

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

**APPLICATION OF ROCKWOOD RESOURCES, LLC, et al.,  
TO REOPEN MEWBOURNE OIL COMPANY'S  
POOLING CASE NO. 21390, LEA COUNTY, NEW MEXICO**

**Reopen Case No. 22539  
Re: Case No. 21390; Order No. R-21527**

**APPLICATION OF ROCKWOOD RESOURCES, LLC, et al.,  
TO REOPEN MEWBOURNE OIL COMPANY'S  
POOLING CASE NO. 21391, LEA COUNTY, NEW MEXICO**

**Reopen Case No. 22540  
Re: Case No. 21391; Order No. R-21528**

**EMERGENCY REQUEST FOR CONTINUANCE**

Rockwood Resources, LLC (“Rockwood”), Christine Brock, and Rebecca J. Babbitt (collectively referred to herein as “Rockwood Group”), through its undersigned attorneys, hereby file this Emergency Request for Continuance (“Continuance”). In support of their request, Rockwood Group states the following:

1. The Scheduling Order for Case Nos. 22539 and 22540 granted Rockwood permission to file a response to Mewbourne Oil Company’s (“Mewbourne”) Motion to Dismiss, setting a March 1, 2022, less than 48-hours prior to the March 3 hearing. *See* Exhibit 1, ¶ 2, attached hereto. Rockwood complied with the terms of the Scheduling Order by submitting its Response and associated four-page Reply responding to Section II.D of Mewbourne’s Motion, a part of Rockwood’s Response filed on the March 1 deadline.

2. The Scheduling Order did not authorize Mewbourne to file a reply in support of its motion to dismiss. *See* Exhibit 2, ¶ 2, attached hereto, an example of a Scheduling Order that authorizes a party to file a reply. Nonetheless, Mewbourne submitted an eleven-page “Mewbourne Oil Company’s Reply in Support of its Motion to Dismiss Applications” (“Reply”),

emailing a copy of its reply to undersigned counsel at 3:53 p.m. on March 2, less than 16 hours before the scheduled hearing. Paragraph 3 of the Scheduling Order provided Mewbourne with a mechanism to seek a continuance if it wanted to file an unauthorized reply after the March 1 filing deadline, but Mewbourne chose not to contact opposing counsel to discuss seeking a continuance.

3. Instead, Mewbourne spent an additional day, plus the additional half day Rockwood provided to Mewbourne as a courtesy due to the short fuse, to draft a complex and substantive Reply involving the technicalities of standing that are outside the scope of legal arguments made in Mewbourne's Motion. *See* Mewbourne's Motion, p. 2; *see also* Exhibit 3, attached hereto (by sending Mewbourne Rockwood's motion at lunchtime on March 1, Rockwood provided Mewbourne an additional half day of time to prepare on the assumption that Rockwood's Response/Reply was the final submission on the day of the deadline).

4. Not only is Mewbourne's Reply unauthorized and untimely, it impermissibly expands the scope of the standing argument it made in its Motion to Dismiss. Specifically, in its Motion to Dismiss, Mewbourne generally mentions standing in its introduction but does not identify the specific reasons Rockwood lacks standing until its first legal argument in Section II(A): Rockwood lacks standing to challenge the Division's pooling orders as to Babbitt's interest in the wells. The scope of Mewbourne's standing argument in its Motion to Dismiss is limited only to the Babbitt interest, as Mewbourne concludes this Section with the final sentence: "Rockwood/Babbitt lack standing and considering their claim would waste resources of the parties and the Division." If Mewbourne had challenged standing for Brock in its Motion to Dismiss, Rockwood would have responded accordingly by providing exhibits of ownership, as well as injury in fact, causation and redressibility involving the Brock interest. With proper notice and time to prepare, Rockwood would have shown the Division the full extent of its ownership and injury and how all the requirements for standing are met, both for Rockwood as an individual

party, and as a representative of a third party. Rockwood has sufficient ownership of the Brock interest to have developed these arguments if they had been addressed. *See* Exhibit 4, attached hereto.

5. If Mewbourne's Motion had asserted the specific legal argument of standing as it applied to the Brock interest, Rockwood would have raised issues involving New Mexico doctrine of great public importance in addition to injury, causation and redressibility. The matters of the present cases implicate not only important public policy issues, involving proper notice under the Rules, but they directly impact fundamental, constitutionally guaranteed rights the Division should consider for the procedural review of future cases. Mewbourne, by its reply, makes a last-ditch effort to deny the Division the opportunity for a thorough review while prejudicing Rockwood.

6. In sum, by not presenting its full standing argument in its Motion to Dismiss, but holding back to make those arguments in an unauthorized Reply, Mewbourne has prejudiced the rights of the Rockwood Group to present a full response to those arguments.

7. Furthermore, Mitch Robb's Supplemental Self-Affirmed Statement attached to Mewbourne's Reply as Exhibit A is inconsistent with the facts that Mewbourne presented in its Motion to Dismiss. Rockwood filed its original Motion to Establish Facts and Law on February 11, 2022, arguing that the unlocatable owners were locatable on the internet through reasonable diligence. Mewbourne had full opportunity and substantial time to explain to the Division the manner and methods it used to satisfy notice through reasonable diligence, including searching the internet or any commercial databases. Mewbourne filed its Motion to Dismiss a full 10 days later, February 22, stating that it searched the BLM and county records and this constituted reasonable diligence. It is safe to assume that this presentation of the facts was an accurate description of the efforts it made to locate the working interest owners and its position that those efforts, standing alone, constituted reasonable diligence.

8. Mewbourne has now changed its story, suddenly remembering that it searched high powered commercial databases such as Accurint and still did not locate the owners. Rockwood submits that Mewbourne's statements should not be used in a hearing motion but is of a contradictory nature that should be examined under oath in an evidentiary hearing, after adequate discovery, which requires a continuance.

9. Mewbourne's filing of its Reply at approximately 4 p.m. the day before the hearing was (1) unauthorized by the Division's Scheduling Order; (2) outside the scope of the legal arguments of Mewbourne's Motion and Response; and consequently, (3) highly prejudicial to Rockwood in these proceedings. By granting a continuance, the Division would acquire, and not be denied, the necessary time to conduct a thorough review of the issues in these cases to determine if they should be maintained or dismissed, which currently is not possible under the circumstances.

For the foregoing reasons, Rockwood requests the Division to grant an emergency continuance of the Motion Hearing in Case Nos. 22539 and 22540.

Respectfully Submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Darin C. Savage

William Zimsky  
Paula M. Vance  
Andrew D. Schill  
214 McKenzie Street  
Santa Fe, New Mexico  
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970.385.4401  
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bill@abadieschill.com  
paula@abadieschill.com  
andrew@abadieschill.com

**Attorneys for Rockwood Resources, LLC, et al.**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on March 2, 2022:

Dana S. Hardy  
Michael Rodriguez  
HINKLE SHANOR LLP  
P.O. Box 2068  
Santa Fe, NM 87504-2068  
Phone: (505) 982-4554  
Fax: (505) 982-8623  
dhardy@hinklelawfirm.com  
mrodriguez@hinklelawfirm.com  
*Attorneys for Mewbourne Oil Company*

/s/ Darin Savage  
Darin Savage

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

**APPLICATIONS OF ROCKWOOD RESOURCES, LLC, ET AL  
TO REOPEN CASE NOS. 21390 AND 21391  
LEA COUNTY, NEW MEXICO**

**Case No. 22539  
Case No. 22540**

**SCHEDULING ORDER**

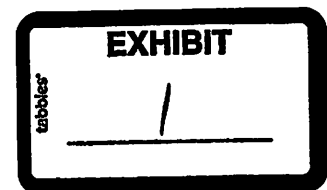
This Scheduling Order follows a Motion to Establish Essential Facts and Legal Conclusions for the Purpose of Holding an Evidentiary Hearing filed by Rockwood Resources et al (“Rockwood”) on February 11, 2022, and a Motion to Dismiss (“Motion to Dismiss”) filed by Mewbourne Oil Company (“Mewbourne”) on February 21, 2022. The Oil Conservation Division (“Division”) states that:

1. Applications were filed in these cases on January 14, 2022, and the cases were scheduled for the March 3, 2022 docket. On January 24, 2022, Mewbourne filed an Entry of Appearance and objected to these cases being heard by affidavit. As a result, the Division listed these cases as a status conference on the March 3, 2022 docket.
2. In addition to the status conference, the Division will hear arguments on the Motion to Dismiss filed in these cases on March 3, 2022. Rockwood may file a response to the Motion to Dismiss by March 1, 2022.
3. Any requests for continuances or status conferences shall be filed in writing through the Division fee portal.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

William R. Brancard  
**WILLIAM R. BRANCARD  
HEARING EXAMINER**

**Date: February 22, 2022**



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

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21361**

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21362**

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21363**

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21364**

**SCHEDULING ORDER ON MOTION FOR REFERRAL OF APPLICATIONS**

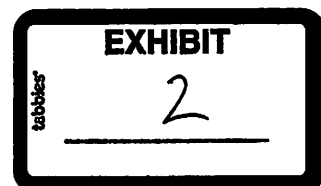
Applicant Mewbourne Oil Company filed on July 15, 2020, a Motion for Referral of Applications to the Oil Conservation Commission for Hearing in Conjunction with Cases No. 21277-21280, currently set for *de novo* hearing before the Commission on September 17, 2020.

Mewbourne states in support of its motion that the cases involve competing development plans, and the proposed joint hearing would protect correlative rights, promote efficiency, and conserve resources.

Parties to Cases No. 21277-21280 include Apache, which opposes Mewbourne's motion; Ascent, which opposes Mewbourne's motion in part; Oxy USA and EOG, which do not oppose Mewbourne's motion.


The following deadlines are set in order to fully brief the motion for the Director's decision:

1. Responses to Mewbourne's motion for referral shall be filed by 5 p.m. on July 23, 2020.
2. Replies to any responses filed shall be filed by 5 p.m. on July 30, 2020.
3. Arguments will be held on the motion as part of the Division hearing docket on August 6, 2020.





**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**FELICIA L. ORTH  
HEARING EXAMINER**

Date: July 17, 2020



**From:** Darin Savage [darin@abadieschill.com](mailto:darin@abadieschill.com)

**Subject:** Rockwood's Response and Reply to Mewbourne's Motion, Cases 22539-40

**Date:** March 1, 2022 at 12:36 PM

**To:** Dana Hardy [dhardy@hinklelawfirm.com](mailto:dhardy@hinklelawfirm.com), Michael Rodriguez [mrodriguez@hinklelawfirm.com](mailto:mrodriguez@hinklelawfirm.com)

**Cc:** Luke Kittinger [luke@abadieschill.com](mailto:luke@abadieschill.com), Paula Vance [paula@abadieschill.com](mailto:paula@abadieschill.com), Bill Zimsky [bill@abadieschill.com](mailto:bill@abadieschill.com), Andrew Schill [andrew@abadieschill.com](mailto:andrew@abadieschill.com)

Dana, good afternoon,

We filed with the OCD today Rockwood's Response and Reply to Mewbourne's Motion to Dismiss and Response to Rockwood's Motion for an Evidentiary Hearing in Cases 22539 and 22540, see attached. We wanted to get this to you as soon as we could so that you and Michael would have sufficient time to review.

