



1001 – 17th Street, Suite 1160 P 720.484.2351
Denver, Colorado 80202 F 720.484.2363
dgreer@catamountep.com

June 8, 2022

Sent Certified Mail, Return Receipt Requested

Gregory Santistevan
257 Santo Tomas
Costa Mesa, CA 92627

RE: Navajo Lake 32-6-11 1 well
T32N-R6W, N.M.P.M.
Sec 11: All
Sec 12: W/2, NE, NWSE
San Juan and Rio Arriba Counties, New Mexico

Catamount Energy Partners LLC (Catamount) plans to drill the Navajo Lake 32-6-11 1 well (the “Well”) in the above-referenced 987.58-acre spacing unit and will be filing for a Non-Standard Spacing Unit with the New Mexico Oil Commission Division (NMOCD) for this multi-lateral horizontal well.

Our records indicate that you own a 0.0832% unleased interest in the oil and gas mineral estate in the proposed unit and Catamount hereby offers you the option to participate in the drilling and completion of the Well. Should you elect to participate in the Well, Catamount is proposing the enclosed Joint Operating Agreement (“JOA”) for your review and execution. Your interest may change once we receive a formal title opinion.

Enclosed please find the Authority for Expenditure (“AFE”) which identifies the estimated costs of drilling a pilot hole, the 3 laterals and completing this multi-lateral Well. The costs set out in the enclosed AFE are an estimate, and actual costs may be higher or lower. Approval of the AFEs constitutes your approval of the actual cost of the drilling and completion operations as well as your agreement to pay your proportionate share of the actual costs of drilling, completing, and operating the Well.

To assist in your decision, some general and approximate information with respect to the Navajo Lake 32-6-11 1 well is set forth below:

Surface Location:	<u>Township 32 North, Range 6 West, N.M.P.M.</u> Section 10: NESE (Unit I) (approximately 1830’FSL, 353’ FEL)	
Spacing Unit:	<u>Township 32 North, Range 6 West, N.M.P.M.</u> Section 11: All Section 12: W/2, NE, NWSE	
Formation:	Fruitland Coal	
Pilot Hole:	Estimated TD (TVD):	2905.0’
	Estimated First Take Point:	2468’ FSL, 1160’ FWL Sec 11-T32N-R6W
	Estimated Last Take Point:	2468’ FSL, 1261’ FWL Sec 11-T32N-R6W
Lateral #1:	Estimated TD (TVD):	2712.0’
	Estimated First Take Point:	2452’ FSL, 1265’ FWL Sec 11-T32N-R6W

	Estimated Last Take Point:	2333' FSL, 1630' FEL Sec 12-T32N-R6W
Lateral #2:	Estimated TD (TVD):	2712.0'
	Estimated First Take Point:	2535' FSL, 1220' FWL Sec 11-T32N-R6W
	Estimated Last Take Point:	200' FNL, 330' FEL Sec 12-T32N-R6W
Lateral #3:	Estimated TD (TVD):	2712.0'
	Estimated First Take Point:	2368' FSL, 1260' FWL Sec 11-T32N-R6W
	Estimated Last Take Point:	660' FSL, 2337' FWL Sec 12-T32N-R6W
Total D&C AFE:		\$3,413,757
Your Estimated Share of D&C AFE:		\$2,840

The proposed Joint Operating Agreement (JOA) contains our proposed overhead Drilling Overhead Rate of \$14,000.00 per month and Producing Well Overhead Rate of \$1,400.00 per month. The non-consent penalty is 300%.

The new spacing unit will overlap 2 existing vertical well spacing units. The Miller 32-06 11 #1 is located in the SWNW (Unit E) of Sec 11, T32N-R6W, with a spacing unit consisting of Lots 1-4, S/2N/2, being 232.80 acres. The Carnes 32-6 11 #1 well is located in the NWSW (Unit L) of Sec 11, T32N-R6W, with a spacing unit of consisting of the S/2 of Sec 11, T32N-R6W. Both wells will continue to produce under their current spacing units. Working interest owners can object by providing written notice of their objection to Catamount within 20-days of the mailing of this letter under NMAC 19.15.15.12.B and 19.16.16.15.B(9).

You have 30 days from receipt of this letter to execute the proposed Joint Operating Agreement or reach another voluntary agreement for the development of this acreage. Should you elect to participate in the drilling and completion of the Well, please return a signed AFE and a copy of this letter, with your election indicated in the space provided below. If no agreement is reached within the 30-days, Catamount will initiate proceedings with the Division to force pool your leasehold interest.

We look forward to receiving your response, and should you have any questions, please do not hesitate to call or email the undersigned.

Sincerely,

CATAMOUNT ENERGY PARTNERS LLC

Denise R. Greer

Denise R. Greer, CPL
Senior Landman

Enclosures
Authority for Expenditure
Joint Operating Agreement

Navajo Lake 32-6-11 1 proposal

June 8, 2022

Page 3

Election

_____ We hereby elect to participate in the drilling and completion of the Navajo Lake 32-6-11 1 well, enclosed is the signed AFE.

_____ We hereby elect not to participate in the drilling and completion of the Navajo Lake 32-6-11 1 well.

Printed Name:

Title:

Company

Date: