wells drilled in other states. Mr. Jones submits herewith a supplemental affidavit detailing his communications with the West Virginia Department of Environmental Protection Office of Oil and Gas ("WVDEP Office of Oil and Gas"), among others. *See* Exhibit 6, attached hereto. Mr. Jones spoke with Taylor Brewer, Assistant Chief of Permitting with the WVDEP Office of Oil and Gas, regarding interstate wells drilled in Pennsylvania into West Virginia. Mr. Brewer provided Mr. Jones with an example of the memorandum of understanding that the WVDEP Office of Oil and Gas enters into with an operator who drills an interstate well into West Virginia. *See id.*, Exhibit A, attached thereto. Mr. Brewer can be reached at the WVDEP Office of Oil and Gas, 601 57th Street, SE, Charleston, WV 24304, 304-926-0499 ext. 41108, charles.t.brewer@wv.gov. *See id.* ¶ 4.

6. In addition, Mr. Jones obtained a well permit relating to an interstate well drilled in Pennsylvania by EQT Production Company, Permit Number 37-059-28095, Farm Name & Well Number Soles 4H. *Id.* ¶ 5. This permit, along with a map depicting the location of the well, is attached to Mr. Jones' supplemental affidavit as Exhibits B and C. Data relating to this well may be obtained from the Pennsylvania Department of Environmental Protection website by entering the last eight digits of the permit number. *See id.* ¶ 6.

7. Mr. Jones also corresponded with Melissa Visnikar at Pennsylvania Oil and Gas Management, who informed Mr. Jones that when a well is being drilled from Pennsylvania into an adjoining state, Pennsylvania notifies the adjoining state that the well will be penetrating the adjoining state by reference to the pertinent application and plat. Likewise, when a well penetrates Pennsylvania from an adjoining state, the state in which the well is being drilled shares information with Pennsylvania in the same manner. Ms. Visnikar can be reached at (412) 442-4008. *Id.* ¶ 7.

8. Counsel for interested party Pegasus Resources, LLC (“Pegasus”) and for Fortis Minerals II, LLC, and Santa Elena Minerals IV, LP (Harold Hensley from Kelly Hart; Dana Hardy and Michael Rodriguez from Hinkle Shanor) entered appearances in this matter on August 27, 2021. As a mineral interest owner in the proposed spacing unit, Pegasus received notice of this application and of the related administrative application for a non-standard location.¹ Pegasus owns Texas minerals that will not be developed unless interstate production occurs. Leaving these minerals undeveloped would result in waste. Titus understands that Pegasus will be filing papers today in support of the application, requesting approval.

9. As previously explained, allowing the El Campeon 404H to cross the state line will result in the recovery of more hydrocarbons in the State of New Mexico, thus protecting correlative rights. *See* Affidavit of Engineer Marshall Hickey ¶ 6, attached as Exhibit C to Titus’s Exhibits previously submitted on June 19, 2021 [page 93 of 119].

10. In light of the RRC’s recent order and approved permit, it is Titus’ understanding that Texas requests, but does not require a memorandum of understanding with New Mexico

¹ Pegasus’s minerals are leased to the sole working interest owner of the Texas minerals at issue, OXY. The joint operating agreement between Titus and OXY was previously filed in this matter on July 9, 2021, as Supplemental Exhibit A-9.

prior to issuing future state line crossing well approvals. A future memorandum of understanding would be for the purpose of guidance for similar wells that may be proposed in the future. Titus has been advised by the RRC that they would likely administratively approve future state line crossings for similar wells in Section 25, Block C24 of Loving County, NM and those applications will not necessarily need to be referred to the RRC for hearing going forward. See Exhibit 6 ¶ 8,

11. This well is on Titus's drilling schedule in September 2021.

In light of these circumstances, Titus requests that the Division enter an order approving the application within sufficient time for Titus to drill the El Campeon 404H in accordance with its current drilling schedule.²

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

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Attorneys for Titus Oil & Gas Production, LLC

² Titus previously submitted a proposed order as Exhibit 2 to the status report filed on August 18, 2021 for the Division's consideration.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on September 1, 2021:

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Jesse Tremaine
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Attorneys for EOG Resources, Inc.

/s/ Sharon T. Shaheen
Sharon T. Shaheen

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

Oil and Gas Docket No. OG-21-00006089

**REQUEST BY TITUS OIL & GAS PRODUCTION, LLC (OPERATOR NO. 800622) TO
CONTEST DRILLING PERMITS UNIT DENIAL OF ADMINISTRATIVE APPROVAL
FOR THE EL CAMPEON FED COM LEASE, WELL NO. 404H, PHANTOM
(WOLFCAMP) FIELD, LOVING COUNTY, TEXAS; DISTRICT 08**

FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by an Administrative Law Judge Ezra A. Johnson and Technical Examiner Austin Gaskamp on April 13, 2021. The proceeding having been duly submitted to the Railroad Commission of Texas ("Commission") at conference held in its offices in Austin, Texas, the Commission makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. On February 22, 2021, Titus Oil & Gas Production, LLC ("Titus"), filed a Form W-1 ("Application") for the El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field ("Field"), Loving County, Texas.
2. The minimum lease-line spacing applicable to the Field is 330 feet perpendicular to the path of a horizontal well and 100 feet from the first and last take point parallel to the path of a horizontal well.
3. Titus's Form P-5 is Active. Titus has a \$50,000 bond as its financial assurance.
4. On March 5, 2021, Staff with the Drilling Permits Department of the Commission ("Staff") informed the Hearings Division, that "Staff does not feel that this application can be administratively approved, and the applicant wishes the matter to go to hearing."
5. On March 23, 2021, the Hearings Division sent a Notice of Hearing ("Notice") to Titus, the Texas Comptroller of Public Accounts, the New Mexico State Land Office, the New Mexico Energy, Minerals and Natural Resources Department, the New Mexico Taxation and Revenue Department and the United States Bureau of Land Management, setting a hearing for April 13, 2021. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.
6. The hearing was held on April 13, 2021, as noticed. Applicant appeared and participated at the hearing, along with Occidental Petroleum and Staff. No one appeared in protest.

EXHIBIT 3

7. The off-lease surface location of the subject well is proposed to be located 558 feet from the south survey line and 590 feet from the east survey line of Section 20, T26S-R35 East, Lea County New Mexico.
8. The off-lease penetration point and first take point of the subject well in the proposed correlative interval will be located off lease 100 feet from the north survey line and 330 feet from the east survey line of Section 29 T26S-R35 East, Lea County New Mexico ("Section 29").
9. The last take point of the subject well in the proposed correlative interval will be located 100 feet from the south survey and lease line and 1,883 feet from the east survey and lease line in Section 25, Bock C24, Public School Land Survey ("Texas Section 25").
10. The terminus of the subject well in the proposed correlative interval will be located 10 feet from the south survey and lease line and 1,912 feet from the east survey and lease line in Texas Section 25.
11. The United States Bureau of Land Management has authority to manage 100% of the mineral rights in and to Section 29.
12. The State of New Mexico holds 100% of the mineral rights in and to Section 32, T26S-R35 East, Lea County New Mexico ("Section 32").
13. Titus holds 100% ownership interest in contractual leasehold rights as to Section 29 and Section 32.
14. Pegasus Resources, LLC; Chisos Minerals, LLC and Fortis Minerals II, LLC, own 253 net royalty acres in Texas Section 25 and filed an amicus curiae in support of the Application.
15. Occidental Petroleum ("OXY") holds 100% ownership interest in contractual leasehold rights as to Texas Section 25.
16. Titus and OXY have entered into a joint operating agreement ("JOA") for the drilling and operation of the subject well in Texas Section 25. Titus is designated in the JOA as "Operator," and OXY is designated as "Non-Operator".
17. The standard for determining whether the operator is entitled to a permit is whether the operator has a "good faith claim" to operate.
18. A "good faith claim" is defined in Commission Statewide Rule (15)(a)(5) as "a factually supported claim based on a recognized legal theory to a continuing possessory right in the mineral estate, such as evidence of a currently valid oil and gas lease or a recorded deed conveying a fee interest in the mineral estate."
19. Titus provided evidence sufficient to show a factually supported claim to a continuing right to operate the subject well on Texas Section 25.

20. Titus proposes to allocate production from the well based on either surface acreage assigned to the well or wellbore length within the acreage assigned.
21. The proposed alternatives for allocation of production from the subject well are reasonable.
22. Production from the subject well will be allocated on a basis mutually acceptable to public agencies having jurisdiction in Texas and New Mexico.
23. Titus requested an exception to Statewide Rule 37¹ in order to perforate the subject well within one foot of the north lease line, being the north boundary of Texas Section 25.
24. State Rule 37 requires and applicant seeking an exception to the minimum lease-line spacing requirement to file a list of the mailing addresses of all affected persons, who, for tracts closer to the well than the minimum lease-line spacing distance, include: (i) the designated operator; (ii) all lessees of record for tracts that have no designated operator; and (iii) all owners of record of unleased mineral interests.
25. OXY is the only affected person under Statewide Rule 37. OXY was not provided notice of the hearing but participated as an observer and later signed the JOA.
26. Texas Section 25 an irregular polygon (its West to East distance at its longest point is significantly longer than its North to South distance at its longest point). The northern Boundary of Texas Section 25 lies directly on the Texas-New Mexico state line.
27. All of the wells targeting the Wolfcamp Formation in the area of Texas Section 25 are drilled with horizontal laterals on a north/south axis.
28. Texas Section 25 runs about 4,200 feet in the longest portion of a north/south orientation.
29. Factoring in the required lease-line spacing minimums, it is not economical to drill a horizontal completion solely within Texas Section 25 on a north/south axis.
30. Lands adjacent to Texas Section 25 are leased to third parties and the acreage is assigned to existing horizontal wells permitted in the Field.
31. If the Application is not approved, available hydrocarbon reserves under Texas Section 25 may go unrecovered.
32. The subject well, as proposed, will promote orderly development of the field, prevent waste, and protect correlative rights.

¹ 16 Tex. Admin Code §3.37.

- 33. The Applicant has waived the issuance of a Proposal for Decision and Examiners' Report in this docket.

CONCLUSIONS OF LAW

- 1. Proper notice of hearing was timely issued to appropriate persons entitled to notice, or has been waived in writing by executing a joint operating agreement.
- 2. Resolution of this docket is a matter committed to the jurisdiction of the Commission. Tex. Gov't Code § 81.051.
- 3. Titus has a good faith claim to drill the El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field, Loving County, Texas.
- 4. The subject well, as proposed, will prevent waste and protect correlative rights.
- 5. The requested exception to Statewide Rule 37 is unopposed and should be granted pursuant to 16 Tex. Admin Code §3.37(h)(2).

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Titus Oil & Gas Production, LLC for a permit and exception to Statewide Rule 37 to drill the El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field, Loving County, Texas is hereby **APPROVED**, subject to the conditions identified below, at the following location:

- **Surface Location:** (Off lease) 558 feet from the south survey line and 590 feet from the east survey line of Section 20, T26S-R35 East, Lea County New Mexico.
- **Penetration Point Location:** (Off lease) 100 feet from the north survey line and 330 feet from the east survey line of Section 29 T26S-R35 East, Lea County New Mexico.
- **Terminus Location:** 10 feet from the south survey and lease line and 1,912 feet from the east survey and lease line in Section 25, Bock C24, Public School Land Survey, Loving County, Texas.

As shown on Attachment A attached to this order.

CONDITIONS

The following conditions are subject to change upon further consultation with the relevant public agencies having jurisdiction over drilling, operating, and producing the subject well.

- 1. **Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas

- stating the depth to which water needs protection. Write: Railroad Commission of Texas, Groundwater Advisory Unit (GAU), P.O. Box 12967, Austin, Texas 78711-3087. File a copy of the letter with the appropriate district office.
2. **Permit at Drilling Site.** A copy of the Form W-1 (Drilling Permit Application), the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout the drilling operations.
 3. **Notification of Setting Casing.** The operator MUST call in notification to the appropriate district office a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification MUST be able to advise the district office of the docket number.
 4. **Producing Well.** Statewide Rule 16 requires that the operator submit a Form W-2 (oil well) or Form G-1 (gas well) to the appropriate Commission district office within thirty (30) days after completion of such well. Completion of the well in a field authorized by this order voids the order for all other fields included in the order unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date of this order.
 5. **Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or noncommercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).
 6. **Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.
 7. **Notification of Plugging a Dry Hole.** The operator MUST call to notify the appropriate district office a minimum of four (4) hours prior to beginning plugging operations. The individual giving notification MUST be able to advise the district office of the docket number and all water protection depths for that location as stated in the Texas Commission On Environmental Quality letter.
 8. **Plugged Wells.** Should this well ever be plugged and abandoned, the Commission will consider such plugging and abandonment as prima facie

evidence that production from said well is no longer necessary to prevent confiscation of applicant's property or to prevent waste; and upon such plugging and abandonment, the authority for such well as granted under this permit shall cease.

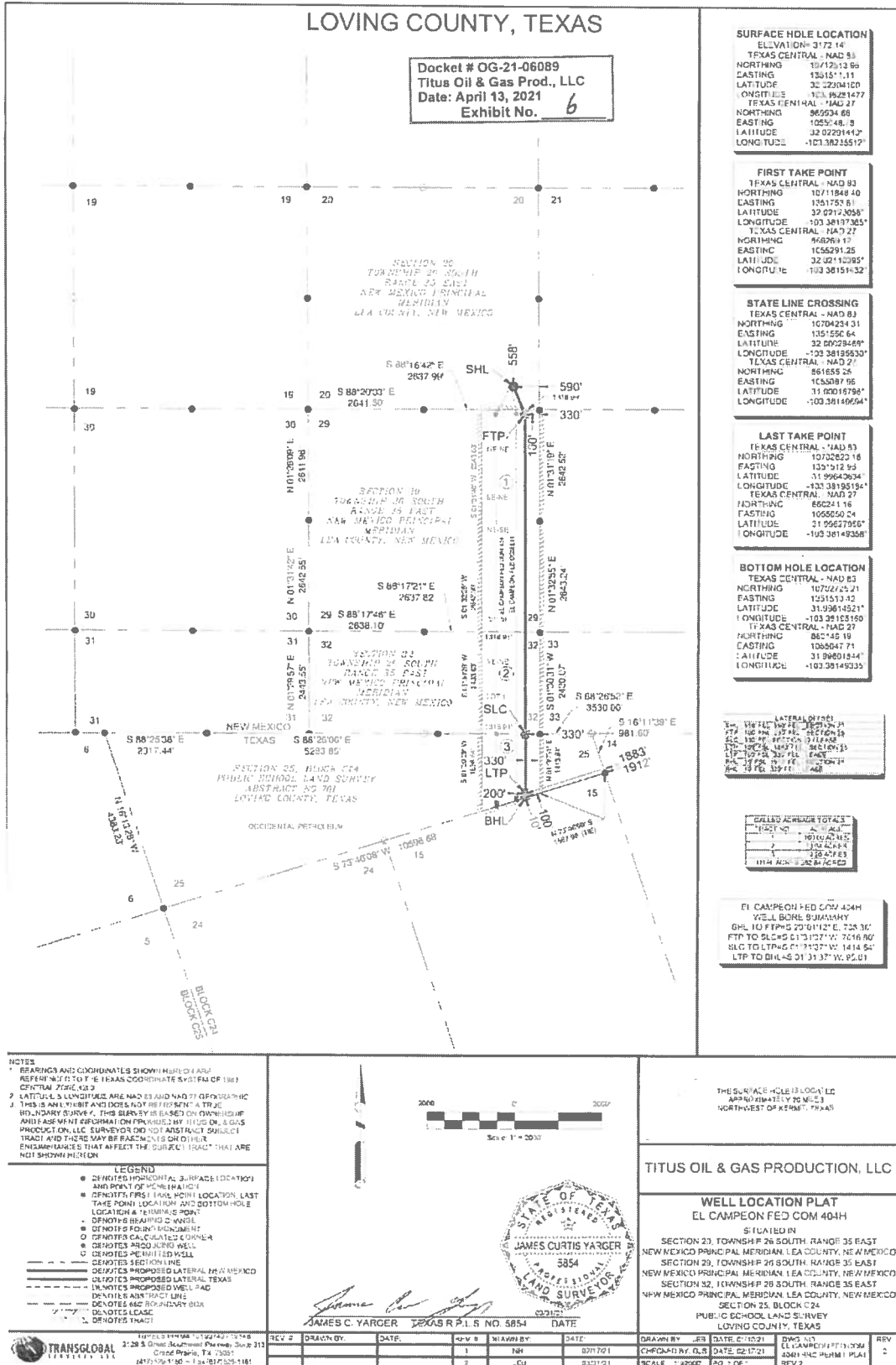
9. **Permit Expiration.** This permit expires two (2) years from the date this order becomes administratively final unless actual drilling operations have begun. The permit period will not be extended.
10. **Acreage Designation.** The applicable sections of Form P-16 (relating to Acreage Designation) will capture only acreage that is being assigned to the well from tracts in Texas. The total acreage being assigned to the well from New Mexico tracts and Texas tracts will be provided in the "Remarks" section of P-16.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code § 2001.142, by agreement under Tex. Gov't Code § 2001.147, or by written Commission order issued pursuant to Tex. Gov't Code § 2001.146(e). If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 100 days from the date the parties are notified of this order in accordance with Tex. Gov't Code § 2001.144.

Signed August 24, 2021.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated August 24, 2021)**

Attachment A



**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

HEARINGS DIVISION'S UNPROTESTED MASTER ORDER

August 24, 2021

At a public conference held at its offices in Austin, Texas, the Commission finds that after statutory notice, the below referenced proceedings were heard by the examiners and that no party appeared in protest to the requested relief. The Final Orders for each of the below referenced dockets are incorporated by reference into this order, and by signing this Master Order, the Commission approves each of the Final Orders and adopts the provisions contained therein.

ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Amend Field Rules:</u>				
8.	OG-21-00005149 John Moore Kristi M. Reeve	Assent Energy Partners, LLC (Operator No. 035486)	Short Grass Prairie (Cong) Field, Hardeman County, Texas; District 09.	Approve the application.
<u>Statewide Rule 32:</u>				
9.	OG-20-00004502 Ashley Correll Ezra A. Johnson	Verdugo-Pablo Energy, LLC (Operator No. 884574)	Connie West (71078) Lease, Vito (71072) Lease, Platang (San Andres) Field, Yoakum County, Texas; District 8A.	Grant the Exception to SWR 32.
10.	OG-21-00005539 Tariq Ali Jennifer Cook	U.S. Energy Development Corp. (Operator No. 875462)	Monte Lenoso B Pad (19738) Lease, Briscoe Ranch (Eagleford) Field, Frio County, Texas; District 01.	Grant Exception to SWR 32.
11. 12. 13. 15. 15.	OG-20-00005394 OG-20-00005395 OG-20-00005396 OG-20-00005397 OG-20-00005398 Tariq Ali Jennifer Cook	Tall City Operations III LLC (Operator No. 835518)	Various Leases, Various Wells, Hoefs T-K (Wolfcamp) Field, Phantom (Wolfcamp) Field, Reeves County, Texas; District 08.	Grant Exception to SWR 32.
16.	OG-20-00004950 John Moore Jennifer Cook	XTO Energy Inc. (Operator No. (945936)	University Blk 20/21 CTB, Commingle Permit 08-6786, Two Georges (Bone Spring) Field, Winkler County, Texas; District 08.	Grant Exception to SWR 32.
17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33.	OG-20-00002543 OG-20-00002549 OG-20-00002878 OG-20-00002879 OG-20-00002882 OG-20-00002884 OG-20-00002885 OG-20-00002893 OG-20-00002894 OG-20-00002895 OG-20-00002896 OG-20-00002897 OG-20-00002898 OG-20-00002899 OG-20-00002900 OG-20-00002901 OG-20-00002902	Exco Operating Company, LP (Operator No. 256915)	Various Leases, Various Wells, Briscoe Ranch (Eagleford) Field, Dimmit and Zavala Counties, Texas; District 01.	Grant Exception to SWR 32.

HEARINGS DIVISION'S UNPROTESTED MASTER ORDER
August 24, 2021 CONFERENCE
PAGE 2

ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
Statewide Rule 32 (Continued):				
34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67.	OG-20-00002903 OG-20-00002904 OG-20-00002905 OG-20-00002906 OG-20-00002907 OG-20-00002908 OG-20-00002909 OG-20-00002910 OG-20-00002911 OG-20-00002912 OG-20-00002913 OG-20-00002914 OG-20-00002915 OG-20-00002916 OG-20-00002917 OG-20-00002920 OG-20-00002921 OG-20-00002922 OG-20-00002923 OG-20-00002924 OG-20-00002925 OG-20-00002926 OG-20-00002927 OG-20-00002928 OG-20-00002929 OG-20-00002930 OG-20-00002931 OG-20-00002932 OG-20-00002933 OG-20-00002934 OG-20-00002935 OG-20-00002936 OG-20-00002937 OG-20-00003312 John Moore Jennifer Cook	Exco Operating Company, LP (Operator No. 256915) - Continued	Various Leases, Various Wells, Briscoe Ranch (Eagleford) Field, Dimmit and Zavala Counties, Texas; District 01.	Grant Exception to SWR 32.
68.	OG-20-00004861 Petar Buva Kristi M. Reeve	ER Operating Company (Operator No. 238075)	Googins 249 (71606) Lease, Platang (San Andres) Field, Yoakum County, Texas; District 8A.	Grant Exception to SWR 32.
Statewide Rule 36 and 46:				
69.	OG-21-00005811 Austin Gaskamp Kristi M. Reeve	James Lake Midstream LLC (Operator No. 429665)	James Lake Injection (45572) Lease, Well No. 1, Goldsmith (Ellenburger) Field, Ector County, Texas; District 08.	Find that James Lake Midstream, LLC has met the requirements of Statewide Rule 36 and remand the application for administrative consideration.
Statewide Rule 95:				
70.	OG-21-00005946 Austin Gaskamp Ezra A. Johnson	Windland Energy, LLC (Operator No. 931601)	Notrees Storage Unit Lease, Well Nos. 1, 2, and 3, Salado (Storage) Field, Ector County, Texas; District 08.	Approve the Application.

**HEARINGS DIVISION'S UNPROTESTED MASTER ORDER
August 24, 2021 CONFERENCE
PAGE 3**

ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Unitization and Secondary Recovery Authority:</u>				
71.	OG-20-00005461 John Moore Ezra A. Johnson	Prasad, Hari Production Co. (Operator No. 675948)	Fullerton East Glorieta Clearfork Unit Lease, Fullerton Field, Andrews County, Texas; District 08.	Approve the Application.
<u>Miscellaneous:</u>				
72.	OG-21-00006089 Ezra A. Johnson Austin Gaskamp	Titus Oil & Gas Production, LLC (Operator No. 800622)	El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field, Loving County, Texas; District 08.	Approve the Application.
<u>Single Signature P-4 Applications (SP4):</u>				
73.	OG-21-00006695 Kristi M. Reeve	Tesuque Oil & Gas LLC (Operator No. 844127)	Mireles, Johnnie (02996) Lease, Well No. 1, Minerva-Rockdale Field, Milam County, Texas; District 01.	Approve change of Operator from Price Operating, LLC (Operator No. 676856) to Tesuque Oil & Gas LLC.
74.	OG-21-00006856 Kristi M. Reeve	Tower Resources Inc. (Operator No. 862857)	Garrison, E.V. et al (11848) Lease, Well Nos. 2608, 2609, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2627, 2628, 2629, 2630, 2631, 2632, 2633, and 2634, Slocum Field, Anderson County, Texas.; District 06.	Approve change of Operator from Leverage Operating, LLC (Operator No. 498751) to Tower Resources Inc.
75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85.	OG-21-00006532 OG-21-00006533 OG-21-00006534 OG-21-00006550 OG-21-00006551 OG-21-00006552 OG-21-00006553 OG-21-00006554 OG-21-00006556 OG-21-00006557 OG-21-00006558 Ezra A. Johnson	Tall Dune Resources, LLC (Operator No. 835525)	Various Leases, Various Wells, Conger (Penn) Field, South (Fusselman) Field, Sterling County, Texas; District 08.	Approve change of operator from Siana Oil & Gas (Operator No. 779259) to Tall Dune Resources, LLC.
86.	OG-21-00006655 Ezra A. Johnson	Cinron Energy, LLC (Operator No. 153512)	Robinson, I. E. (03160) Lease, Well No. 1 T, Coke (Robinson) Field, Wood County, Texas; District 06.	Approve change of operator from Simples Oil International, LLC (Operator No. 784116) to Cinron Energy, LLC.

**HEARINGS DIVISION'S UNPROTESTED MASTER ORDER
August 24, 2021 CONFERENCE
PAGE 4**

IT IS ORDERED that term of each individual Final Order referenced herein shall become effective when this master order is signed. A copy of this Order shall be affixed to each individual Final Order.

Signed on August 24, 2021.

RAILROAD COMMISSION OF TEXAS

DocuSigned by:
Christi Craddick
1540487DE4CC404

CHAIRMAN CHRISTI CRADDICK

DocuSigned by:
Wayne Christian
C1C740B45416172

COMMISSIONER WAYNE CHRISTIAN

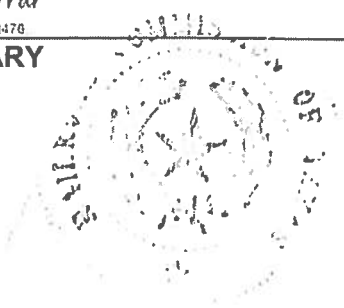
DocuSigned by:
Jim Wright
E4A23470E9F4AE

COMMISSIONER JIM WRIGHT

ATTEST:

DocuSigned by:
Callie Farrar
3581C80DFDE0478

SECRETARY



CHRISTI CRADDICK, CHAIRMAN
WAYNE CHRISTIAN, COMMISSIONER
JIM WRIGHT, COMMISSIONER



DANA AVANT LEWIS, DIRECTOR

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

August 25, 2021

To: Service List

Re: **Oil and Gas Docket No. OG-21-00006089:** REQUEST BY TITUS OIL & GAS PRODUCTION, LLC (OPERATOR NO. 800622) TO CONTEST DRILLING PERMITS UNIT DENIAL OF ADMINISTRATIVE APPROVAL FOR THE EL CAMPEON FED COM LEASE, WELL NO. 404H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS; DISTRICT 08; **Final Order**

The Railroad Commission of Texas has acted upon the above-referenced case. Please refer to the attached Final Order for the terms and date of such action. The Final Order will not be final and effective until at least 25 days after the Commission's order is signed. If a Motion for Rehearing is timely filed, the Final Order will not be final and effective until such Motion is overruled. A Motion for Rehearing should state the reasons you believe a rehearing should be granted, including any errors that you believe exist in the Commission's Final Order. If the Motion is granted, the Final Order will be set aside and the case will be subject to further action by the Commission at that time or at a later date.

To be timely, a Motion for Rehearing must be received by the Commission's Docket Services no later than 5:00 p.m. on the 25th day after the date the decision or order that is the subject of the motion was signed to one of the following addresses:

Attn: Docket Services, Hearings Division Railroad Commission of Texas William B. Travis Building, Room 12-123 1701 North Congress Avenue Austin TX 78701	or	Attn: Docket Services, Hearings Division Railroad Commission of Texas PO Box 12967 Austin TX 78711-2967
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Fax or Email transmissions will not be accepted without prior approval from the Administrative Law Judge ("ALJ"). ORIGINAL PLUS TEN copies of the Motion for Rehearing shall be submitted to the ALJ. **PLEASE DO NOT STAPLE COPIES.** In addition, if practical, parties are requested to provide the ALJ with a copy of the Motion for Rehearing in digital format. The digital format should be labeled with the docket number, the title of the document, and the format of the document.

The Railroad Commission of Texas also has a public portal system, known as the **Case Administration Service Electronic System (CASES)** where electronic filings may be filed. You may upload your filing at the following link: <http://www.rrc.texas.gov/hearings/rrc-cases/>

More information and instructions on how to use the CASES system may be found at the following link: [https://rrctx.force.com/resource/1516708830000/CASES Online Portal Training](https://rrctx.force.com/resource/1516708830000/CASES%20Online%20Portal%20Training)

EXHIBIT 4

Every pleading, plea, motion, or request filed with the Hearings Division shall conform to the requirements of 16 Tex. Admin. Code § 1.32 (Form and Content of Pleadings);

otherwise, it will not be accepted for filing by the Hearings Division. Every motion for rehearing filed with the Hearings Division **MUST** comply with 16 Tex. Admin. Code § 1.128 and must be served to all other parties indicated on the attached Service List in accordance with 16 Tex. Admin. Code § 1.45 (Service in Protested Contested Cases), either in person, by mail or courier, by fax, by e-mail with consent from the ALJ or the Hearings Division Director, or in another manner directed by the ALJ or the Hearings Division Director. At the time of filing, proof of service must include a certificate of service signed by a party or the party's attorney of record or signed and verified if the service is made by any other person. The certificate of service must be attached to the document filed with the Hearings Division.

Please refer to the commission website for more information at <http://www.rrc.texas.gov/general-counsel/rules/current-rules/>. You are responsible to serve all parties indicated on the service list. The Hearings Division will not serve ANY party for you.

Contact for Additional Information – In accordance with Tex. Gov't Code § 2001.061 and 16 Tex. Admin. Code § 1.7, ex parte communications with the Administrative Law Judges, Examiners, and Commissioners are prohibited. Any persons or entities desiring additional information may contact the Commission by writing to the Director, Hearings Division, Railroad Commission of Texas, 1701 North Congress Avenue, P. O. Box 12967, Capitol Station, Austin, Texas 78711-2967. Any persons or entities having clerical questions, such as questions regarding the number of copies of filings, the service list or reviewing the record, may contact **Megan Schimcek** at (512) 463-6793 or megan.schimcek@rrc.texas.gov.

Enclosures:
Service List
Final Order
HD Unprotested Master Order

Service List

Oil and Gas Docket No. OG-21-00006089: REQUEST BY TITUS OIL & GAS PRODUCTION, LLC (OPERATOR NO. 800622) TO CONTEST DRILLING PERMITS UNIT DENIAL OF ADMINISTRATIVE APPROVAL FOR THE EL CAMPEON FED COM LEASE, WELL NO. 404H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS; DISTRICT 08

Via First-Class Mail and Email

George C. Neale
Attorney for Titus Oil & Gas
George C. Neale, Attorneys at Law
PO Box 1945
Austin TX 78767

New Mexico Taxation & Revenue Department
1100 South St. Francis Drive
Santa Fe, NM 87504

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

Via First-Class Mail

Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, Texas 78711-3528

Via Email

Todd W. Spake
Clark H. Rucker
P. Taylor Spalla
Attorneys for Pegasus Resources, LLC; Chisos Minerals, LLC and Fortis Minerals II, LLC
Kelly Hart & Hallman LLP
201 Main St Ste 2500
Fort Worth TX 76102

New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505


New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Via Intra-Agency Email

RRC District Office 08 - Midland
Joe Stasulli/Sharon Frischen/Zachary Adkins – RRC Austin, Well Compliance
David Cooney – RRC Austin, Office of General Counsel
Alex Schoch – RRC Austin, Office of General Counsel
Lorenzo Garza – RRC Austin, Drilling Permits
Diana A. Lopez – RRC Austin, Drilling Permits
Christopher Houston – RRC Austin, Drilling Permits
Docket Services – RRC Austin

Bureau of Land Management,
New Mexico State Office, Minerals Division
301 Dinosaur Trail
Santa Fe, NM 87508

Bureau of Land Management
414 W. Taylor
Hobbs, NM 88240-1157


Megan Schimcek, Hearings Division
Railroad Commission of Texas

16 TEX. ADMIN. CODE § 1.7 (Ex Parte Communications):

- (a) *Ex parte communications are prohibited in contested cases as provided in the APA and other applicable rules including the Texas Disciplinary Rules of Professional Conduct.*
- (b) *Each party shall provide all other parties with a copy of all documents submitted to an examiner.*
 - (1) *The attachment of a certificate of service stating that a document was served on a party creates a rebuttable presumption that the named party was provided a copy.*
 - (2) *Failure to provide a copy to all other parties may result in rejection and return of the document without consideration.*

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 867822	DATE PERMIT ISSUED OR AMENDED Aug 26, 2021	DISTRICT * 08		
API NUMBER 42-301-35346	FORM W-1 RECEIVED Feb 22, 2021	COUNTY LOVING		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 282.84		
OPERATOR TITUS OIL & GAS PRODUCTION, LLC 420 THROCKMORTON ST., STE 1150 FORT WORTH, TX 76102-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581		
LEASE NAME EL CAMPEON FED COM		WELL NUMBER 404H		
LOCATION 20 miles NW direction from KERMIT		TOTAL DEPTH 12581		
Section, Block and/or Survey SECTION <input type="checkbox"/> BLOCK <input type="checkbox"/> ABSTRACT <input type="checkbox"/> SURVEY <input checked="" type="checkbox"/> NEW MEXICO PRINCIPAL MERIDIAN S20 T26S R35E				
DISTANCE TO SURVEY LINES 558 ft. SOUTH 590 ft. EAST		DISTANCE TO NEAREST LEASE LINE ft.		
DISTANCE TO LEASE LINES 558 ft. SOUTH 590 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below		
FIELD(s) and LIMITATIONS: <p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) ** CASE NO. 0331209</p>				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE	WELL # NEAREST WE	DIST ---
** PHANTOM (WOLFCAMP) EL CAMPEON FED COM	282.84	12,581	404H 0	08
----- WELLBORE PROFILE(s) FOR FIELD: Horizontal -----				
RESTRICTIONS: This well is being permitted as a 282.84 acre allocation unit. This well traverses the New Mexico and Texas state line. The acreage that will be produced in Texas will be 49.20 acres. No more than 49.20 acres can be assigned from the tract in Texas. This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production.				
Lateral: TH1 Penetration Point Location Lease Lines: 100.0 F NORTH L 330.0 F EAST L Terminus Location BH County: LOVING Section: 25 Block: C24 Abstract: 701 Survey: PSL/ RUSSELL, W B Lease Lines: 10.0 F SOUTH L 330.0 F EAST L Survey Lines: 10.0 F SOUTH L 1912.0 F EAST L				

EXHIBIT 5

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 867822	DATE PERMIT ISSUED OR AMENDED Aug 26, 2021	DISTRICT * 08
API NUMBER 42-301-35346	FORM W-1 RECEIVED Feb 22, 2021	COUNTY LOVING
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 282.84
OPERATOR TITUS OIL & GAS PRODUCTION, LLC 420 THROCKMORTON ST., STE 1150 FORT WORTH, TX 76102-0000	880622	NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME EL CAMPEON FED COM	WELL NUMBER 404H	
LOCATION 20 miles NW direction from KERMIT	TOTAL DEPTH 12581	
Section, Block and/or Survey SECTION ← BLOCK ← ABSTRACT ← SURVEY ← NEW MEXICO PRINCIPAL MERIDIAN S20 T26S R35E		
DISTANCE TO SURVEY LINES 558 ft. SOUTH 590 ft. EAST	DISTANCE TO NEAREST LEASE LINE ft.	
DISTANCE TO LEASE LINES 558 ft. SOUTH 590 ft. EAST	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below	
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) ** CASE NO. 0331209		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH WELL # NEAREST WE
DIST		
'**' PRECEDING FIELD NAME INDICATES RULE (R37)		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.		

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

LOVING (301) County

Formation	Remarks	Geological Order	Effective Date
RED BLUFF		1	02/09/2020
DELAWARE		2	02/09/2020
BELL CANYON		3	02/09/2020
CHERRY CANYON		4	02/09/2020
BRUSHY CANYON		5	02/09/2020
BONE SPRING		6	02/09/2020
WOLFCAMP		7	02/09/2020
PENNSYLVANIAN		8	02/09/2020
STRAWN		9	02/09/2020
ATOKA	high pressure	10	02/09/2020
MORROW		11	02/09/2020
DEVONIAN		12	02/09/2020
FUSSELMAN		13	02/09/2020
ELLENBURGER		14	02/09/2020
PRECAMBRIAN (UNDIFFERENTIATED)		15	02/09/2020

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. The listing order of the Formation information reflects the general stratigraphic order and relative geologic age. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

Railroad Commission of Texas

PERMIT TO DRILL, RE-COMplete, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

CONDITIONS AND INSTRUCTIONS

Permit Invalidation. It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

Notice Requirements. Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

Permit expiration. This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

Drilling Permit Number. The drilling permit number shown on the permit MUST be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

Rule 37 Exception Permits. This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

Before Drilling

Fresh Water Sand Protection. The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection, Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

Accessing the Well Site. If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

Water Transport to Well Site. If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

*NOTIFICATION

The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

During Drilling

Permit at Drilling Site. A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

***Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown the on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

***Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

Completion and Plugging Reports

Hydraulic Fracture Stimulation using Diesel Fuel: Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground Injection" to *EXCLUDE* " ...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

Producing Well. Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within ninety (90) days after completion of the well or within one hundred and fifty (150) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s or P-16s (if required) or a lease plat and P-16 must be submitted with no double assignment of acreage unless authorized by rule.

Dry or Noncommercial Hole. Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

Intention to Plug. The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

***Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Groundwater Advisory Unit letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE
(512) 463-6751

MAIL:
PO Box 12967
Austin, Texas, 78711-2967

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. 21872

SUPPLEMENTAL AFFIDAVIT OF LANDMAN WALTER JONES

I, being duly sworn on oath, state the following:

1. I am a landman employed as Vice President of Land with Titus Oil & Gas Production, LLC (“Titus”), and I am familiar with the subject application and the lands involved.