Thanks,

Darin



DARIN SAVAGE

*Abadie | Schill P.C.*

*214 McKenzie Street, Santa Fe, New Mexico 87501*

**P | 970.385.4401 :: F | 970.385.4901 :: C | 970.764.8191**

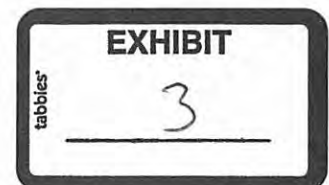
*CONFIDENTIAL NOTICE: This electronic transmission and any documents or other writings sent with it constitute confidential information which is intended only for the named recipient and which may be legally privileged. If you have received this communication in error, do not read it. Please reply to the sender at Abadie & Schill, PC that you have received the message in error. Then delete it. Any disclosure, copying, distribution or the taking of any action concerning the contents of this communication or any attachment(s) by anyone other than the named recipient is strictly prohibited.*



Rockwood Reply  
Cases....22.pdf



Rockwood  
Respo....22.pdf



## ASSIGNMENT, BILL OF SALE AND CONVEYANCE

**STATE:** New Mexico  
**COUNTY:** Lea  
**GRANTOR:** Christine Brock, by Roy L. Patterson POA  
453 Marino Rd  
Bryan, Tx 77808  
**GRANTEE:** Rockwood Resources, LLC  
PO Box 2250  
Sulphur Springs, Tx 75483

For adequate consideration, the receipt of which is hereby acknowledged, Grantor, named above, does hereby grant, sell, convey, transfer, assign and deliver unto Grantee, named above, all right title and interest in and to all oil, gas, and other minerals, royalty interests, overriding royalty interests, surface estate interests, leasehold interests, working interests and all equipment associated therewith, situated within the entire geographical boundary of Lea County, New Mexico, listed below whether accurately described or not and being more fully described on "Exhibit A".

### Section 4: T-18-S, R-32-E, Lea County, New Mexico

*It is the intent of this instrument to convey unto Grantee all of Grantor's royalty, overriding royalty, mineral interest, surface estate interest, leasehold interest, working interest and all equipment in all sections and/or abstracts in Lea County, New Mexico as of the Effective Date, regardless of depth, but if lands owned by Grantor is less than that described above, only that owned by Grantor is intended to be conveyed.*

Together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same there from with the right to remove from said land all of Grantor's property and improvements. Grantor also conveys the right to funds due to causes of action and to any suspended funds held by any entity for benefit of Grantor, regardless of the production date, and right, title, and interest in and to any funds due to Grantor as of effective date, as if the assignment had occurred prior to such production of payment. This grant shall run, and the rights, titles and privileges hereby granted shall extend to Grantee herein, and to Grantee's heirs, administrators, executors, and assigns, forever.

This sale is made subject to any rights now existing to any leases or assigns under any valid and subsisting oil and gas lease heretofore executed and now of legal record; it being understood and agreed that said Grantee shall have, receive and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties, and other benefits which may accrue there under from and after the date hereof, precisely as if the Grantee herein had been at the date of making said lease and/or leases the owner of a similar undivided interest in and to the lands above described and none other and Grantee one of the lessors herein.

This agreement constitutes the sole and only agreement of the parties to this deed and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this deed. All prior agreements or understandings, whether oral or written, are hereby merged into the terms of this written agreement. No amendment, modification, or alteration of the terms hereof shall be binding unless it is in writing, dated subsequent to the date hereof, and duly executed by the parties.

Grantor hereby warrants title to the interests assigned against claims made or to be made by, through or under Assignor.

The provisions hereof shall extend to and be binding upon the successors and assigns of the parties that executed this Assignment of Oil and Gas Leases.

WITNESS my hand this 14<sup>th</sup> day of January, 2022, but the Effective Date of this transaction shall be December 1, 2021.

GRANTOR:

**Christine Brock**

Roy L. Patterson

By: Roy L. Patterson

Title: Power of Attorney

**ACKNOWLEDGEMENT BY NOTARY PUBLIC**

STATE OF TEXAS §

COUNTY OF Brazos §

This instrument was acknowledged before me on January 14, 2022, by Roy L. Patterson, Power of Attorney for Christine Brock.

Mechelle Hamilton

Notary Public in and for the State of Texas

My Commission Expires: 02-10-2025



{Exhibit A Follows}

**EXHIBIT "A"**

Attached and made a part of that certain Assignment, Bill of Sale and Conveyance made effective December 1, 2021 and between **Christine Brock, by Roy L. Patterson** as sole and separate property to **Rockwood Resources, LLC** a Delaware limited liability company.

**Leases and Lands**

**Oil and Gas Lease:**

**Serial No.:** NMLC 063345

**Form:** 4-213 (April 1956)  
Renewal Lease

**Date:** Originally dated September 22, 1939, and last renewed on  
November 1, 1960

**Recorded:** This renewal lease is not recorded in Lea County, New  
Mexico and recording is unnecessary

**Lessor:** United States of America

**Lessee:** Frank Brock, R. T. Brock, and Albert Hunter Utter,  
Executor of the Estate of Alpha McAtee, deceased

**Lands Covered:** Township 18 South, Range 32 East  
Section 4: Lots 3, 4, SW4 NW4  
  
Lea County, New Mexico containing 120.47 acres,  
more or less

Whether included here or not, the intention of this instrument is to grant, bargain, sell, convey, assign transfer, set over and deliver an undivided 100% of Grantor's right, title and interests, including but not limited to, leasehold interests, operating rights, working interests, royalty interests and overriding royalty interests in the lands below, all located in Lea County, New Mexico.

{End of Exhibit "A"}

## ASSIGNMENT, BILL OF SALE AND CONVEYANCE

**STATE:** New Mexico  
**COUNTY:** Lea  
**GRANTOR:** Rebecca J. Babbitt  
90 Paradise Valley Dr.  
Conroe, Tx 77304  
**GRANTEE:** Rockwood Resources, LLC  
PO Box 2250  
Sulphur Springs, Tx 75483

For adequate consideration, the receipt of which is hereby acknowledged, Grantor, named above, does hereby grant, sell, convey, transfer, assign and deliver unto Grantee, named above, all right title and interest in and to all oil, gas, and other minerals, royalty interests, overriding royalty interests, surface estate interests, leasehold interests, working interests and all equipment associated therewith, situated within the entire geographical boundary of Lea County, New Mexico, listed below whether accurately described or not and being more fully described on "Exhibit A".

### Section 4: T-18-S, R-32-E, Lea County, New Mexico

*It is the intent of this instrument to convey unto Grantee all of Grantor's royalty, overriding royalty, mineral interest, surface estate interest, leasehold interest, working interest and all equipment in all sections and/or abstracts in Lea County, New Mexico as of the Effective Date, regardless of depth, but if lands owned by Grantor is less than that described above, only that owned by Grantor is intended to be conveyed.*

Together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same there from with the right to remove from said land all of Grantor's property and improvements. Grantor also conveys the right to funds due to causes of action and to any suspended funds held by any entity for benefit of Grantor, regardless of the production date, and right, title, and interest in and to any funds due to Grantor as of effective date, as if the assignment had occurred prior to such production of payment. This grant shall run, and the rights, titles and privileges hereby granted shall extend to Grantee herein, and to Grantee's heirs, administrators, executors, and assigns, forever.

This sale is made subject to any rights now existing to any leases or assigns under any valid and subsisting oil and gas lease heretofore executed and now of legal record; it being understood and agreed that said Grantee shall have, receive and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties, and other benefits which may accrue there under from and after the date hereof, precisely as if the Grantee herein had been at the date of making said lease and/or leases the owner of a similar undivided interest in and to the lands above described and none other and Grantee one of the lessors herein.



This agreement constitutes the sole and only agreement of the parties to this deed and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this deed. All prior agreements or understandings, whether oral or written, are hereby merged into the terms of this written agreement. No amendment, modification, or alteration of the terms hereof shall be binding unless it is in writing, dated subsequent to the date hereof, and duly executed by the parties.