2. I previously submitted an affidavit and exhibits, and testified at hearing, in connection with the filing of the above-referenced application, pursuant to 19.15.4 NMAC and the public health emergency protocols implemented by the Division for virtual hearings.

3. The purpose of this supplemental affidavit is to explain the investigation and research that I have recently conducted regarding interstate wells drilled between other states.

4. On August 27, 2021, I spoke with Taylor Brewer, Assistant Chief over Permitting with the West Virginia Department of Environmental Protection Office of Oil and Gas (“WVDEP Office of Oil and Gas”), regarding interstate wells drilled in Pennsylvania into West Virginia. Mr. Brewer spoke with me about how West Virginia has handled permitting wells drilled across its state line. He said attempts were made by the WVDEP to enter into an agreement with the Pennsylvania Department of Environmental Protection (PADEP), but an agreement was not reached. Alternatively, WVDEP enters into a memorandum of understanding with the operator of the state line crossing well. He noted that operators are allowed to drill future state line crossing wells under the terms of the initial memorandum of understanding. Mr. Brewer also provided me

EXHIBIT 6

with a memorandum of understanding that the WVDEP Office of Oil and Gas entered into with EQT Production Company, an operator that drilled an interstate well into West Virginia. *See* Exhibit A, attached hereto. For further information, Mr. Brewer can be reached at the WVDEP Office of Oil and Gas, 601 57th Street, SE, Charleston, WV 24304, 304-926-0499 ext. 41108, charles.t.brewer@wv.gov.

5. In speaking with Mr. Brewer, I also learned that the permitting occurs in the state in which the well is drilled. In the case of the interstate wells drilled into West Virginia, the permitting state is Pennsylvania. From <https://gis.dep.pa.gov/PaOilAndGasMapping/OilGasWellsStrayGasMap.html>, I obtained a permit of an interstate well drilled in Pennsylvania into West Virginia by EQT Production Company, Permit Number 37-059-28095, Farm Name & Well Number Soles 4H (“PA/WV Interstate Well”). *See* Exhibit B, attached hereto. Using file “Soles 4H_FINAL DWG 11.5.2020.dwg” available on the above GIS map, Titus created a plat depicting the location of the PA/WV Interstate Well, which is attached hereto as Exhibit C.

6. Using the last eight digits of the permit number, *see supra* ¶ 4, additional data regarding the PA/VW Interstate Well, can be obtained through the Pennsylvania Department of Environmental Protection website. *See* <https://www.dep.pa.gov/DataandTools/Reports/Oil%20and%20Gas%20Reports/pages/default.aspx> (last visited Aug. 31, 2001).

7. In addition, I communicated by voicemail with Melissa Visnikar who is employed at the Pennsylvania Oil and Gas Management section. She informed me that when a well is being drilled from Pennsylvania into an adjoining state, Pennsylvania notifies the adjoining state that the well will be penetrating the adjoining state by reference to the pertinent application and

plat. Likewise, when a well penetrates Pennsylvania from an adjoining state, the state in which the well is being drilled shares information with Pennsylvania in the same manner. Ms. Visnikar can be reached at (412) 442-4008..

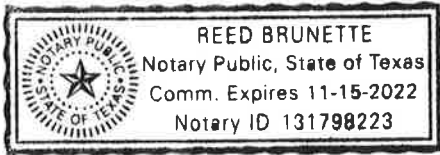
8. In light of the RRC's recent order and approved permit, it is Titus' understanding that Texas requests, but does not require a memorandum of understanding with New Mexico prior to issuing future state line crossing well approvals. A future memorandum of understanding would be for the purpose of guidance for similar wells that may be proposed in the future. Titus has been advised by the RRC that they would likely administratively approve future state line crossings for similar wells in Section 25, Block C24 of Loving County, NM and those applications will not necessarily need to be referred to the RRC for hearing going forward.

FURTHER AFFIANT SAYETH NAUGHT

Walter R. Jones
Walter Jones

STATE OF TEXAS)
)ss
COUNTY OF TARRANT)

Subscribed to and sworn before me this 1st day of September, 2021.



Reed Brunette
Notary Public

My Commission expires 11-15-2022.

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, THE
WEST VIRGINIA OIL AND GAS CONSERVATION COMMISSION, AND
EQT PRODUCTION COMPANY**

This Memorandum of Understanding (“MOU”) is established and entered into by the West Virginia Department of Environmental Protection Office of Oil and Gas (“OOG”), the West Virginia Oil and Gas Conservation Commission (“the Commission”), and EQT Production Company (“EQT”). This MOU is effective as of September 21, 2020.

PARTIES

OOG is the West Virginia agency with the duty and authority to administer West Virginia statutes and rules related to oil and gas drilling.

The Commission is the West Virginia agency responsible for matters relating to the exploration for or production of oil and gas from deep wells.

EQT is an oil and gas exploration and production company that drills and operates wells in the Appalachian Basin.

PURPOSE

This MOU establishes a coordinated relationship between OOG, the Commission, and EQT to address oil and gas drilling and production practices that involve wellbores initiated in Pennsylvania and drilled into West Virginia (each a “Well” and, collectively, the “Wells”). This MOU serves the mutual interests of OOG, the Commission, EQT, and the citizens of West Virginia by establishing a clear and predictable regulatory framework through which EQT can drill and operate its Wells and by protecting the health and safety of the citizens and the natural resources of West Virginia.

EXHIBIT A

AGREEMENT

As to the portion of each Well located in West Virginia, OOG and the Commission shall administer oil and gas drilling in the following manner:

EQT agrees to register as a well operator in West Virginia, and for each permit to drill (as denominated in Pennsylvania pursuant to Pennsylvania law) for construction and drilling of a well in Pennsylvania that will reach into West Virginia, EQT agrees to:

1. Provide to OOG a complete copy of the permit application submitted to the Pennsylvania Department of Environmental Protection ("PA DEP");
2. Provide to OOG a completed copy of Form WW-6B (Well Work Permit Application); provided that EQT shall not be required to submit information pertaining to items 3 [Farm Name/Surface Owner & Public Road Access], 4 [Elevation, current ground & Elevation, proposed post-construction], 6 [Existing Pad], 21 [Total Area to be disturbed] and 22 [Area to be disturbed for well pad only];
3. Provide to OOG either (i) a copy of the lease or leases or other continuing contract or contracts by which EQT has the right to extract, produce or market the oil or gas or (ii) a completed copy of Form WW-6A1; provided, that EQT shall not be required to provide any leasehold information for acreage located in Pennsylvania;
4. Provide to OOG a copy of the permit granted and under which the operator will perform work;
5. Provide to OOG a plat required under W.Va. Code of St. R. 35-8-6;
6. Provide to OOG an as-drilled plat;

7. Provide to OOG the report required under W.Va. Code of St. R. 35-8-5.11 [area of review];
8. Provide to OOG the notice required under W.Va. Code of St. R. 35-8-9.3 [fracture propagation]; and
9. Provide to OOG the information contained in W.Va. Code of St. R. 35-8-5.7.c.7 [well site safety plan for collision avoidance].

If the Well is considered a “deep well” pursuant to West Virginia Code §§ 22-6-2(g) and 22C-9-2(a)(12), then EQT shall also comply with the provisions of West Virginia Code § 22C-9-1, *et seq.*, by applying for and obtaining approval from the Commission for the Well; provided that EQT shall not be required to obtain and submit a certificate of consent and easement from the owners of the surface as required under § 39-1-4.4.a. of the Rules of the Commission.

OOG, the Commission, and EQT agree that (i) OOG and the Commission do not have the jurisdiction or authority to regulate oil and gas drilling in the Commonwealth of Pennsylvania, (ii) the portion of each Well located in Pennsylvania shall be governed solely by the statutes and rules in effect in Pennsylvania, (iii) the PA DEP is the sole agency with the duty and authority to administer Pennsylvania statutes and rules related to oil and gas drilling, (iv) EQT shall not be required to comply with any West Virginia statutes or rules with respect to the portion of each Well located in Pennsylvania, and (v) EQT shall not be subject to West Virginia statutes or rules that govern, or required to submit plans, reports or documentation relating to, surface disturbance or activity so long as all such surface disturbance and activities occur solely within the Commonwealth of Pennsylvania.

This MOU may be terminated by OOG, the Commission, or EQT on six months written notice. Notice of Termination and all other communications about this MOU shall be addressed as follows:

Director
Office of Oil and Gas
West Virginia Department of Environmental Protection
601 57th St., S.E.
Charleston, WV 25304
304-926-0450
304-926-0452 (facsimile)

WV Oil and Gas Conservation Commission
601 57th Street, SE
Charleston, WV 25304
304-926-0499 x 1274
304-926-0452 (facsimile)

John Zavatchan
Project Specialist – Permitting
EQT Production Company
400 Woodcliff Drive
Canonsburg, PA 15317
724-746-9073
724-745-2418
jzavatchan@eqt.com

This MOU constitutes the sole and entire agreement of the OOG, the Commission, and EQT with respect to the subject matter of this MOU, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to the subject matter hereof.

By mutual consent, all parties agree that this MOU is effective on the date specified on the face of this document and that the signatories below have authority to enter into this MOU.

This MOU may be executed in counterparts, both of which when so executed and delivered shall be deemed to be an original, but both such counterparts together shall constitute one and the same agreement. Delivery of any executed counterpart of a signature page of this MOU by

facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this MOU.



Austin Caperton, Cabinet Secretary
West Virginia Department of Environmental Protection

10/16/2020

Date


[NAME], [TITLE]

West Virginia Oil and Gas Conservation Commission

10/16/20
Date


John Zavatchan, Project Specialist - Permitting
EQT Production Company

9/21/20
Date



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OIL AND GAS MANAGEMENT PROGRAM

DEP USE ONLY	
Permittee's eFACTS ID 159257	Auth ID 1246547
Watershed Name	Quality

WELL PERMIT

Permittee CNX GAS COMPANY, LLC		OGO.# OGO-37312	Permit Number 37-059-27739-00-00	Date Issued 10/31/2018
Address 1000 CONSOL ENERGY DRIVE		Farm Name & Well Number CNX RHL4NHSU		Well Serial # PA0592128HS UT
ATTN: PERMITTING		Municipality Richhill Twp	County Greene	
CANONSBURG, PA 15317		7½' Quadrangle Name Wind Ridge		Map Section # 7
Phone (724) 485-3646	Project #	Latitude 39-54-48.3048	Longitude -80-29-50.9604	
Surf Elev at Site 1216 feet	Anticipated Maximum TVD 11942 feet	Well Type GS	Offset distances referenced to NE corner of map section. South 1184 feet West 10984 feet	

This permit covering the well operator and well location shown above is evidence of permission granted to conduct activities in accordance with the Oil and Gas Act and the Oil and Gas Conservation Law, if the well is subject to that act and any rules and regulations promulgated thereunder, subject to the conditions contained herein and in accordance with the application submitted for this permit. This permit does not convey any property rights.

This permit and the permittee's authority to conduct the activities authorized by this permit are conditioned upon operator's compliance with applicable law and regulations.

Notification must be given to the district oil and gas inspector, the surface landowner and political subdivision of the date well drilling will begin at least 24 hours prior to commencement of drilling activities.

The permittee hereby authorizes and consents to allow, without delay, employees or agents of the Department to have access to and to inspect all areas upon presentation of appropriate credentials, without advance notice or a search warrant. This includes any property, facility, operation or activity governed by the Oil and Gas Act, the Oil and Gas Conservation Law, the Coal and Gas Resource Coordination Act and other statutes applicable to oil and gas activities administered by the Department. The authorization and consent shall include consent to the Department to collect samples of wastewaters or gases, to take photographs, to perform measurements, surveys, and other tests, to inspect any monitoring equipment, to inspect the methods of operation and disposal, and to inspect and copy documents required by the Department to be maintained. The authorization and consent includes consent to the Department to examine books, papers, and records pertinent to any matter under investigation pursuant to the Oil and Gas Act or pertinent to a determination of whether the operator is in compliance with the above referenced statutes. This condition in no way limits any other powers granted to the Department under the Oil and Gas Act and other statutes, rules and regulations applicable to these activities as administered by the Department.

This permit does not relieve the operator from the obligation to comply with the Clean Streams Law and all statutes, rules and regulations administered by the Department.

Special Permit Conditions:

The Operator shall run a complete angular deviation survey of the intentionally deviated well and submit it to the Department with the other information required in the Well Record. The deviation survey is to be obtained by a responsible well surveying company and shall include a well location plat and vertical section of the borehole as drilled that shows comparison to the well location plat and vertical section as permitted.

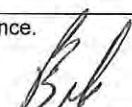
The permittee shall not withdraw or use water from water sources within the Commonwealth of Pennsylvania to hydraulically fracture an unconventional formation unless the permittee does so in accordance with a Water Management Plan approved by the Department.

Any dam embankment utilized to impound freshwater or other fluids approved by the Department associated with drilling and hydraulic fracturing not requiring a permit pursuant to 25 Pa. Code Chapter 105 will be constructed in accordance with Department guidelines 5500-PM-OG0085 entitled, "Design, construction and maintenance standards for dam embankments associated with impoundments for oil and gas wells."

The permittee shall implement the measures outlined in their June 2016 Indiana Bat Conservation Plan, including a commitment to remove trees between October 1 and March 31, the installation of 8 rocket bat boxes, and other specific measures to reduce the short term and long term effects of the project on Indiana Bats.

NOTE: WELL IS LOCATED WITHIN THE OUTSIDE COAL BOUNDARIES OF THE BAILEY COAL MINE.

This permit expires **10/31/2019** unless drilling is commenced on or before that date and prosecuted with due diligence.


Regional Oil and Gas Program Manager

JOEL M KELLER

25 TECHNOLOGY DRIVE
COAL CENTER, PA 15423

724-769-1052

Oil & Gas Inspector

Address

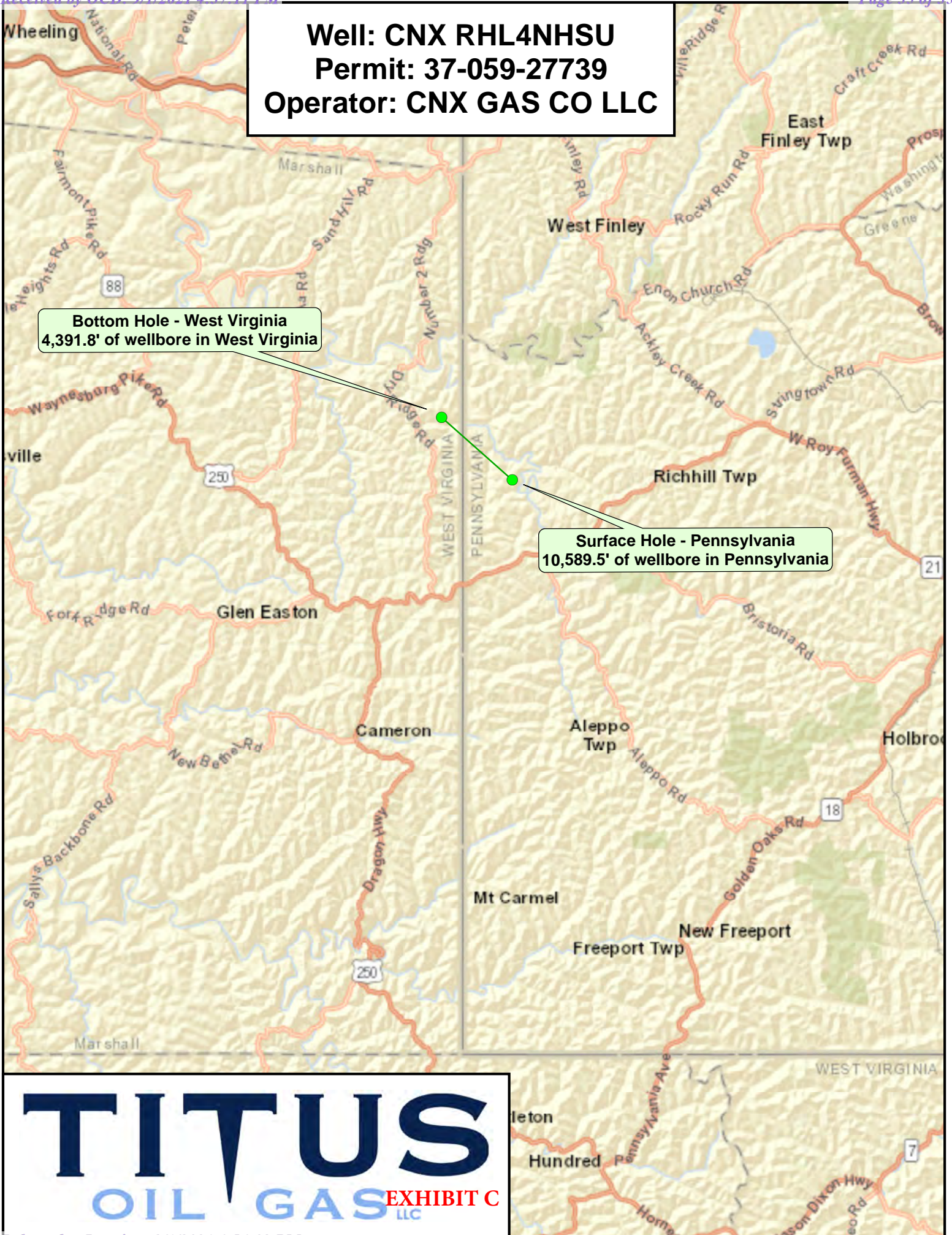
Phone Number

EXHIBIT B

Well: CNX RHL4NHSU
Permit: 37-059-27739
Operator: CNX GAS CO LLC

Bottom Hole - West Virginia
4,391.8' of wellbore in West Virginia

Surface Hole - Pennsylvania
10,589.5' of wellbore in Pennsylvania



TIVUS
OIL GAS EXHIBIT C
llc

22.