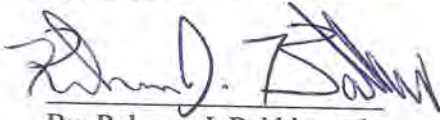
Grantor hereby warrants title to the interests assigned against claims made or to be made by, through or under Assignor.

The provisions hereof shall extend to and be binding upon the successors and assigns of the parties that executed this Assignment of Oil and Gas Leases.

WITNESS my hand this 30<sup>th</sup> day of January, 2022, but the Effective Date of this transaction shall be December 1, 2021.

GRANTOR:

Rebecca J. Babbitt



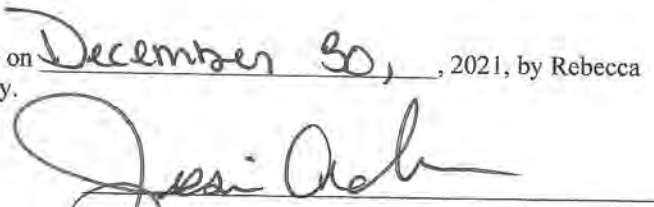
By: Rebecca J. Babbitt, as her  
sole and separate property

**ACKNOWLEDGEMENT BY NOTARY PUBLIC**

STATE OF TEXAS

COUNTY OF Montgomery

This instrument was acknowledged before me on December 30, 2021, by Rebecca J. Babbitt individually, as her sole and separate property.



Notary Public in and for the State of Texas

My Commission Expires: 11-20-2025



{Exhibit A Follows}

**EXHIBIT "A"**

Attached and made a part of that certain Assignment, Bill of Sale and Conveyance made effective December 1, 2021 and between **Rebecca J. Babbitt** as her sole and separate property to **Rockwood Resources, LLC** a Delaware limited liability company.

**Leases and Lands**

**Oil and Gas Lease:**

**Serial No.:** NMLC 063345

**Form:** 4-213 (April 1956)  
Renewal Lease

**Date:** Originally dated September 22, 1939, and last renewed on  
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**Recorded:** This renewal lease is not recorded in Lea County, New  
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**Lessor:** United States of America

**Lessee:** Frank Brock, R. T. Brock, and Albert Hunter Utter,  
Executor of the Estate of Alpha McAtee, deceased

**Lands Covered:** Township 18 South, Range 32 East  
Section 4: Lots 3, 4, SW4 NW4

Lea County, New Mexico containing 120.47 acres,  
more or less

Whether included here or not, the intention of this instrument is to grant, bargain, sell, convey, assign transfer, set over and deliver an undivided 100% of Grantor's right, title and interests, including but not limited to, leasehold interests, operating rights, working interests, royalty interests and overriding royalty interests in the lands below, all located in Lea County, New Mexico.

{End of Exhibit "A"}



# Rockwood Resources, LLC

PO Box 2250 Sulphur Springs, Tx 75483

January 4, 2022

Billie Francis Utter  
By Robert Newton Utter POA  
4904 Fairview Rd  
Bartlesville, OK 74006

RE: Letter Agreement regarding purchase and sale of Billie Francis Utter's individual leasehold interest in T18S, R32E: Section 4 Lea County, New Mexico.

Dear Mr. Utter:

This Letter Agreement (the "Agreement") sets forth the terms and conditions by which Rockwood Resources, LLC either directly or through a related entity or designee (collectively, "Rockwood"), proposes to purchase from Billie Francis Utter by Robert Newton Utter, Attorney in Fact ("Seller"), and Seller proposes to sell to Rockwood (the "Proposed Transaction"), 100% of Seller's right, title and interest in and to the leasehold and contractual interests in Section 4, Lea County, New Mexico (the "Lands"), which shall be made effective as of January 1, 2022 (the "Effective Date"), all as more fully described in the attached Exhibit "A" (the "Interests"). Rockwood and Seller may be hereinafter referred to collectively as the "Parties" and each a "Party".