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. 21872

BRIEF IN SUPPORT OF APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC

PEGASUS RESOURCES, LLC, FORTIS MINERALS II, LLC, and SANTA ELENA MINERALS IV, LP (collectively, “*Pegasus*”), file this Brief in Support of Application of Titus Oil & Gas Production, LLC (“*Titus*”) for Approval of Production Allocation, Lea County, New Mexico (“*Application*”), and in support thereof, would respectfully show the New Mexico Oil Conservation Division (the “*OCD*”) the following:

I. INTEREST OF PEGASUS

Pegasus supports Titus’s Application for an Order approving the production allocation for the El Campeon Fed Com 404H well, to be located in Lea County, New Mexico and Loving County, Texas (the “*Subject Well*”).¹ Pegasus and its affiliated entities own 181 net royalty acres in the New Mexico portion of Titus’s proposed Drilling Program Area (defined below) and 434

¹ The Subject Well will be producing from the Wolfcamp Formation (WC-025 G-09 S263619C; Wolfcamp [9982340] / Phantom; Wolfcamp [Texas Field No. 71052900]), from a standard 280 acre horizontal spacing and proration unit comprised of the E/2 E/2 of Section 29 and the NE/4 NE/4 & Lot 1 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, and Lot 1 of irregular Section 25, Block C24, in Loving County, Texas. *See* Application.

net royalty acres across the entirety of the proposed Drilling Program Area when including its Texas holdings.²

Pegasus understands that the Application is limited to the Subject Well and its proposed allocation unit. Pegasus does not hold any mineral or royalty interests in the New Mexico portion of that allocation unit. Pegasus and its affiliates do, however, own significant mineral and royalty interests in the Texas portion of the proposed unit that will be adversely affected by the desertion of those mineral and royalty interests, which can only be economically developed if the Application is approved. More importantly, the Subject Well is the first of a proposed multi-well Drilling Program (defined below) in which Pegasus owns substantial New Mexico mineral and royalty interests that will be fully and commercially developed if the Application is approved.³

Absent the OCD's approval of the Application, Pegasus (and other similarly situated royalty owners, including the State of New Mexico and the Bureau of Land Management ("*BLM*")⁴) will be denied substantial oil and gas royalties.

II. THE APPLICATION

The Subject Well is unique because its drill site will be located in Lea County, New Mexico, but the horizontal wellbore will be drilled and completed in both New Mexico and Texas. Specifically, the completed horizontal wellbore will run North to South with take points

² Pegasus and its affiliated entities collectively own over 27,013 net royalty acres across the State of New Mexico. See Exhibit A, at ¶ 3 (Declaration of George M. Young, Jr.).

³ As noted by Titus, if the OCD does not approve the Application and the proposed Drilling Program to authorize drilling and completion across the state line into Section 25 - TX, Titus must necessarily drill fewer wells, as the economics only support the drilling and completion of approximately 14 New Mexico-only short lateral wells. This 50% reduction in development will undoubtedly result in waste, as recoverable hydrocarbons will be stranded. See Exhibit B, e.g., at 35:15–25, 45:11–25, 46:1–22 (Transcript from NM Hearing (excerpts only)).

⁴ See *id.* at 12:11–19.

in Sections 29 and 32, T-26-S, R-35-E, Lea County, New Mexico (“**Sections 29 and 32 - NM**”) as well as Section 25, Block C24, Loving County, Texas (“**Section 25 - TX**”).⁵

The Railroad Commission of Texas (the “**RRC**”) recently approved a permit for the portion of the Subject Well traversing Section 25 - TX pursuant to that Final Order dated August 25, 2021.⁶ With this Final Order of the RRC, the OCD is the primary remaining regulatory approval needed for drilling and completing the Subject Well.⁷

A hearing on the merits of the Application was held on June 17, 2021, before Legal Examiner William Brancard and Technical Examiner Leonard Lowe (the “**NM Hearing**”).⁸ Mr. Eric Ames represented the OCD at the NM Hearing. Other than noting the need for a memorandum of understanding between the OCD and the RRC concerning the unique nature of the Subject Well (“**MOU**”), the OCD did not express any fundamental objections to issuance of the Application.⁹ Pegasus therefore believes that the Application is ripe for approval.

III. ARGUMENT AND AUTHORITIES

A. Summary of Argument.

Pegasus is uniquely positioned as a royalty owner in both the New Mexico and Texas portions of Titus’s planned drilling program consisting of over 20 proposed wells (the “**Drilling Program**”), all of which would be drilled from a surface location in New Mexico and developed from horizontal wellbores drilled and completed in Sections 29 and 32 - NM or Sections 30 and

⁵ See Exhibit C (Plat).

⁶ See Exhibit D (Final Order of RRC).

⁷ See generally Titus’s Second Status Report and Request for Order of Approval (the “**Status Report**”).

⁸ The Examiners left the record open for further evidence. See Exhibit B, at 72:10–13 (Transcript from NM Hearing (excerpts only)).

⁹ See *id.* at 63:16–25, 64:1–15, 64:16–17 (“[A]t this point in time[,] OCD believes that an MOU will be required in order to move forward.”).

31, T-26-S, R-35-E, Lea County, New Mexico, and Section 25 - TX (the “*Drilling Program Area*”).¹⁰ The attached declaration of George M. Young, Jr. and uncontroverted testimony from the NM Hearing reveal the economic impact of this Application on royalty owners like Pegasus and the State of New Mexico. For each well that Titus drills and completes as part of the Drilling Program, Pegasus estimates that: (i) it will receive over \$1 million per well on average by virtue of its mineral and royalty ownership in the Drilling Program Area and (ii) it is believed the State of New Mexico will receive approximately \$1 million per well on average by virtue of its ownership of 442.5 net royalty acres in the Drilling Program Area.¹¹

While this is arguably new ground for the OCD¹² and would require redundant filings by Titus in both New Mexico and Texas and coordination between the OCD and the RRC,¹³ the administrative legwork pales in comparison to the certain loss of millions of dollars of royalties to Pegasus, the State of New Mexico, the BLM, and other similarly situated royalty owners if the OCD denies the Application. The OCD’s duty to prevent waste and protect correlative rights is therefore at the core of the Application.¹⁴

¹⁰ See Exhibit A, at ¶¶ 3–6 (Declaration of George M. Young, Jr.).

¹¹ See *id.* at ¶ 7 (noting this is averaged across all wells in the Drilling Program despite Pegasus and its affiliates or State of New Mexico not owning any royalty acres under certain parts of the Drilling Program Area).

¹² The matter of drilling and completing across state lines is not new in oil and gas production in the United States, as it appears the matter has previously occurred in West Virginia and Pennsylvania. See Exhibit B, at 21:2–18, 38:8–25, 39:1–25, and 40:1–19 (Transcript from NM Hearing (excerpts only)).

¹³ It is apparent that the RRC stands ready to draft and execute an MOU based on the RRC’s swift issuance of a Final Order.

¹⁴ N.M. STAT. ANN. § 70-2-11 (“The division is hereby empowered, and it is its duty, to prevent waste prohibited by this act and to protect correlative rights, as in this act provided. To that end, the division is empowered to make and enforce rules, regulations and orders, and to do whatever may be reasonably necessary to carry out the purpose of this act, whether or not indicated or specified in any section hereof.”).

B. All of the Working Interest Owners are in Agreement as to the Development of the Subject Well.

Titus owns 100% of the leasehold underlying the wellbore of the Subject Well within the State of New Mexico (*i.e.*, Sections 29 and 32 - NM), and Oxy USA, Inc. (“**Oxy**”) owns 100% of the leasehold underlying the wellbore of the Subject Well within the State of Texas (*i.e.*, Section 25 - TX).¹⁵ Titus and Oxy have entered into a Joint Operating Agreement dated July 8, 2021 (“**JOA**”) covering the development of the Subject Well and the allocation of ownership and expenses related thereto.¹⁶

C. The Potential Loss to Royalty Owners is Significant.

Without approval of the Application, royalty owners like Pegasus and the State of New Mexico stand to lose millions in oil and gas royalties.¹⁷ Titus has testified that without approval of the Application, it may drill only half of the wells planned for the Drilling Program.¹⁸ As Titus stated at the NM Hearing:

So instead of us having to stop our perforations For [sic] our completion process, as it currently stands we would have to leave the last 100 feet of the wellbore uncompleted to stay away from -- or to observe the necessary setback per the OCD rules, so we would have to stop our lateral 100 feet from the state line, which that is State of New Mexico minerals. So that would be 100 feet of uncompleted minerals. So by way of extending the laterals, drilling across the state line, we are then able to perforate and complete and produce that additional 100 feet of state minerals.¹⁹

¹⁵ See Exhibit B, at 9:23–25, 10:1–5 (Transcript from NM Hearing (excerpts only)).

¹⁶ Pegasus understands Titus filed a copy of the executed JOA with the OCD as Supplemental Exhibit A-9 on July 9, 2021, and by email to the hearings examiner and division counsel.

¹⁷ See Exhibit A, at ¶¶ 7–9 (Declaration of George M. Young, Jr.); see also Exhibit B, at, *e.g.*, 20:20–25, 33:7–12 (Transcript from NM Hearing (excerpts only)).

¹⁸ See, *e.g.*, Exhibit B, at 27:3–7 (“Furthermore, Titus’s lease is such that longer laterals, because this is the deepest, highest-pressure part of the Delaware Basin, will increase and enhance economics, allowing for proper development and more reserve recovery.”), 27:20–24, 28:17–25, 29:1–5, 30:15–24, 35:15–25, 45:11–25, 46:1–22 (Transcript from NM Hearing (excerpts only)).

¹⁹ See *id.* at 34:13–24.

A New Mexico-only Drilling Program would necessarily result in waste and harm correlative rights, as oil and gas would be left unproduced in the Drilling Program Area, due to less wells and shorter laterals.²⁰ This in turn would result in the loss of millions of dollars to royalty owners like Pegasus and the State of New Mexico.²¹ By way of example, if Titus were to only drill 14 New Mexico wells as part of the Drilling Program due to denial of the Application, as Titus testified to at the NM Hearing, Pegasus alone would lose over \$5.6 million in royalty revenue.²²

D. All of the Hurdles to Permitting the Subject Well Will Be Borne by Titus Alone.

All of the additional regulatory hurdles associated with the Drilling Program will be borne entirely by Titus. Titus is a registered operator in both New Mexico (Operator No. 373986) and Texas (Operator No. 880622). Thus, Titus maintains bonds required by both the OCD and the RRC. Pegasus understands that Titus will permit two API numbers for reporting purposes of the Subject Well, which allows Titus to report production allocables (for purposes of taxes and royalties) to both the New Mexico portion and the Texas portion of the Subject Well.²³ All of these additional regulatory burdens fall on Titus, not the OCD or the RRC.

E. No New Environmental Hazards Arise from Granting the Application.

No new environmental hazards arise from granting the Application. It is uncontested that the OCD already issued drilling permits to Titus solely for drilling and completing oil and gas

²⁰ See *id.*

²¹ See Exhibit A, at ¶¶ 7–9 (Declaration of George M. Young, Jr.).

²² See *id.* at ¶¶ 8–9. Pegasus stands to receive \$11.2 million in royalties for the New Mexico portion of the multi-well Drilling Program if the Application is granted. If Titus were to only drill 14 New Mexico only wells if the Application is denied, Pegasus would only receive \$5.6 million in royalties.

²³ See Exhibit B, at 18:6–18 (Transcript from NM Hearing (excerpts only)).

wells in New Mexico only.²⁴ Upon the OCD granting the Application, Pegasus understands those permits would be amended to simply extend the subsurface reach of each well to the border of New Mexico and into Texas.²⁵ The Application (and the proposed Drilling Program) promotes responsible drilling and reduces environmental impact by allowing the most efficient use of pad sites to achieve the greatest amount of production.²⁶

F. The Administrative Challenges to Issuance of the Permit are Worthwhile to Avoid Eliminating Half of the Proposed Wells in the Drilling Program.

While Pegasus recognizes the uncharted waters that the Application presents, the benefit to all interested parties resulting from the OCD's approval of the Application is worth the required time and effort. The State of New Mexico stands to benefit through increased oil and gas royalties and tax collection.²⁷ New Mexico property owners (including private royalty owners) stand to benefit through increased income. And, the OCD stands to benefit by fulfilling its duties to prevent waste and protect correlative rights.²⁸ These enormous upsides are worth any increased administrative and regulatory hurdles. Furthermore, the MOU would appear to address the vast majority of those administrative and regulatory matters on the front end, resulting in minimal burden to the OCD with each successive application in the Drilling Program.

²⁴ See *id.* at 19:1–6.

²⁵ See Exhibit A, at ¶ 5 (Declaration of George M. Young, Jr.).

²⁶ Approving the Application reduces the environmental impact of the Drilling Program in New Mexico. Titus will be able to reduce the amount of wells and pads needed to fully develop the lands covered by the Drilling Program. See Exhibit B, at 20:13–19 (Transcript from NM Hearing (excerpts only)). New Mexico benefits both directly and indirectly from this reduction.

²⁷ See *id.* at 20:20–25, 33:7–12.

²⁸ See N.M. STAT. ANN. § 70-2-11.

G. Time is of the Essence.

Pegasus understands that Titus has an upcoming rig and lease deadline to begin drilling the Subject Well. It is important that the OCD approve the Application and negotiate the MOU with the RRC in a timely manner to allow Titus to maximize the benefit of the issuance of the Application by batch drilling its Drilling Program Area rather than developing it in a piecemeal fashion.²⁹ This is a win for all parties—more wells will be drilled due to the resulting economies of scale and environmental impacts will be reduced.

Obviously, long lateral wells are more economical for an operator to drill and complete than short lateral wells, and as a result, an operator will generally drill more wells in a project if it can drill those wells as long lateral wells.³⁰ Titus drilling only half of its Drilling Program as short lateral wells would be disastrous for all parties involved, especially royalty owners like Pegasus and the State of New Mexico. Pegasus therefore urges the OCD to act swiftly to ensure the OCD does not cause waste or impair correlative rights.

IV. CONCLUSION AND PRAYER

Pegasus requests the OCD (i) grant the Application, (ii) enter into an MOU with the RRC, as necessary, and (iii) award or grant such other relief as Titus and/or Pegasus may request from the OCD, at law or in equity, to which Titus and/or Pegasus is justly entitled.

{signature page to follow}

²⁹ It is Pegasus's understanding that the OCD and RRC were to coordinate preparation of the MOU directly and without the involvement of Titus. By its grant of the Final Order, it appears that the RRC is ready and willing to negotiate the MOU. Because (i) Pegasus is not privy to the communications between the RRC and OCD and (ii) there is no mention of the current status of the MOU in Titus's Status Report due to its lack of involvement in the MOU process, Pegasus is not aware of the status of the MOU, including its contents, as of the filing of this Brief.

³⁰ See, e.g., Exhibit B, at 27:3–7 (“Furthermore, Titus's lease is such that longer laterals, because this is the deepest, highest-pressure part of the Delaware Basin, will increase and enhance economics, allowing for proper development and more reserve recovery.”), 27:20–24, 28:17–25, 29:1–5, 30:15–24, 35:15–25, 45:11–25, 46:1–22 (Transcript from NM Hearing (excerpts only)).

Respectfully submitted,

/s/ Harold L. Hensley, Jr.

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**ATTORNEYS FOR PEGASUS
RESOURCES, LLC, FORTIS
MINERALS II, LLC, AND SANTA
ELENA MINERALS IV, LP**

CERTIFICATE OF SERVICE

I certify that on this 2nd day of September, 2021, a true and correct copy of the foregoing was delivered via electronic mail:

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Jesse Tremaine
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EXHIBIT A

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. 21872

DECLARATION OF GEORGE M. YOUNG, JR.

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

1. My name is George M. Young, Jr. I am over the age of twenty-one (21) and have never been convicted of a felony. I am of sound mind, fully qualified to make this declaration, and competent to testify as to the facts stated herein. I understand I am making this declaration under the penalty of perjury under the laws of the State of New Mexico. The facts stated herein are within my personal knowledge and are true and correct.

2. I am the Chief Executive Officer of Pegasus Resources, LLC, which serves as manager of Fortis Minerals II, LLC and Santa Elena Minerals IV, LP (collectively, "**Pegasus**"). I have been in the oil and gas business for more than 35 years. I have managed numerous oil and gas companies owning and operating oil and gas interests in New Mexico and Texas. I am a member of the All American Wildcatters and Fort Worth Wildcatters and serve on the Board of Advisors for the TCU Energy Institute.

3. Pegasus and its affiliates collectively own over 27,013 net royalty acres across the State of New Mexico.

4. I have reviewed the above-referenced application (the "**Application**") applied for by Titus Oil & Gas Production, LLC ("**Titus**") for an order approving the production allocation for the El Campeon Fed Com 404H Well, to be located in Lea County, New Mexico and Loving County, Texas (the "**Subject Well**"). Based on my experience and understanding of the Application, the New Mexico Oil Conservation Division (the "**OCD**") should approve the Application to prevent waste and protect correlative rights.

5. I have reviewed the multi-well drilling program proposed by Titus covering the pertinent portions of Lea County, New Mexico and Loving County, Texas (the "**Drilling Program**"), a depiction of which is attached to this declaration as Schedule I (the "**Drilling Program Area**"). I understand that Titus has existing permits for oil and gas wells in the Drilling Program Area to be drilled and completed solely in New Mexico, but upon the OCD granting this Application, Titus will amend those permits to simply extend the subsurface reach of each well to the border of New Mexico and into Texas.

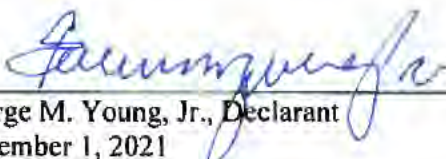
6. Pegasus and its affiliates, collectively, own approximately 181 net royalty acres in the New Mexico portion of Drilling Program Area and approximately 253 net royalty acres in the Texas portion of the Drilling Program Area.

7. Pegasus stands to gain over \$1 million per well on average by virtue of its mineral and royalty ownership in the Drilling Program Area, as supported by the Economic Summary Projections attached to this declaration as Schedule II (New Mexico portion) and III (Texas portion).

8. Pegasus stands to receive \$11.2 million in royalties for the portions of the wellbores drilled and completed in the New Mexico portion of the Drilling Program Area and \$19.6 million in royalties for the portions of the wellbores drilled and completed in the Texas portion of the Drilling Program Area.

9. I understand that if the OCD does not grant the Application, Titus may drill only half the wells in the New Mexico portion of the Drilling Program Area. In such event, Pegasus would lose over \$5.6 million in royalty revenue for the New Mexico portion of the Drilling Program Area, plus the lost royalty revenue for the Texas portion of the Drilling Program Area.

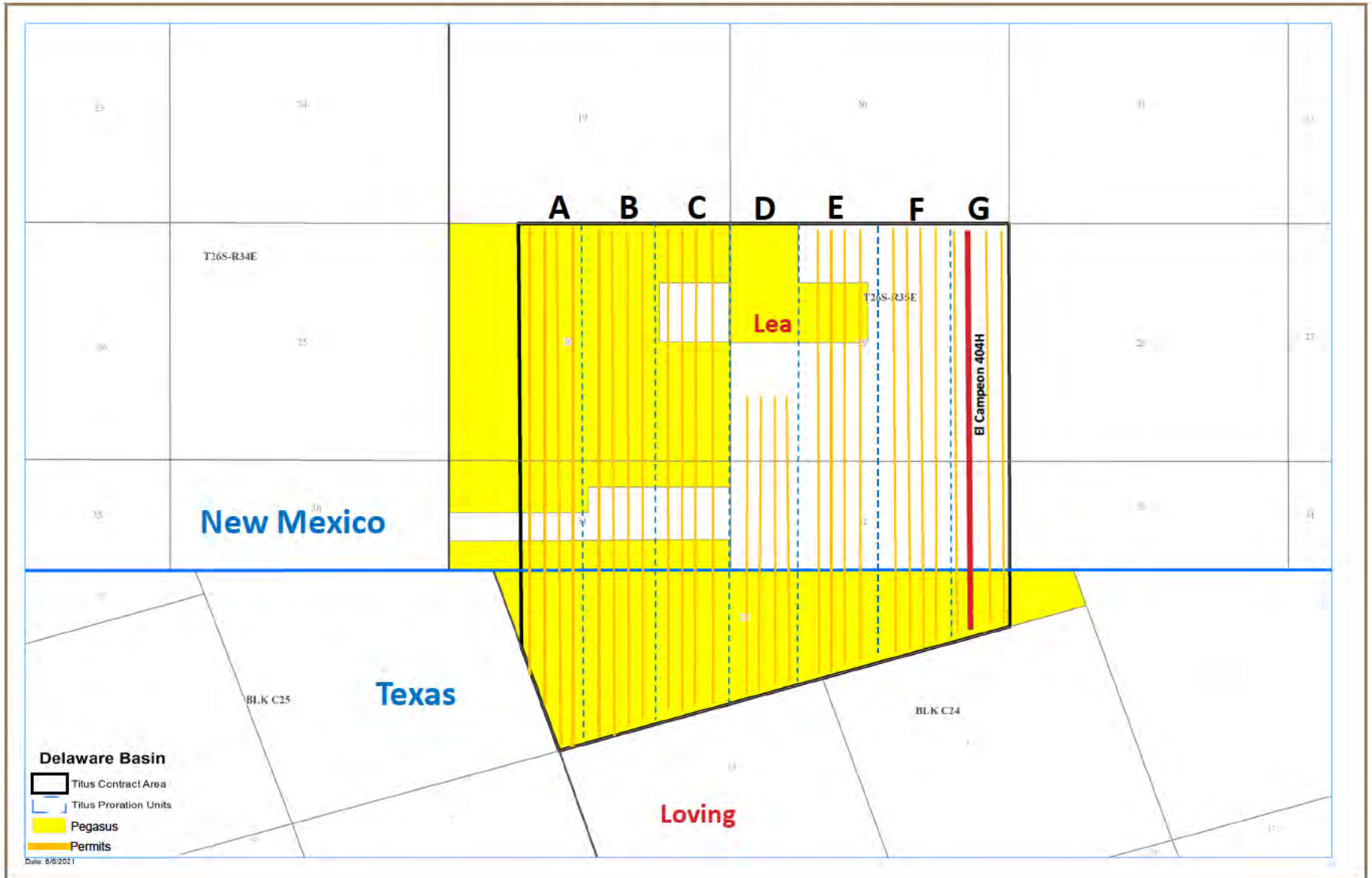
10. I urge the OCD to act swiftly by approving the Application to prevent waste and protect correlative rights.



George M. Young, Jr., Declarant
September 1, 2021

SCHEDULE I

Titus - State Line Development Plan



SCHEDULE II

Date : 08/27/2021 10:06:00AM
 Partner : All Cases

ECONOMIC SUMMARY PROJECTION

Total

C&Y Deals
 Custom Selection
 Discount Rate : 10.00
 As of : 08/01/2021

Est. Cum Oil (Mbbbl) : 0.00
 Est. Cum Gas (MMcf) : 0.00
 Est. Cum Water (Mbbbl) : 0.00

Year	Oil Gross (Mbbbl)	Gas Gross (MMcf)	Oil Net (Mbbbl)	Gas Net (MMcf)	Oil Price (\$/bbl)	Gas Price (\$/Mcf)	Oil & Gas Rev. Net (M\$)	Misc. Rev. Net (M\$)	Costs Net (M\$)	Taxes Net (M\$)	Invest. Net (M\$)	NonDisc. CF Annual (M\$)	Cum Disc. CF (M\$)	
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2022	7,082.38	11,767.16	53.91	89.56	62.30	3.50	3,671.75	0.00	0.00	446.58	0.00	3,225.17	2,974.96	
2023	3,012.85	5,940.94	22.93	45.22	57.30	3.00	1,449.61	0.00	0.00	176.41	0.00	1,273.20	4,031.58	
2024	1,992.29	4,086.68	15.16	31.10	52.30	3.00	886.37	0.00	0.00	107.96	0.00	778.42	4,615.42	
2025	1,497.99	3,129.46	11.40	23.82	52.30	3.00	667.75	0.00	0.00	81.34	0.00	586.41	5,013.25	
2026	1,209.08	2,552.84	9.20	19.43	52.30	3.00	539.58	0.00	0.00	65.73	0.00	473.85	5,304.15	
2027	1,016.97	2,162.21	7.74	16.46	52.30	3.00	454.19	0.00	0.00	55.33	0.00	398.86	5,525.75	
2028	881.79	1,884.05	6.71	14.34	52.30	3.00	394.03	0.00	0.00	48.00	0.00	346.02	5,699.73	
2029	775.86	1,663.80	5.91	12.66	52.30	3.00	346.83	0.00	0.00	42.25	0.00	304.58	5,838.33	
2030	695.12	1,494.90	5.29	11.38	52.30	3.00	310.84	0.00	0.00	37.87	0.00	272.97	5,950.76	
2031	630.24	1,358.42	4.80	10.34	52.30	3.00	281.89	0.00	0.00	34.34	0.00	247.55	6,043.06	
2032	578.41	1,249.01	4.40	9.51	52.30	3.00	258.76	0.00	0.00	31.53	0.00	227.24	6,119.74	
2033	532.11	1,150.81	4.05	8.76	52.30	3.00	238.09	0.00	0.00	29.01	0.00	209.08	6,183.60	
2034	494.16	1,070.11	3.76	8.14	52.30	3.00	221.14	0.00	0.00	26.94	0.00	194.20	6,237.30	
2035	461.48	1,000.45	3.51	7.61	52.30	3.00	206.54	0.00	0.00	25.17	0.00	181.38	6,282.69	
Rem.	6,421.90	13,932.84	48.88	106.04	52.30	3.00	2,874.46	0.00	0.00	350.23	0.00	2,524.23	257.94	
Total	50.0	27,282.66	54,443.69	207.65	414.38	55.45	3.11	12,801.85	0.00	0.00	1,558.69	0.00	11,243.16	6,540.63
Ult.	27,282.66	54,443.69												

Eco. Indicators

Return on Investment (disc) : 0.000
 Return on Investment (undisc) : 0.000
 Years to Payout : 0.00
 Internal Rate of Return (%) : 0.00

Present Worth Profile (M\$)

PW 0.00% :	11,243.16	PW 12.00% :	6,128.45
PW 5.00% :	8,048.39	PW 15.00% :	5,625.11
PW 8.00% :	7,041.13	PW 20.00% :	4,984.58
PW 9.00% :	6,777.86	PW 25.00% :	4,497.97
PW 10.00% :	6,540.63	PW 30.00% :	4,108.66

SCHEDULE III

Date : 08/06/2021 11:07:02AM
 Partner : All Cases

ECONOMIC SUMMARY PROJECTION

Total

C&Y Deals
 Custom Selection
 Discount Rate : 10.00
 As of : 08/01/2021

Est. Cum Oil (Mbbbl) : 0.00
 Est. Cum Gas (MMcf) : 0.00
 Est. Cum Water (Mbbbl) : 0.00

Year	Oil Gross (Mbbbl)	Gas Gross (MMcf)	Oil Net (Mbbbl)	Gas Net (MMcf)	Oil Price (\$/bbl)	Gas Price (\$/Mcf)	Oil & Gas Rev. Net (M\$)	Misc. Rev. Net (M\$)	Costs Net (M\$)	Taxes Net (M\$)	Invest. Net (M\$)	NonDisc. CF Annual (M\$)	Cum Disc. CF (M\$)	
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2022	7,082.38	11,767.16	89.30	148.38	62.30	3.50	6,082.97	0.00	0.00	447.78	0.00	5,635.19	5,198.02	
2023	3,012.85	5,940.94	37.99	74.91	57.30	3.00	2,401.56	0.00	0.00	177.39	0.00	2,224.17	7,043.86	
2024	1,992.29	4,086.68	25.12	51.53	52.30	3.00	1,468.45	0.00	0.00	108.98	0.00	1,359.46	8,063.50	
2025	1,497.99	3,129.46	18.89	39.46	52.30	3.00	1,106.26	0.00	0.00	82.16	0.00	1,024.10	8,758.26	
2026	1,209.08	2,552.84	15.25	32.19	52.30	3.00	893.92	0.00	0.00	66.42	0.00	827.51	9,266.27	
2027	1,016.97	2,162.21	12.82	27.26	52.30	3.00	752.45	0.00	0.00	55.92	0.00	696.53	9,653.26	
2028	881.79	1,884.05	11.12	23.76	52.30	3.00	652.78	0.00	0.00	48.52	0.00	604.26	9,957.08	
2029	775.86	1,663.80	9.78	20.98	52.30	3.00	574.59	0.00	0.00	42.72	0.00	531.88	10,199.11	
2030	695.12	1,494.90	8.77	18.85	52.30	3.00	514.96	0.00	0.00	38.29	0.00	476.68	10,395.45	
2031	630.24	1,358.42	7.95	17.13	52.30	3.00	467.01	0.00	0.00	34.72	0.00	432.28	10,556.62	
2032	578.41	1,249.01	7.29	15.75	52.30	3.00	428.69	0.00	0.00	31.88	0.00	396.81	10,690.53	
2033	532.11	1,150.81	6.71	14.51	52.30	3.00	394.45	0.00	0.00	29.33	0.00	365.11	10,802.05	
2034	494.16	1,070.11	6.23	13.49	52.30	3.00	366.36	0.00	0.00	27.25	0.00	339.12	10,895.81	
2035	461.48	1,000.45	5.82	12.62	52.30	3.00	342.18	0.00	0.00	25.45	0.00	316.73	10,975.08	
Rem.	6,421.90	13,932.84	80.98	175.68	52.30	3.00	4,762.09	0.00	0.00	354.17	0.00	4,407.92	450.42	
Total	50.0	27,282.66	54,443.69	344.02	686.50	55.45	3.11	21,208.73	0.00	0.00	1,570.97	0.00	19,637.76	11,425.51
Ult.	27,282.66	54,443.69												

Eco. Indicators

Return on Investment (disc) :	0.000	Present Worth Profile (M\$)	
Return on Investment (undisc) :	0.000	PW 0.00% :	19,637.76
Years to Payout :	0.00	PW 5.00% :	14,058.65
Internal Rate of Return (%) :	0.00	PW 8.00% :	12,299.59
		PW 9.00% :	11,839.82
		PW 10.00% :	11,425.51
		PW 12.00% :	10,705.66
		PW 15.00% :	9,826.58
		PW 20.00% :	8,707.86
		PW 25.00% :	7,857.95
		PW 30.00% :	7,177.95

EXHIBIT B

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

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application of Titus Oil & Gas
Production, LLC for approval of
Production Allocation,
Lea County, New Mexico

Case No. 21872

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, JUNE 17, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, Legal
Examiner William Brancard, Technical Examiner
Leonard Lowe, on Thursday, June 17, 2021, via
the Webex virtual Conferencing platform.

Reported by: Mary Therese Macfarlane
New Mexico CCR No. 122
PAUL BACA COURT REPORTERS
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2 OXY USA INC., WITNESSES: PAGE

3 WALTER P. JONES

4 DIRECT EXAMINATION BY MS. SHAHEEN: 8

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5 CROSS-EXAMINATION BY MR. AMES: 31

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MARSHALL HICKEY

8

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10 CROSS-EXAMINATION BY EXAMINER GARCIA: 29

REDIRECT EXAMINATION BY MS. SHAHEEN: 30

11

ALLEN FRIERSON

12

DIRECT EXAMINATION BY MS. SHAHEEN: 52

13 QUALIFIED AS AN EXPERT: 52

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1 I N D E X of E X H I B I T S

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21 D Affidavit of Notice 58

22

23

24

25

1 Q. Turning to your affidavit at page 2, paragraph
2 5, could you describe for the Division the proposal that
3 Titus has made in this application.

4 A. Yes. Titus is proposing the drilling of a
5 Wolfcamp Well, the El Campeon Fed Com 404H with a surface
6 location in Southern Lea County, particularly the surface
7 location will be 558 feet from the --

8 (Note: Sound freeze.)

9 EXAMINER BRANCARD: You froze there for a
10 second, so if you could start with that description of the
11 location again.

12 A. Yes. Sorry.

13 So our surface location will be in
14 Section 20 of 26 South, 35 East, and drilling south with
15 an anticipated proration unit being the east half of the
16 east half of Section 29, and the northeast of the
17 northeast in Lot 1 of the Irregular Section 32 in 26
18 South, 35 East, and the horizontal portion of the well
19 continuing into -- across the state line, the New
20 Mexico/Texas state line, and having a bottomhole located
21 in Lot 1 of the Irregular Section 25, Block C24 of Loving
22 County, Texas.

23 Q. And Titus is the sole working interest owner in
24 the New Mexico portion of this proposed spacing unit; is
25 that correct?

1 A. That's correct.

2 Q. And on the Texas side who is the owner of those
3 minerals?

4 A. OXY or Occidental Petroleum owns 100 percent of
5 the working interests.

6 Q. And have they taken a position on this proposal?

7 A. At this point they are not opposed, and we are
8 near execution of a JOA that will govern this proration
9 unit and the drilling of this well.

10 Q. And they received Notice of this hearing today,
11 correct?

12 A. They did.

13 Q. And they didn't enter an appearance to protest
14 the application; is that correct?

15 A. That's correct.

16 Q. And they are aware of the proceeding in Texas as
17 well; is that correct?

18 A. Yes, that's correct.

19 Q. They attended that hearing, did they not?

20 A. They did.

21 Q. Is this proposed spacing unit a standard spacing
22 unit under New Mexico rules?

23 A. Yes, I believe it is.

24 Q. And that's because it consists of contiguous
25 40-acre tracts, each of which is penetrated by the

1 map showing where it is in real estate to both New Mexico
2 and Texas, and in particular the township it is located
3 in.

4 Q. Thank you. And turning to your exhibit A-2, can
5 you please describe what we find there.

6 A. These are the three tracts that will make up the
7 proposed proration unit. Tract 1, it just reflects that
8 Titus Oil & Gas owns 100 percent of both Tract 1 and Tract
9 2, the working interest; and OXY USA owns 100 percent of
10 the working interest of Tract 3.

11 Q. And turning to Exhibit A-3, I believe this shows
12 us the leases that are in question.

13 A. That's correct. That's correct. So in the east
14 half of the east half of Section 29, that's a federal
15 lease, BLM Lease No. NMNL12500 of the east half -- or I
16 should say the northeast quarter in Lot 1 of Section 32 is
17 covered by the State of New Mexico VB-2563, and then the
18 portion in Texas is fee minerals that's covered by fee
19 leases.

20 And then where it says Unit Ownership,
21 that's the breakdown of ownership, a blended breakdown of
22 ownership among the entire proration here, working
23 interest ownership.

24 Q. And Exhibit A-4, can you take a look at Exhibit
25 A-4, please.

1 uncommon to see it done on an actual completed
2 lateral-foot basis. So that would really come after the
3 fact, after the well has been drilled and completed. It's
4 a calculation of exactly how many perforations in each
5 individual tract.

6 Q. And with respect to API numbers, what is your
7 understanding of how that would work in each state?

8 A. So our understanding is that each state would
9 have -- the portion of each well, of the well's lateral,
10 would have its own dedicated API. So New Mexico would
11 have an API from the surface location to the state line,
12 and that would be its own New Mexico API; and then
13 starting at the state line to the terminus or the
14 bottomhole, that would have its own Texas API.

15 Q. And all of the requisite information that must
16 be reported to the State would be allocated to each
17 State's API number, right?

18 A. That's correct.

19 Q. And what is Titus' understanding as to authority
20 over regulatory and environmental compliance between the
21 two states?

22 A. Our understanding would be that because the
23 surface location is located in the State of New Mexico,
24 that they would have full oversight and authority in
25 oversight of the well.

1 Q. Does Titus have a drilling permit for this well?

2 A. We have an existing drilling permit that stops
3 at the state line, so there is an approved permit but it
4 does not go across the state line at this point.

5 Q. And that's an approved permit from BLM, correct?

6 A. That's correct.

7 Q. Have you conferred with BLM about extending the
8 length of that lateral into Texas?

9 A. We have spoken to the BLM. They don't foresee
10 that it would be a problem to simply sundry the existing
11 approved permit -- to sundry it to have a bottomhole in
12 Texas.

13 Q. Can you tell us a little bit about your
14 conversations with the State Land Office about this
15 proposal?

16 A. Yes. We've had a few conversations with the
17 State Land Office, the New Mexico State Land Office, and
18 they stand to benefit from -- it makes our project more
19 economically feasible and attractive...

20 EXAMINER BRANCARD: We seem to have lost
21 Mr. Jones.

22 MS. SHAHEEN Should I have him call in by
23 telephone? Would that be acceptable?

24 EXAMINER BRANCARD: Absolutely.

25 MS. SHAHEEN: Okay. Let me --

1 EXAMINER BRANCARD: He's back.

2 MS. SHAHEEN: Okay.

3 THE WITNESS: Sorry about that.

4 MS. SHAHEEN: Well, if it happens again, maybe
5 you could call in by telephone, if that's easier.

6 THE WITNESS: Okay. Yeah. Sure.

7 Sorry. I think I caught when I -- when it
8 dropped, but did you hear? Tell me where to continue.

9 MS. SHAHEEN: Yes. You were talking about your
10 conversations with the State Land Office and how this
11 proposal would be more attractive to the State Land
12 Office, and I believe you were going to tell us why.

13 A. Yeah. There's a couple of advantages. There
14 will be no new additional surface disturbance, meaning you
15 don't have to drill new wells in Texas. This is something
16 that -- just extending laterals enables us to more
17 efficiently develop, and it enables us -- there is going
18 to be less road traffic spread out amongst multiple
19 developments.

20 It also means more royalties for the State
21 of New Mexico.

22 And, you know, I think it's something that
23 because we're not using state surface and we're developing
24 state minerals, it enables us to potentially develop more,
25 just, state minerals; that it's something that they appear

1 to be, or sound to be, or seem to be on board with.

2 Q. You have done a little bit of research recently
3 about other horizontal wells in the nation, in the country
4 that cross state boundaries, have you not?

5 A. Yes, I have. I spoke with a representative at
6 CNX Energy, and they are a Marcellus Shale Company. They
7 have drilled wells with a surface location in Ohio and
8 bottomhole locations in West Virginia, and they did that a
9 few times.