This Agreement is made subject to the following terms and conditions:

1. **Purchase Price.** The purchase price ("Purchase Price") to be paid by Rockwood for the Interests shall be [REDACTED] for 100% interest in Section 4, T18S, R32E of Lea County, New Mexico, subject to any adjustments as set forth in Paragraph 4.
2. **Closing Date.** Closing of the Proposed Transaction ("Closing") shall occur on or before Monday, February 28, 2022 ("Closing Date"), unless otherwise amended in writing by the Parties. At Closing, Rockwood shall wire to Seller the Purchase Price, and Seller shall deliver to Rockwood:
  - a. A fully executed original Assignment of the Interests which shall be made effective as of January 1, 2022 (the "Effective Date"); and
  - b. Copies of Seller's files pertaining to the Interests.
3. **Conditions.** Rockwood's obligations to consummate the Proposed Transaction will be subject to the following:
  - a. Rockwood is satisfied, in its sole discretion and opinion, with its due diligence review and investigation of the Interests, as outlined in paragraph 4 below, including,

without limitation, an examination of the contracts, leases, title, pooling agreements, operating agreements and any other items or liens or encumbrances which relate to the Lands and/or the Interests; and

b. Rockwood's receipt of a copy of all approvals, permits, licenses and consents, governmental or otherwise, deemed necessary or appropriate by Rockwood in order to consummate the Proposed Transaction.

c. Seller of the Working Interest described herein, grants, by execution of this agreement, to Rockwood, as Buyer, the full authority, during the pendency of that certain Letter Agreement, between the parties dated December 27, 2021 ("LOA"), to hire an attorney to represent the Seller's interests in the lands and units force pooled in New Mexico Oil Conservation Division ("NMOCD") Case No. 21390, pursuant to NMOCD Pooling Order No. R-21527, and in NMOCD Case No. 21391, pursuant to NMOCD Pooling Order No. R-21528, the lands and units being the N/2 N/2 and the S/2 N/2 of Sections 3 and 4, Township 18 South, Range 32 East, Lea County, New Mexico, which include Seller's interests. Seller's grant of authority to Buyer to hire an attorney to represent Seller's interests in said lands and units includes the authority to pursue and litigate all rights and interests provided to Seller as a pooled party by the NMOCD under Pooling Order Nos. R-21527 and R-21528. In exchange for the grant of this authority, Buyer releases the Seller of any and all liability of attorney's fees in pursuit of the representation of the Seller's interests regardless of whether the contract for the purchase of said Working Interest closes.

4. **Due Diligence.** During the period beginning on the date this Agreement is executed by Seller, and continuing until the Closing Date (the "Due Diligence Period"), Seller will provide Rockwood full and free access to:

c. The Lands and Interests, in order that Rockwood can inspect, inventory and approve full marketable title to the Interests, free and clear of any and all liens and encumbrances, in Rockwood's sole discretion and opinion; and

b. Seller's contracts, books and records, oil and gas leases, lease files, title and curative work, and any and all other documents related to the Lands and Interests, including as these documents are received and maintained from Seller.

Rockwood will be permitted to perform a full and complete investigation of the aforementioned documents and the Interests where they exist, by and through its agents, brokers, representatives, and professional advisors (including attorneys, accountants, petroleum engineers, and geologists).

Immediately upon discovery by either Party of any title or other defect, addition, or encumbrance that would result in either an increase or a decrease in the number of unencumbered net leasehold acres in and to the Lease that is owned by Seller (each a "Defect"), the discovering Party shall deliver to the other Party notice of such Defect. In the event of a Defect resulting in a loss of net acreage, Seller shall have the right,

but not the obligation, to cure any such Defects prior to Closing. If Seller is unable to do cure such Defect, or if the Defect results in an increase in net acreage, the total amount to be paid by Rockwood at Closing shall be increased or reduced accordingly on the basis of per NLA.