10 I just kind of -- I talked to the landman
11 that oversaw the project and asked kind of what process
12 they went through. His feedback was that I believe
13 they -- just kind of similar to what we've done, they
14 permitted it, in that instance in Ohio, and then provided
15 or made the request to West Virginia to extend the
16 bottomhole into West Virginia. And west Virginia was on
17 board with that and allowed the permits to proceed, and
18 the wells have been drilled and are producing.

19 Q. Going back just for a second to Exhibit A-7,
20 which is the exhibits that were submitted to the Railroad
21 Commission, in determining how production would be
22 allocated I believe you submitted a chart to the Railroad
23 Commission that was a comparison of allocation based on
24 surface acreage and allocation based on completed lateral.
25 It was Exhibit No. 8 for the Railroad Commission.

1 single operator in the area. I'm not aware of any
2 east/west laterals in the entire area.

3 Furthermore, Titus's lease is such that
4 longer laterals, because this is the deepest,
5 highest-pressure part of the Delaware Basin, will increase
6 and enhance economics, allowing for proper development and
7 more reserve recovery.

8 Q. And what is the likelihood of development in
9 that irregular-shaped Section 25 in Texas if these
10 laterals aren't drilled into Texas?

11 A. Very low.

12 Q. And why is that?

13 A. It's due to that stress direction. So fractures
14 cannot propagate in the proper direction and therefore
15 recovery would be very low, the wells would be likely very
16 poor performers, and therefore the wells likely do not get
17 drilled, evidenced by the fact that they have not been
18 drilled to date, and there are no other east/west wells,
19 to my knowledge, in the area.

20 Q. And did you also determine that the proposed
21 development across the state line will result in more
22 recoverable hydrocarbons in New Mexico?

23 A. Yes, ma'am, it will because we can justify the
24 development of additional wells.

25 Q. Do you have any other information that you'd

1 like to share with the Division today?

2 A. No, ma'am, I do not.

3 MS. SHAHEEN: Thank you, Mr. Hickey.

4 I pass the witness.

5 EXAMINER BRANCARD: Thank you.

6 Mr. Ames, any questions of this witness?

7 MR. AMES: One moment. My video is doing
8 something.

9 Thank you, Mr. Examiner. Yes, I do have
10 maybe one or two questions of Mr. Hickey.

11 EXAMINER BRANCARD: You may proceed.

12 MR. AMES: Thank you.

13 CROSS-EXAMINATION

14 BY MR. AMES:

15 Q. Good morning, Mr. Hickey.

16 A. Good morning.

17 Q. You just testified that drilling this well would
18 result in more recoverable hydrocarbons; is that correct?

19 A. That's correct. It is our intention that we
20 would drill additional wells across the state line once we
21 are able to drill this well.

22 Q. So drilling this well would result in more wells
23 recovering more hydrocarbons in Texas; is that correct?

24 A. In both Texas and New Mexico.

25 Q. How would drilling this well into Texas result

1 in more recoverable hydrocarbons in New Mexico?

2 A. Because to the extent we can continue to drill
3 wells from New Mexico into Texas we will be able to
4 economically justify more wells than we otherwise would be
5 able to.

6 MR. AMES: Okay. Thank you.

7 THE WITNESS: You're welcome.

8 MS. SHAHEEN: If I may follow up with one
9 redirect question.

10 EXAMINER BRANCARD: Let me just check and see if
11 Mr. Rankin has any questions.

12 MR. RANKIN: Mr. Hearing Examiner, no questions,
13 as I find my unmute button. No questions.

14 EXAMINER BRANCARD: Thank you.

15 Mr. Garcia, do you have questions?

16 MR. GARCIA: I do.

17 I'm going to ask Mr. Jones --

18 EXAMINER BRANCARD: Mr. Garcia, we can barely
19 hear you, and we can't see you, more importantly.

20 We just see the board room.

21 MR. GARCIA: Is that better now?

22 EXAMINER BRANCARD: Yes.

23 MR. GARCIA: Okay. I changed the microphone.

24 CROSS EXAMINATION

25 BY EXAMINER GARCIA:

1 Q. I was going to ask Mr. Jones, so maybe you can
2 help answer: If OXY doesn't execute the JOA, would those
3 wells still be drilled.

4 A. No.

5 MR. GARCIA: Okay. And then I think that's
6 about it. I didn't have too many questions on
7 engineering.

8 That's all I have.

9 EXAMINER BRANCARD: Thank you.

10 Ms. Shaheen, you had some redirect?

11 MS. SHAHEEN: I just wanted to make one
12 clarification. I'm no engineer, I'll start with that.

13 REDIRECT EXAMINATION

14 BY MS. SHAHEEN:

15 Q. But my understanding is one of reasons there
16 will be more recoverable hydrocarbons in New Mexico is
17 because the completed lateral will go all the way to and
18 across the state line, so it's not going to be 100 feet
19 from the Texas state line, and in that sense there will be
20 more recoverable hydrocarbons in New Mexico because the
21 completed lateral goes all the way to the state line.

22 Is that fair to say?

23 A. Yes, that is correct. I did not intentionally
24 omit that. That is correct.

25 MS. SHAHEEN: Thank you, Mr. Hickey.

1 State Land Office was looking favorably at Titus'
2 proposal. Is that correct?

3 A. That's just my interpretation of it. I can't
4 really speak to exactly, you know, where they are
5 currently, but just judging by feedback, questions, uhm --
6 on a broader project, the scope of this project, in other
7 words future wells, future development, the State of New
8 Mexico and the Trust lands in particular stand to benefit
9 significantly from more economic wells for Titus, and so
10 in that regard I believe that that is something that they
11 would like to have more royalty, more -- you know, for the
12 State of New Mexico.

13 Q. So it's just your feeling, though, because the
14 State Land Office actually hasn't said that to Titus; is
15 that right?

16 A. That's correct.

17 Q. Thank --

18 A. They have not.

19 Q. Thank you. Sorry. I didn't mean to interrupt
20 you.

21 And as I see in paragraph 26 of your
22 testimony it says Titus has conferred with the Land Office
23 but it doesn't say anything in there about what the State
24 Land Office has told Titus regarding its proposal.
25 Correct?

1 A. That's correct.

2 Q. So I believe Ms. Shaheen asked you whether
3 Titus' proposal to drill into Texas made the El Campeon
4 well more feasible and attractive to the State Land
5 Office. And I don't think -- it sounded to me like your
6 answer was it made it more attractive to Titus. Did you
7 actually mean to say that drilling into Texas made the El
8 Campeon well more feasible and attractive to the State
9 Land Office?

10 A. Well, not in exclusion of it being more
11 attractive to Titus.

12 I do believe that just having more treated
13 laterals. So instead of us having to stop our
14 perforations For our completion process, as it currently
15 stands we would have to leave the last 100 feet of the
16 wellbore uncompleted to stay away from -- or to observe
17 the necessary setback per the OCD rules, so we would have
18 to stop our lateral 100 feet from the state line, which
19 that is State of New Mexico minerals. So that would be
20 100 feet of uncompleted minerals.

21 So by way of extending the laterals,
22 drilling across the state line, we are then able to
23 perforate and complete and produce that additional 100
24 feet of state minerals.

25 Q. Okay. So I'd like to talk about this a little

1 bit more, because I'm having a little hard time
2 understanding it.

3 My question is: How does drilling lands in
4 Texas benefit the State of New Mexico?

5 And I think one thing you just offered the
6 extra 100 feet of wellbore, and I believe Mr. Hickey
7 indicated that if Titus was able to drill into Texas for
8 the El Campeon it would be able to pursue a similar
9 strategy for other wells, which would ultimately benefit
10 the State of New Mexico.

11 Is that essentially Titus' position on the
12 extent of the benefit to New Mexico of drilling into
13 Texas?

14 A. Yes, that's correct.

15 So if we are able to not only have this
16 well be approved but we do have future plans for multiple
17 future wells, that some of the wells and their economic
18 feasibility, they're not feasible apart from crossing --
19 having longer laterals. And in order to have longer
20 laterals, in this instance because we're up against the
21 state line we would need to drill into Texas.

22 So the State of New Mexico and how it sees
23 benefit is that you're basically opening up more
24 development than otherwise would be available, at least
25 from Titus' perspective.

1 A. I believe it's 10.

2 Q. How about 1 1/2?

3 A. 1 1/2 we are currently drilling our first
4 three-well pad of 1 1/2 milers.

5 Q. Do you remember the name of the well family?

6 A. Cattleman, C-a-t-t-l-e-m-a-n, one word.

7 Q. All right. Thank you. Let's see.

8 You testified that you spoke to a company
9 that had drilled from Ohio, and I think you said into West
10 Virginia. Is that right?

11 A. That's correct.

12 Q. When you started that sentence I missed the name
13 of the company. Could you say it again?

14 A. Yes. It's CNX.

15 Q. CNX?

16 A. Yes. I believe they are based in Pittsburgh,
17 but a quick Google search could help you figure out where
18 they are based.

19 Q. When did you talk to them?

20 A. It would have been last week.

21 Q. And when did they -- and how many wells did they
22 drill?

23 A. I'm not sure, to be honest. I was just looking
24 on a map. I believe it was maybe three to five wells. It
25 looked like one project, but as it was showing on the map

1 it was hard to differentiate exactly how many wells were
2 drilled versus permitted.

3 Q. When did they do this?

4 A. I believe that this was in 2017.

5 Q. Do you have the name of a contact at CNX? The
6 person you spoke with.

7 A. I do. Let me see if I could...

8 His name is --

9 Q. I will --

10 A. Sorry.

11 Q. Go ahead. Please go ahead.

12 A. All right. His name is Dan Bitz.

13 Q. Do you have a telephone number for him?

14 A. You know, I actually don't. I do have an email
15 that I can provide after the hearing, if you would like.

16 Q. That would be appreciated. You could provide it
17 to Ms. Shaheen, and she and I can speak. That would be
18 great. Thank you.

19 A. Okay.

20 Q. You said that the wells were drilled in Ohio
21 into West Virginia, but your testimony says West Virginia
22 and Pennsylvania. Which is it?

23 A. You know what, I may have misspoken.

24 I do believe that it was, the surface
25 locations were Pennsylvania and the bottomholes were West

1 Virginia. I know the bottomhole locations were West
2 Virginia.

3 It kind of -- if you look at a map, it --
4 the three states get -- it kind of sandwiches together,
5 and West Virginia kind of bisects Ohio and Pennsylvania.

6 So it's very close. I could look into
7 that, and when I provide you his contact information I
8 could more particularly describe those wells for you.

9 Q. Okay. And in paragraph 27 you say that upon
10 information and belief the states did not enter into an
11 MOU or other agreement.

12 That's based on Mr. Bitz' representation to
13 you and not on your own investigation; is that correct?

14 A. That's correct. I also spoke with another
15 representative, that has not done this but they were
16 looking into it in the Marcellus, and they were not aware
17 of any Memorandum of Understanding or any other agreement
18 between the states.

19 Q. Okay. Thank you.

20 Paragraph 24 you state that Titus
21 anticipates the states will confer after permits are
22 approved by each state to determine how authority or
23 regulatory compliance will be allocated.

24 Who for the State of New Mexico told you
25 that, or anything like that, that would allow you to

1 Something happens to Titus, bankruptcy, et cetera, do you
2 think it would be OCD's job to plug wells, or Texas?

3 A. Well, if something were to happen, I mean I
4 think we are bonded for that, so I believe, you know,
5 anything as far as plugging liability, that's something
6 that's addressed in other matters, or in other ways, as
7 being an operator in New Mexico.

8 So I do believe that we would fall under
9 that.

10 Q. Okay. I think one last question.

11 Mr. Hickey had said that if OXY doesn't
12 execute the JOA, these wells likely would not be drilled.
13 Is that due to economics?

14 A. This well -- I mean, he's our CEO, so he has
15 more of an economic high-level view.

16 This particular well, it's likely to be
17 drilled even if we had to stop at the state line, but the
18 larger, broader project, which could be upward of 40
19 wells, there could be half of those wells that are not
20 economically viable if we are not able to drill across the
21 state line.

22 Q. Are those 40 wells roughly the same area?

23 A. Yes, it's right here. It all includes this one
24 section in Texas, Section 25.

25 Q. What would stop the other wells from drilling

1 more north into New Mexico? Because Exhibit B-3, this
2 Section 20/21 -- and I can't see, 19 maybe -- they are
3 pretty much wide open according to these exhibits.
4 There's very little development there.

5 A. Sorry, sir. Could you repeat the question.

6 Q. What would stop those wells from just being
7 drilled more in New Mexico? Because you could drill a
8 two-and-a-half-mile in New Mexico, according to these
9 exhibits, because there's no development in those
10 sections, at all, north of this well.

11 A. So in the westernmost lane of Section 20 up to
12 the north there is an existing well, the Grevey well, that
13 actually has a terminus in the west half of the northwest
14 of Section 29, so it kind of cuts down through there.

15 And then as far as further development
16 moving east in Section 29 and 32 and Section 20, those
17 are -- this is part of the larger development plan for
18 Titus that has 1-1/2-milers, two additional
19 one-and-a-half-mile development lanes.

20 So, you know, we are trying to maximize
21 longer laterals. So this doesn't exist in a vacuum. It's
22 part of the larger development plan for us.

23 MR. GARCIA: I think that's all my questions.

24 Thank you.

25 THE WITNESS: Thank you.

1 what Mr. Jones has said here?

2 MS. SHAHEEN: I would just say that we would
3 like to avoid the chicken-and-the-egg problem here, we
4 believe that if we could get approval of the production
5 allocation, an Order approving that, subject to whatever
6 conditions are needed, that kind of helps us along with
7 the chicken-and-the-egg problem. So with that I'll stand
8 down.

9 EXAMINER BRANCARD: Thank you. Yes. I believe
10 the Texas ALJ did refer to the chicken-and-egg problem,
11 also.

12 So Mr. Ames, what is the OCD's perspective
13 on this and where we go with this, assuming we want to
14 move forward. Let's just assume that for discussion's
15 sake.

16 MR. AMES: Well, Mr. Hearing Examiner, we
17 appreciate the concern you've raised. I'm not going to
18 get into poultry here, but we have talked to the attorney
19 for the Texas Railroad Commission on the case. There was,
20 at least in the conference call we had a couple of weeks
21 ago, a general agreement that an MOU would be required in
22 order for us to move forward.

23 I wish we could share Mr. Jones' optimism
24 that such an agreement would be simple, but in discussion
25 with Texas counsel we've identified several topics that

1 would need to be addressed in an MOU in order for us to
2 move forward, including allocation, reporting, financial
3 assurance, permitting, environmental issues -- both air
4 and releases -- notice, inspection, plugging and
5 abandonment, and so forth.

6 So there is a number of issues that need to
7 be addressed. Texas and New Mexico, while neighbors and
8 share the -- neighbors and co-owners of the Basin at issue
9 here, have very different regulatory structures that need
10 to be regularized so that each state is comfortable
11 knowing that regardless where a well is drilled from one
12 state into the other that the state's various interests
13 are adequately protected.

14 So, like I said, I'm not going to comment
15 on chickens and eggs here. I can just state for the
16 record that at this point in time OCD believes that an MOU
17 will be required in order to move forward.

18 EXAMINER BRANCARD: So how would you like to
19 leave this case, then, today?

20 MR. AMES: I believe Ms. Shaheen has asked that
21 the case be taken under advisement, or if she didn't
22 actually say that, I imagine that would be what she would
23 request, and that would seem appropriate.

24 EXAMINER BRANCARD: Okay. Yeah.

25 Mr. Rankin, one last chance for you to

1 15th docket. I know it's a full docket, but I think what
2 we're talking about is a check-in here.

3 If in advance of that date, you know, the
4 parties can provide something in writing that just sort of
5 says, "Here we are, and we request to come back to you in
6 a month," or "We are ready to go," or whatever, that would
7 be helpful.

8 So we will set it up for a status
9 conference on July 15th in this case.

10 I'm leaving the record open because, you
11 know, there may be further evidence that comes that we
12 want to have in this record, particularly if it goes up to
13 the Commission.

14 Ms. Shaheen, any comments?

15 MS. SHAHEEN: No. I appreciate your time today.
16 I know it took more time than I anticipated, but it's
17 encouraging that we had the opportunity to present the
18 case today.

19 The only logistical question I would have
20 is: I'm assuming that I should be filing a motion for
21 continuance to that July 15th docket. Is that a fair
22 assumption?

23 HEARING EXAMINER BRANCARD: We will just
24 continue it. It's our decision to continue it.

25 MS. SHAHEEN: Great. Thank you.

1 STATE OF NEW MEXICO)
 2 : SS
 3 COUNTY OF TAOS)
 4

5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
 7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, June 17,
 8 2021, the proceedings in the above-captioned matter were
 9 taken before me; that I did report in stenographic
 10 shorthand the proceedings set forth herein, and the
 11 foregoing pages are a true and correct transcription to
 12 the best of my ability and control.

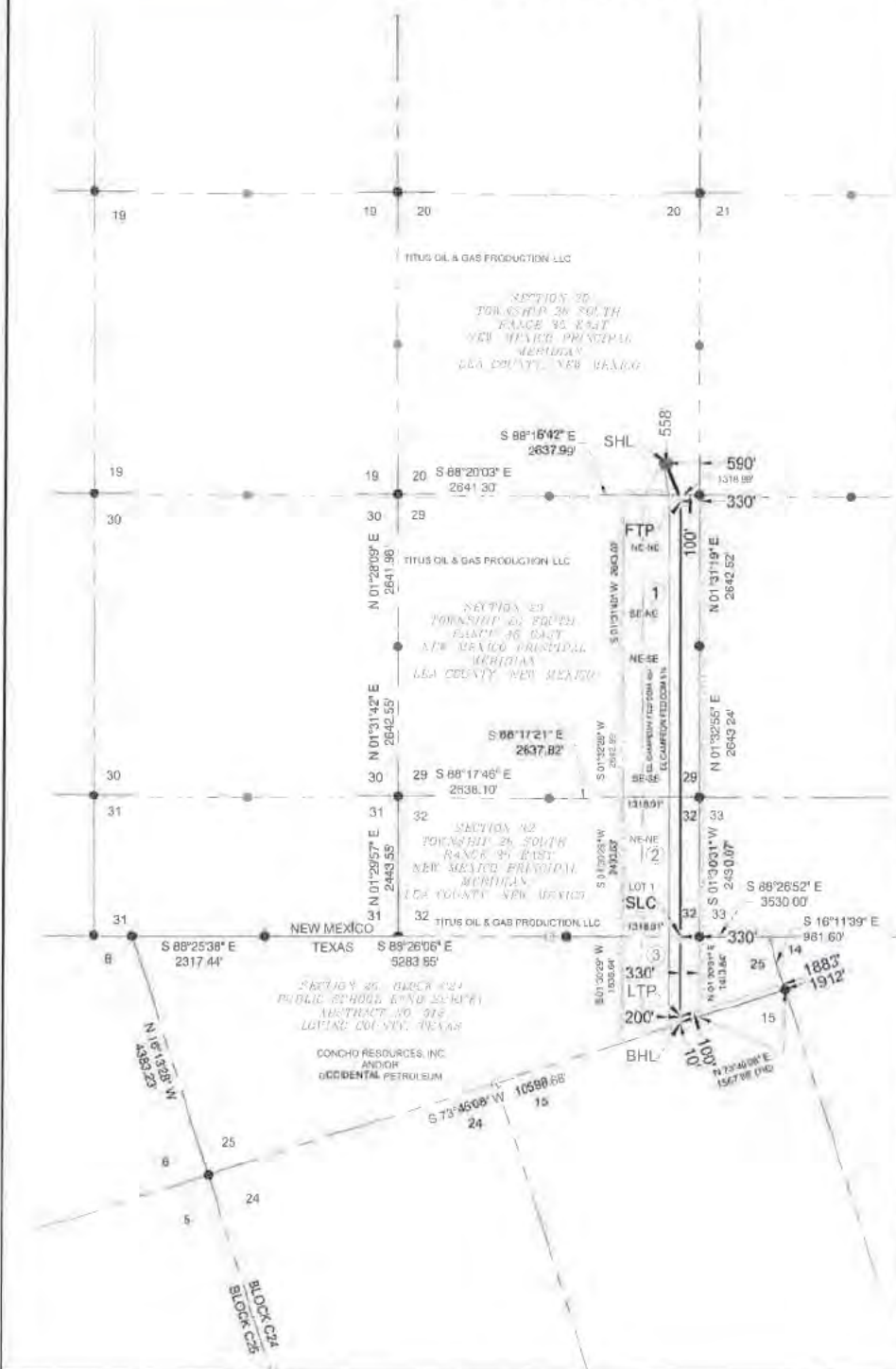
13 I FURTHER CERTIFY that I am neither employed by
 14 nor related to nor contracted with (unless excepted by the
 15 rules) any of the parties or attorneys in this case, and
 16 that I have no interest whatsoever in the final
 17 disposition of this case in any court.

18 /s/ Mary Macfarlane
 19 _____

20 MARY THERESE MACFARLANE, CCR
 21 NM Certified Court Reporter No. 122
 License Expires: 12/31/2021
 22
 23
 24
 25

EXHIBIT C

LOVING COUNTY, TEXAS



SURFACE HOLE LOCATION

ELEVATION= 3172.54'

TEXAS CENTRAL - NAD 83

NORTHING 10712513.96

EASTING 1351511.11

LATITUDE 32.02304100

LONGITUDE -103.38281477

TEXAS CENTRAL - NAD 27

NORTHING 86934.60

EASTING 1055048.78

LATITUDE 32.02291440

LONGITUDE -103.38235512

FIRST TAKE POINT

TEXAS CENTRAL - NAD 83

NORTHING 10711848.40

EASTING 1351753.61

LATITUDE 32.02123059

LONGITUDE -103.38197365

TEXAS CENTRAL - NAD 27

NORTHING 869269.12

EASTING 1055291.25

LATITUDE 32.02110395

LONGITUDE -103.38151432

STATE LINE CROSSING

TEXAS CENTRAL - NAD 83

NORTHING 10704234.31

EASTING 1351550.84

LATITUDE 32.00029469

LONGITUDE -103.38195530

TEXAS CENTRAL - NAD 27

NORTHING 861655.25

EASTING 1055087.95

LATITUDE 31.00016796

LONGITUDE -103.38149694

LAST TAKE POINT

TEXAS CENTRAL - NAD 83

NORTHING 10702820.18

EASTING 1351512.05

LATITUDE 31.99640634

LONGITUDE -103.38195184

TEXAS CENTRAL - NAD 27

NORTHING 860241.16

EASTING 1055050.24

LATITUDE 31.99627856

LONGITUDE -103.38149358

BOTTOM HOLE LOCATION

TEXAS CENTRAL - NAD 83

NORTHING 10702725.21

EASTING 1351510.42

LATITUDE 31.99614521

LONGITUDE -103.38195160

TEXAS CENTRAL - NAD 27

NORTHING 860146.19

EASTING 1055047.71

LATITUDE 31.99601844

LONGITUDE -103.38149355

LATERAL OFFSET

SHL - 500 FEET - SECTION 30
FTP - 100 FEET - SECTION 29
SLC - 100 FEET - SECTION 33
LTP - 100 FEET - SECTION 33
BHL - 100 FEET - SECTION 33
SHL - 100 FEET - SECTION 33
SHL - 100 FEET - LEASE

CALLED ACRES TOTALS

TRACT NO.	ACRES
1	100.00 ACRES
2	73.54 ACRES
3	49.30 ACRES
TOTAL ACRES	222.84 ACRES

EL CAMPEON FED COM 404H WELL BORE SUMMARY

SHL TO FTP=S 20°01'12" E, 708.36'

FTP TO SLC=S 01°31'37" W, 7616.80'

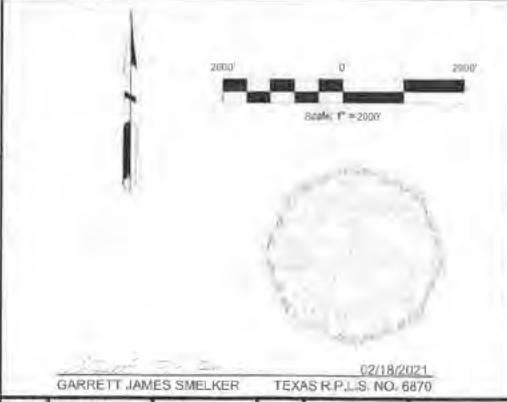
SLC TO LTP=S 01°31'37" W, 1414.64'

LTP TO BHL=S 01°31'37" W, 95.01'

NOTES:

- BEARINGS AND COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 CENTRAL ZONE 4203
- LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
- THIS IS AN EXHIBIT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY TITUS OIL & GAS PRODUCTION, LLC. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

- LEGEND**
- DENOTES HORIZONTAL SURFACE LOCATION AND POINT OF PENETRATION
 - DENOTES FIRST TAKE POINT LOCATION LAST TAKE POINT LOCATION AND BOTTOM HOLE LOCATION & TERMINUS POINT
 - ↻ DENOTES BEARING CHANGE
 - DENOTES FOUND MONUMENT
 - DENOTES CALCULATED CORNER
 - DENOTES PRODUCING WELL
 - DENOTES PERMITTED WELL
 - DENOTES SECTION LINE
 - DENOTES PROPOSED LATERAL NEW MEXICO
 - DENOTES PROPOSED LATERAL TEXAS
 - DENOTES PROPOSED WELL PAD
 - DENOTES ABSTRACT LINE
 - DENOTES LEASE
 - DENOTES LEASE
 - DENOTES TRACT



THE SURFACE HOLE IS LOCATED APPROXIMATELY 20 MILES NORTHWEST OF KERRVILLE, TEXAS

TITUS OIL & GAS PRODUCTION, LLC

WELL LOCATION PLAT
EL CAMPEON FED COM 404H

SITUATED IN

SECTION 20, TOWNSHIP 26 SOUTH, RANGE 35 EAST
NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO

SECTION 29, TOWNSHIP 26 SOUTH, RANGE 35 EAST
NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO

SECTION 32, TOWNSHIP 26 SOUTH, RANGE 35 EAST
NEW MEXICO PRINCIPAL MERIDIAN, LEA COUNTY, NEW MEXICO

SECTION 25, BLOCK C24
PUBLIC SCHOOL LAND SURVEY 912
LOVING COUNTY, TEXAS

TABLES FROM 10/10/07/19148
2129 S Great Southwest Parkway Suite 312
Grand Prairie, TX 75051
(817) 508-1100 - Fax (817) 508-1101

REV. #	DRAWN BY:	DATE:	REV. #	DRAWN BY:	DATE:
			1	NS	02/18/21

DRAWN BY:	DATE:	DWS. NO.:	REV. #:
JES	02/18/21	EL CAMPEON FED COM 404H RRC PERMIT PLAT	1
CHECKED BY:	DATE:	PG. 1 OF 1	
JES	02/18/21		
SCALE:	1"=2000'		

21

EXHIBIT D

CHRISTI CRADDICK, *CHAIRMAN*
 WAYNE CHRISTIAN, *COMMISSIONER*
 JIM WRIGHT, *COMMISSIONER*



DANA AVANT LEWIS, *DIRECTOR*

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

August 25, 2021

To: Service List

Re: **Oil and Gas Docket No. OG-21-00006089:** REQUEST BY TITUS OIL & GAS PRODUCTION, LLC (OPERATOR NO. 800622) TO CONTEST DRILLING PERMITS UNIT DENIAL OF ADMINISTRATIVE APPROVAL FOR THE EL CAMPEON FED COM LEASE, WELL NO. 404H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS; DISTRICT 08; **Final Order**

The Railroad Commission of Texas has acted upon the above-referenced case. Please refer to the attached Final Order for the terms and date of such action. The Final Order will not be final and effective until at least 25 days after the Commission's order is signed. If a Motion for Rehearing is timely filed, the Final Order will not be final and effective until such Motion is overruled. A Motion for Rehearing should state the reasons you believe a rehearing should be granted, including any errors that you believe exist in the Commission's Final Order. If the Motion is granted, the Final Order will be set aside and the case will be subject to further action by the Commission at that time or at a later date.

To be timely, a Motion for Rehearing must be received by the Commission's Docket Services no later than 5:00 p.m. on the 25th day after the date the decision or order that is the subject of the motion was signed to one of the following addresses:

Attn: Docket Services, Hearings Division Railroad Commission of Texas William B. Travis Building, Room 12-123 1701 North Congress Avenue Austin TX 78701	or	Attn: Docket Services, Hearings Division Railroad Commission of Texas PO Box 12967 Austin TX 78711-2967
--	----	--

Fax or Email transmissions will not be accepted without prior approval from the Administrative Law Judge ("ALJ"). ORIGINAL PLUS TEN copies of the Motion for Rehearing shall be submitted to the ALJ. **PLEASE DO NOT STAPLE COPIES.** In addition, if practical, parties are requested to provide the ALJ with a copy of the Motion for Rehearing in digital format. The digital format should be labeled with the docket number, the title of the document, and the format of the document.

The Railroad Commission of Texas also has a public portal system, known as the **Case Administration Service Electronic System (CASES)** where electronic filings may be filed. You may upload your filing at the following link: <http://www.rrc.texas.gov/hearings/rrc-cases/>

More information and instructions on how to use the CASES system may be found at the following link:

[https://rrctx.force.com/resource/1516708830000/CASES Online Portal Training](https://rrctx.force.com/resource/1516708830000/CASES%20Online%20Portal%20Training)

Every pleading, plea, motion, or request filed with the Hearings Division shall conform to the requirements of 16 Tex. Admin. Code § 1.32 (Form and Content of Pleadings);

otherwise, it will not be accepted for filing by the Hearings Division. Every motion for rehearing filed with the Hearings Division **MUST** comply with 16 Tex. Admin. Code § 1.128 and must be served to all other parties indicated on the attached Service List in accordance with 16 Tex. Admin. Code § 1.45 (Service in Protested Contested Cases), either in person, by mail or courier, by fax, by e-mail with consent from the ALJ or the Hearings Division Director, or in another manner directed by the ALJ or the Hearings Division Director. At the time of filing, proof of service must include a certificate of service signed by a party or the party's attorney of record or signed and verified if the service is made by any other person. The certificate of service must be attached to the document filed with the Hearings Division.

Please refer to the commission website for more information at <http://www.rrc.texas.gov/general-counsel/rules/current-rules/>. You are responsible to serve all parties indicated on the service list. The Hearings Division will not serve ANY party for you.

Contact for Additional Information – In accordance with Tex. Gov't Code § 2001.061 and 16 Tex. Admin. Code § 1.7, ex parte communications with the Administrative Law Judges, Examiners, and Commissioners are prohibited. Any persons or entities desiring additional information may contact the Commission by writing to the Director, Hearings Division, Railroad Commission of Texas, 1701 North Congress Avenue, P. O. Box 12967, Capitol Station, Austin, Texas 78711-2967. Any persons or entities having clerical questions, such as questions regarding the number of copies of filings, the service list or reviewing the record, may contact **Megan Schimcek at (512) 463-6793 or megan.schimcek@rrc.texas.gov**.

Enclosures:
Service List
Final Order
HD Unprotested Master Order

Service List

Oil and Gas Docket No. OG-21-00006089: REQUEST BY TITUS OIL & GAS PRODUCTION, LLC (OPERATOR NO. 800622) TO CONTEST DRILLING PERMITS UNIT DENIAL OF ADMINISTRATIVE APPROVAL FOR THE EL CAMPEON FED COM LEASE, WELL NO. 404H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS; DISTRICT 08

Via First-Class Mail and Email

George C. Neale
Attorney for Titus Oil & Gas
George C. Neale, Attorneys at Law
PO Box 1945
Austin TX 78767

New Mexico Taxation & Revenue Department
1100 South St. Francis Drive
Santa Fe, NM 87504

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

Via First-Class Mail

Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, Texas 78711-3528

Via Email

Todd W. Spake
Clark H. Rucker
P. Taylor Spalla
Attorneys for Pegasus Resources, LLC; Chisos Minerals, LLC and Fortis Minerals II, LLC
Kelly Hart & Hallman LLP
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Fort Worth TX 76102

New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505


New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Via Intra-Agency Email

RRC District Office 08 - Midland
Joe Stasulli/Sharon Frischen/Zachary Adkins – RRC Austin, Well Compliance
David Cooney – RRC Austin, Office of General Counsel
Alex Schoch – RRC Austin, Office of General Counsel
Lorenzo Garza – RRC Austin, Drilling Permits
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Christopher Houston – RRC Austin, Drilling Permits
Docket Services – RRC Austin

Bureau of Land Management,
New Mexico State Office, Minerals Division
301 Dinosaur Trail
Santa Fe, NM 87508

Bureau of Land Management
414 W. Taylor
Hobbs, NM 88240-1157


Megan Schimcek, Hearings Division
Railroad Commission of Texas

16 TEX. ADMIN. CODE § 1.7 (Ex Parte Communications):

- (a) *Ex parte communications are prohibited in contested cases as provided in the APA and other applicable rules including the Texas Disciplinary Rules of Professional Conduct.*
- (b) *Each party shall provide all other parties with a copy of all documents submitted to an examiner.*
 - (1) *The attachment of a certificate of service stating that a document was served on a party creates a rebuttable presumption that the named party was provided a copy.*
 - (2) *Failure to provide a copy to all other parties may result in rejection and return of the document without consideration.*

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

Oil and Gas Docket No. OG-21-00006089

REQUEST BY TITUS OIL & GAS PRODUCTION, LLC (OPERATOR NO. 800622) TO CONTEST DRILLING PERMITS UNIT DENIAL OF ADMINISTRATIVE APPROVAL FOR THE EL CAMPEON FED COM LEASE, WELL NO. 404H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS; DISTRICT 08

FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by an Administrative Law Judge Ezra A. Johnson and Technical Examiner Austin Gaskamp on April 13, 2021. The proceeding having been duly submitted to the Railroad Commission of Texas ("Commission") at conference held in its offices in Austin, Texas, the Commission makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. On February 22, 2021, Titus Oil & Gas Production, LLC ("Titus"), filed a Form W-1 ("Application") for the El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field ("Field"), Loving County, Texas.
2. The minimum lease-line spacing applicable to the Field is 330 feet perpendicular to the path of a horizontal well and 100 feet from the first and last take point parallel to the path of a horizontal well.
3. Titus's Form P-5 is Active. Titus has a \$50,000 bond as its financial assurance.
4. On March 5, 2021, Staff with the Drilling Permits Department of the Commission ("Staff") informed the Hearings Division, that "Staff does not feel that this application can be administratively approved, and the applicant wishes the matter to go to hearing."
5. On March 23, 2021, the Hearings Division sent a Notice of Hearing ("Notice") to Titus, the Texas Comptroller of Public Accounts, the New Mexico State Land Office, the New Mexico Energy, Minerals and Natural Resources Department, the New Mexico Taxation and Revenue Department and the United States Bureau of Land Management, setting a hearing for April 13, 2021. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.
6. The hearing was held on April 13, 2021, as noticed. Applicant appeared and participated at the hearing, along with Occidental Petroleum and Staff. No one appeared in protest.

Oil and Gas Docket No. OG-21-00006089
Final Order
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7. The off-lease surface location of the subject well is proposed to be located 558 feet from the south survey line and 590 feet from the east survey line of Section 20, T26S-R35 East, Lea County New Mexico.
8. The off-lease penetration point and first take point of the subject well in the proposed correlative interval will be located off lease 100 feet from the north survey line and 330 feet from the east survey line of Section 29 T26S-R35 East, Lea County New Mexico ("Section 29").
9. The last take point of the subject well in the proposed correlative interval will be located 100 feet from the south survey and lease line and 1,883 feet from the east survey and lease line in Section 25, Bock C24, Public School Land Survey ("Texas Section 25").
10. The terminus of the subject well in the proposed correlative interval will be located 10 feet from the south survey and lease line and 1,912 feet from the east survey and lease line in Texas Section 25.
11. The United States Bureau of Land Management has authority to manage 100% of the mineral rights in and to Section 29.
12. The State of New Mexico holds 100% of the mineral rights in and to Section 32, T26S-R35 East, Lea County New Mexico ("Section 32").
13. Titus holds 100% ownership interest in contractual leasehold rights as to Section 29 and Section 32.
14. Pegasus Resources, LLC; Chisos Minerals, LLC and Fortis Minerals II, LLC, own 253 net royalty acres in Texas Section 25 and filed an amicus curiae in support of the Application.
15. Occidental Petroleum ("OXY") holds 100% ownership interest in contractual leasehold rights as to Texas Section 25.
16. Titus and OXY have entered into a joint operating agreement ("JOA") for the drilling and operation of the subject well in Texas Section 25. Titus is designated in the JOA as "Operator," and OXY is designated as "Non-Operator".
17. The standard for determining whether the operator is entitled to a permit is whether the operator has a "good faith claim" to operate.
18. A "good faith claim" is defined in Commission Statewide Rule (15)(a)(5) as "a factually supported claim based on a recognized legal theory to a continuing possessory right in the mineral estate, such as evidence of a currently valid oil and gas lease or a recorded deed conveying a fee interest in the mineral estate."
19. Titus provided evidence sufficient to show a factually supported claim to a continuing right to operate the subject well on Texas Section 25.