5. **Confidentiality.** Each party shall, at all times, maintain the confidentiality of all confidential and proprietary information regarding this Proposed Transaction (including the terms and existence of this Agreement, any negotiations regarding the Proposed Transaction) and will not disclose such information, or use it for any purpose other than its evaluation of the Proposed Transaction, the Lands and Interests, without the prior consent of the other party.
6. **No Shop.** Seller hereby covenants and agrees that prior to the Closing Date, neither Seller nor any of its officers, partners, employees, shareholders, agents, partners, representatives or their affiliated entities, will solicit, entertain or otherwise engage in or continue any existing discussions or negotiations or accept any offers with respect to the possible sale to a third party, directly or indirectly of any portion of the Lands or Interests. Additionally, Seller hereby represents to Rockwood that it has terminated any and all discussions, communication, negotiations and/or offers (if any) with respect to the possible sale of any or all of the Interests with any third party.
7. **Governing Law.** Any dispute between the Parties relating to this Agreement or the Proposed Transaction shall be construed under and in accordance with the laws of the State of Texas. The Parties agree that the federal or state courts within Midland County, Texas, shall have exclusive venue and jurisdiction over any such dispute.
8. **Binding Effect.** The purpose of this Agreement is to summarize understandings reached regarding the proposed purchase and sale of the Interests. This Agreement does set forth binding obligations of both Parties.
9. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and such counterparts together shall constitute one and the same instrument.
10. **Prior Discussions.** The understandings set forth in this Agreement, if executed as provided below, supersede and replace all prior understandings among the Parties with respect to the subject matter discussed herein, whether oral, written or otherwise.

If the foregoing accurately sets forth our understanding, please sign and return this Agreement. By executing this Agreement, each Party represents that it is duly authorized to execute this Agreement and that such Agreement does not conflict with or violate any agreement with any other party.

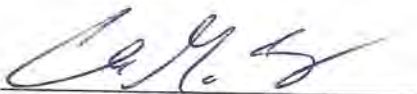
This Agreement will expire and be of no force and effect if not accepted by Rockwood by execution in the space set forth below and the delivery of such executed copy (by email or by original signed copies) to the undersigned on or before 5:00 pm CST, Friday, January, 14 2022, unless such date is extended by the Parties in writing. Furthermore, upon execution, all obligations contained herein, including any obligation to close, shall remain subject to the Parties' executive management approval.

Sincerely,

Chase McCoy  
Rockwood Resources, LLC

AGREED AND ACCEPTED BY:

Rockwood Resources, LLC

By: 

Name: Chase McCoy

Title: Co-President

Date: 1/14/2022

AGREED AND ACCEPTED BY:

Billie Francis Utter, widow to Delbert Ray Utter

By: 

Name: Robert Newton Utter

Title: Attorney in Fact

Date: 1-14-22

**EXHIBIT "A"**

**Attached and made a part of that certain Letter Agreement dated December 27, 2021 by and between Billie Francis Utter, widow to Delbert Ray Utter, by Robert Newton Utter, Attorney in Fact and Rockwood Resources, LLC.**

**Leases and Lands**

**Oil and Gas Lease:**

**Serial No.:** NMLC-063345

**Date:** Originally dated September 22, 1939, and last renewed on November 1, 1990

**Lessor:** United States of America

**Lessee:** Frank Brock, R. T. Brock, and Albert Hunter Utter, Executor of the Estate Of Alpha McAtee, deceased

**Lands Covered:** Township-18 South, Range-32-East, N.M.P.M  
Section 4: Lots 3 and 4 and SW4 NW4

Lea County, New Mexico, containing 120.47 acres, more or less

**Subject Wells**

EastWatch 4-3 B2DA Federal Com #001H API 30-025-49601  
EastWatch 4-3 B2EH Federal Com #001H API 30-025-49533

{End of Exhibit "A"}