Oil and Gas Docket No. OG-21-00006089
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20. Titus proposes to allocate production from the well based on either surface acreage assigned to the well or wellbore length within the acreage assigned.
21. The proposed alternatives for allocation of production from the subject well are reasonable.
22. Production from the subject well will be allocated on a basis mutually acceptable to public agencies having jurisdiction in Texas and New Mexico.
23. Titus requested an exception to Statewide Rule 37¹ in order to perforate the subject well within one foot of the north lease line, being the north boundary of Texas Section 25.
24. State Rule 37 requires and applicant seeking an exception to the minimum lease-line spacing requirement to file a list of the mailing addresses of all affected persons, who, for tracts closer to the well than the minimum lease-line spacing distance, include: (i) the designated operator; (ii) all lessees of record for tracts that have no designated operator; and (iii) all owners of record of unleased mineral interests.
25. OXY is the only affected person under Statewide Rule 37. OXY was not provided notice of the hearing but participated as an observer and later signed the JOA.
26. Texas Section 25 an irregular polygon (its West to East distance at its longest point is significantly longer than its North to South distance at its longest point). The northern Boundary of Texas Section 25 lies directly on the Texas-New Mexico state line.
27. All of the wells targeting the Wolfcamp Formation in the area of Texas Section 25 are drilled with horizontal laterals on a north/south axis.
28. Texas Section 25 runs about 4,200 feet in the longest portion of a north/south orientation.
29. Factoring in the required lease-line spacing minimums, it is not economical to drill a horizontal completion solely within Texas Section 25 on a north/south axis.
30. Lands adjacent to Texas Section 25 are leased to third parties and the acreage is assigned to existing horizontal wells permitted in the Field.
31. If the Application is not approved, available hydrocarbon reserves under Texas Section 25 may go unrecovered.
32. The subject well, as proposed, will promote orderly development of the field, prevent waste, and protect correlative rights.

¹ 16 Tex. Admin Code §3.37.

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33. The Applicant has waived the issuance of a Proposal for Decision and Examiners' Report in this docket.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice, or has been waived in writing by executing a joint operating agreement.
2. Resolution of this docket is a matter committed to the jurisdiction of the Commission. Tex. Gov't Code § 81.051.
3. Titus has a good faith claim to drill the El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field, Loving County, Texas.
4. The subject well, as proposed, will prevent waste and protect correlative rights.
5. The requested exception to Statewide Rule 37 is unprotested and should be granted pursuant to 16 Tex. Admin Code §3.37(h)(2).

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Titus Oil & Gas Production, LLC for a permit and exception to Statewide Rule 37 to drill the El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field, Loving County, Texas is hereby **APPROVED**, subject to the conditions identified below, at the following location:

- **Surface Location:** (Off lease) 558 feet from the south survey line and 590 feet from the east survey line of Section 20, T26S-R35 East, Lea County New Mexico.
- **Penetration Point Location:** (Off lease) 100 feet from the north survey line and 330 feet from the east survey line of Section 29 T26S-R35 East, Lea County New Mexico.
- **Terminus Location:** 10 feet from the south survey and lease line and 1,912 feet from the east survey and lease line in Section 25, Bock C24, Public School Land Survey, Loving County, Texas.

As shown on Attachment A attached to this order.

CONDITIONS

The following conditions are subject to change upon further consultation with the relevant public agencies having jurisdiction over drilling, operating, and producing the subject well.

1. **Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas

Oil and Gas Docket No. OG-21-00006089
Final Order
Page 5 of 7

- stating the depth to which water needs protection. Write: Railroad Commission of Texas, Groundwater Advisory Unit (GAU), P.O. Box 12967, Austin, Texas 78711-3087. File a copy of the letter with the appropriate district office.
2. **Permit at Drilling Site.** A copy of the Form W-1 (Drilling Permit Application), the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout the drilling operations.
 3. **Notification of Setting Casing.** The operator MUST call in notification to the appropriate district office a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification MUST be able to advise the district office of the docket number.
 4. **Producing Well.** Statewide Rule 16 requires that the operator submit a Form W-2 (oil well) or Form G-1 (gas well) to the appropriate Commission district office within thirty (30) days after completion of such well. Completion of the well in a field authorized by this order voids the order for all other fields included in the order unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date of this order.
 5. **Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or noncommercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).
 6. **Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.
 7. **Notification of Plugging a Dry Hole.** The operator MUST call to notify the appropriate district office a minimum of four (4) hours prior to beginning plugging operations. The individual giving notification MUST be able to advise the district office of the docket number and all water protection depths for that location as stated in the Texas Commission On Environmental Quality letter.
 8. **Plugged Wells.** Should this well ever be plugged and abandoned, the Commission will consider such plugging and abandonment as prima facie

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Final Order
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evidence that production from said well is no longer necessary to prevent confiscation of applicant's property or to prevent waste; and upon such plugging and abandonment, the authority for such well as granted under this permit shall cease.

9. **Permit Expiration.** This permit expires two (2) years from the date this order becomes administratively final unless actual drilling operations have begun. The permit period will not be extended.
10. **Acreage Designation.** The applicable sections of Form P-16 (relating to Acreage Designation) will capture only acreage that is being assigned to the well from tracts in Texas. The total acreage being assigned to the well from New Mexico tracts and Texas tracts will be provided in the "Remarks" section of P-16.

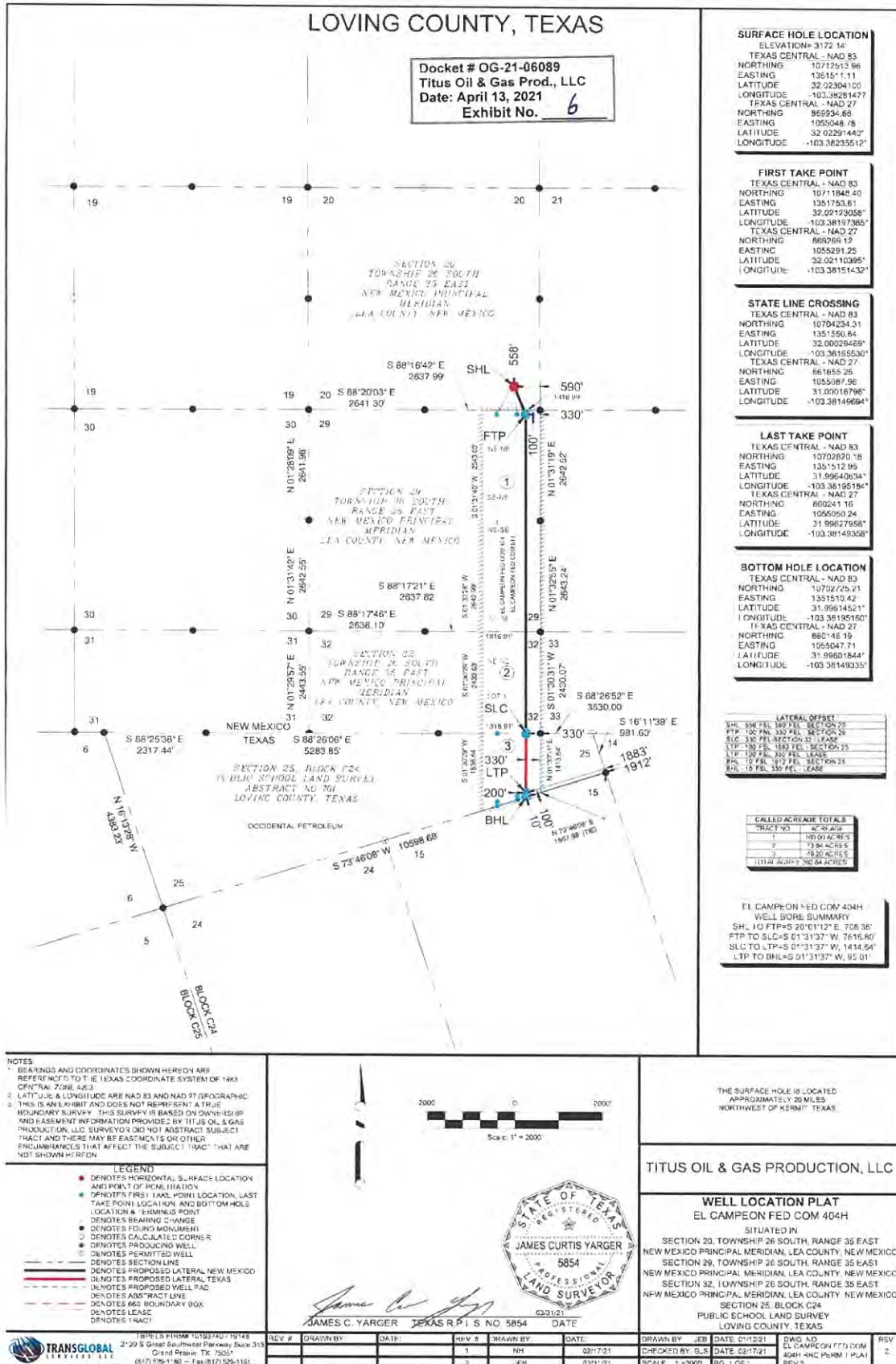
It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code § 2001.142, by agreement under Tex. Gov't Code § 2001.147, or by written Commission order issued pursuant to Tex. Gov't Code § 2001.146(e). If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 100 days from the date the parties are notified of this order in accordance with Tex. Gov't Code § 2001.144.

Signed August 24, 2021.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated August 24, 2021)**

Oil and Gas Docket No. OG-21-00006089
Final Order
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Attachment A



**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

HEARINGS DIVISION'S UNPROTESTED MASTER ORDER

August 24, 2021

At a public conference held at its offices in Austin, Texas, the Commission finds that after statutory notice, the below referenced proceedings were heard by the examiners and that no party appeared in protest to the requested relief. The Final Orders for each of the below referenced dockets are incorporated by reference into this order, and by signing this Master Order, the Commission approves each of the Final Orders and adopts the provisions contained therein.

ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Amend Field Rules:</u>				
8.	OG-21-00005149 John Moore Kristi M. Reeve	Assent Energy Partners, LLC (Operator No. 035486)	Short Grass Prairie (Cong) Field, Hardeman County, Texas; District 09.	Approve the application.
<u>Statewide Rule 32:</u>				
9.	OG-20-00004502 Ashley Correll Ezra A. Johnson	Verdugo-Pablo Energy, LLC (Operator No. 884574)	Connie West (71078) Lease, Vito (71072) Lease, Platang (San Andres) Field, Yoakum County, Texas; District 8A.	Grant the Exception to SWR 32.
10.	OG-21-00005539 Tariq Ali Jennifer Cook	U.S. Energy Development Corp. (Operator No. 875462)	Monte Lenoso B Pad (19738) Lease, Briscoe Ranch (Eagleford) Field, Frio County, Texas; District 01.	Grant Exception to SWR 32.
11. 12. 13. 15. 15.	OG-20-00005394 OG-20-00005395 OG-20-00005396 OG-20-00005397 OG-20-00005398 Tariq Ali Jennifer Cook	Tall City Operations III LLC (Operator No. 835518)	Various Leases, Various Wells, Hoefs T-K (Wolfcamp) Field, Phantom (Wolfcamp) Field, Reeves County, Texas; District 08.	Grant Exception to SWR 32.
16.	OG-20-00004950 John Moore Jennifer Cook	XTO Energy Inc. (Operator No. (945936)	University Blk 20/21 CTB, Commingle Permit 08-6786, Two Georges (Bone Spring) Field, Winkler County, Texas; District 08.	Grant Exception to SWR 32.
17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33.	OG-20-00002543 OG-20-00002549 OG-20-00002878 OG-20-00002879 OG-20-00002882 OG-20-00002884 OG-20-00002885 OG-20-00002893 OG-20-00002894 OG-20-00002895 OG-20-00002896 OG-20-00002897 OG-20-00002898 OG-20-00002899 OG-20-00002900 OG-20-00002901 OG-20-00002902	Exco Operating Company, LP (Operator No. 256915)	Various Leases, Various Wells, Briscoe Ranch (Eagleford) Field, Dimmit and Zavala Counties, Texas; District 01.	Grant Exception to SWR 32.

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HEARINGS DIVISION'S UNPROTESTED MASTER ORDER
August 24, 2021 CONFERENCE
PAGE 2

ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Statewide Rule 32 (Continued):</u>				
34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67.	OG-20-00002903 OG-20-00002904 OG-20-00002905 OG-20-00002906 OG-20-00002907 OG-20-00002908 OG-20-00002909 OG-20-00002910 OG-20-00002911 OG-20-00002912 OG-20-00002913 OG-20-00002914 OG-20-00002915 OG-20-00002916 OG-20-00002917 OG-20-00002920 OG-20-00002921 OG-20-00002922 OG-20-00002923 OG-20-00002924 OG-20-00002925 OG-20-00002926 OG-20-00002927 OG-20-00002928 OG-20-00002929 OG-20-00002930 OG-20-00002931 OG-20-00002932 OG-20-00002933 OG-20-00002934 OG-20-00002935 OG-20-00002936 OG-20-00002937 OG-20-00003312 John Moore Jennifer Cook	Exco Operating Company, LP (Operator No. 256915) - Continued	Various Leases, Various Wells, Briscoe Ranch (Eagleford) Field, Dimmit and Zavala Counties, Texas; District 01.	Grant Exception to SWR 32.
68.	OG-20-00004861 Petar Buva Kristi M. Reeve	ER Operating Company (Operator No. 238075)	Googins 249 (71606) Lease, Platang (San Andres) Field, Yoakum County, Texas; District 8A.	Grant Exception to SWR 32.
<u>Statewide Rule 36 and 46:</u>				
69.	OG-21-00005811 Austin Gaskamp Kristi M. Reeve	James Lake Midstream LLC (Operator No. 429665)	James Lake Injection (45572) Lease, Well No. 1, Goldsmith (Ellenburger) Field, Ector County, Texas; District 08.	Find that James Lake Midstream, LLC has met the requirements of Statewide Rule 36 and remand the application for administrative consideration.
<u>Statewide Rule 95:</u>				
70.	OG-21-00005946 Austin Gaskamp Ezra A. Johnson	Windland Energy, LLC (Operator No. 931601)	Notrees Storage Unit Lease, Well Nos. 1, 2, and 3, Salado (Storage) Field, Ector County, Texas; District 08.	Approve the Application.

HEARINGS DIVISION'S UNPROTESTED MASTER ORDER
August 24, 2021 CONFERENCE
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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Unitization and Secondary Recovery Authority:</u>				
71.	OG-20-00005461 John Moore Ezra A. Johnson	Prasad, Hari Production Co. (Operator No. 675948)	Fullerton East Glorieta Clearfork Unit Lease, Fullerton Field, Andrews County, Texas; District 08.	Approve the Application.
<u>Miscellaneous:</u>				
72.	OG-21-00006089 Ezra A. Johnson Austin Gaskamp	Titus Oil & Gas Production, LLC (Operator No. 800622)	El Campeon Fed Com Lease, Well No. 404H, Phantom (Wolfcamp) Field, Loving County, Texas; District 08.	Approve the Application.
<u>Single Signature P-4 Applications (SP4):</u>				
73.	OG-21-00006695 Kristi M. Reeve	Tesuque Oil & Gas LLC (Operator No. 844127)	Mireles, Johnnie (02996) Lease, Well No. 1, Minerva-Rockdale Field, Milam County, Texas; District 01.	Approve change of Operator from Price Operating, LLC (Operator No. 676856) to Tesuque Oil & Gas LLC.
74.	OG-21-00006856 Kristi M. Reeve	Tower Resources Inc. (Operator No. 862857)	Garrison, E.V. et al (11848) Lease, Well Nos. 2608, 2609, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2627, 2628, 2629, 2630, 2631, 2632, 2633, and 2634, Slocum Field, Anderson County, Texas.; District 06.	Approve change of Operator from Leverage Operating, LLC (Operator No. 498751) to Tower Resources Inc.
75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85.	OG-21-00006532 OG-21-00006533 OG-21-00006534 OG-21-00006550 OG-21-00006551 OG-21-00006552 OG-21-00006553 OG-21-00006554 OG-21-00006556 OG-21-00006557 OG-21-00006558 Ezra A. Johnson	Tall Dune Resources, LLC (Operator No. 835525)	Various Leases, Various Wells, Conger (Penn) Field, South (Fusselman) Field, Sterling County, Texas; District 08.	Approve change of operator from Siana Oil & Gas (Operator No. 779259) to Tall Dune Resources, LLC.
86.	OG-21-00006655 Ezra A. Johnson	Cinron Energy, LLC (Operator No. 153512)	Robinson, I. E. (03160) Lease, Well No. 1 T, Coke (Robinson) Field, Wood County, Texas; District 06.	Approve change of operator from Simples Oil International, LLC (Operator No. 784116) to Cinron Energy, LLC.

**HEARINGS DIVISION'S UNPROTESTED MASTER ORDER
August 24, 2021 CONFERENCE
PAGE 4**

IT IS ORDERED that term of each individual Final Order referenced herein shall become effective when this master order is signed. A copy of this Order shall be affixed to each individual Final Order.

Signed on August 24, 2021.

RAILROAD COMMISSION OF TEXAS

DocuSigned by:
Christi Craddick
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CHAIRMAN CHRISTI CRADDICK

DocuSigned by:
Wayne Christian
C1C7A694E446422

COMMISSIONER WAYNE CHRISTIAN

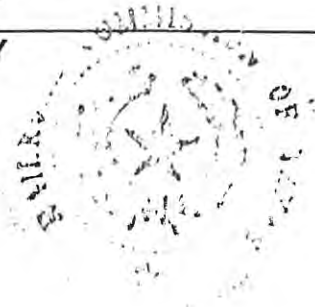
DocuSigned by:
Jim Wright
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COMMISSIONER JIM WRIGHT

ATTEST:

DocuSigned by:
Callie Farrar
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SECRETARY



23.

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

**CASE NO. 21872
ORDER NO. R-21831**

ORDER

This matter comes before the Director of the Oil Conservation Division (“Director”) on the Applicant’s Status Report and Request for Order of Approval Or, In the Alternative, Referral to The Commission filed by Titus Oil & Gas Production, LLC (“Titus”) (“Applicant’s Request”). The Director has reviewed the Applicant’s Request and finds that:

1. This matter involves the proposed drilling of a well in New Mexico which would be completed in Texas and would produce in both states.
2. This matter has been the subject of hearings before the Division Hearing Examiner at which evidence was presented by Titus and an appearance was made by counsel for the Division. There has also been a hearing before the Texas Railroad Commission.
3. Pursuant to NMSA 1978, Section 70-2-6(B) and 19.15.4.20(B) NMAC, a hearing may be held before the Oil Conservation Commission (“Commission”) on any matter if the Director, in their discretion, determines that the Commission shall hear the matter.
4. The Director has determined that the Commission shall hear this matter.

IT IS THEREFORE ORDERED THAT:

1. This matter is referred to the Oil Conservation Commission for possible hearing and action, and shall be placed on the agenda for the September 16, 2021 Commission meeting.
2. The record in the Division matter shall become part of the record before the Commission.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

Date: 9/03/2021