

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: SPUR ENERGY PARTNERS LLC  
OPERATOR ADDRESS: 9655 KATY FREEWAY, SUITE 500, HOUSTON, TX 77024  
APPLICATION TYPE:

Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify)  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Pool Name and Code. N. SEVEN RIVERS: GLORIETA-YESO (97565)  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

(1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Sarah Chapman TITLE: REGULATORY DIRECTOR DATE: 10/20/2021  
TYPE OR PRINT NAME SARAH CHAPMAN TELEPHONE NO.: 832-930-8613  
E-MAIL ADDRESS: SCHAPMAN@SPURENERGY.COM

Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-015-45669
5. Indicate Type of Lease STATE [ ] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name LAKEWOOD FEDERAL COM
8. Well Number 4H
9. OGRID Number 328947
10. Pool name or Wildcat N. SEVEN RIVERS; GLORIETA-YESQ

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [x] Gas Well [ ] Other [ ]
2. Name of Operator SPUR ENERGY PARTNERS LLC
3. Address of Operator 9655 KATY FREEWAY, SUITE 500, HOUSTON, TX 77024
4. Well Location Unit Letter 0 : 645 feet from the SOUTH line and 2342 feet from the EAST line
Section 27 Township 19S Range 25E NMPM EDDY County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3503' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ]
TEMPORARILY ABANDON [ ] CHANGE PLANS [ ]
PULL OR ALTER CASING [ ] MULTIPLE COMPL [ ]
DOWNHOLE COMMINGLE [ ]
CLOSED-LOOP SYSTEM [ ]
OTHER: OFFLEASE MEASUREMENT [x]

SUBSEQUENT REPORT OF:
REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] P AND A [ ]
CASING/CEMENT JOB [ ]
OTHER: [ ]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Spur Energy Partners LLC requests approval to surface commingle the following wells at the Lakewood Federal Com North Tank Battery. This will be an offlease storage, measurement and sales permit.

- Lakewood Federal Com 4H - 30-015-45669
Lakewood Federal Com 8H - 30-015-45676
Lakewood Federal Com 10H - 30-015-45678
Lakewood Federal Com 20H - 30-015-45680
Lakewood Federal Com 21H - 30-015-45679

Spud Date:

[Empty box for Spud Date]

Rig Release Date:

[Empty box for Rig Release Date]

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Sarah Chapman TITLE REGULATORY DIRECTOR DATE 10/12/2021

Type or print name SARAH CHAPMAN E-mail address: SCHAPMAN@SPURENERGY.COM PHONE: 832-930-8613

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

**APPLICATION FOR  
SURFACE COMMINGLING,  
OFFLEASE MEASUREMENT, AND  
OFFLEASE BENEFICIAL USE  
AT A COMMON CENTRAL FACILITY**

Spur Energy Partners, LLC respectfully proposes the five (5) wells associated with the Lakewood Federal Lease NMNM0504364B and the three (3) Communitization Agreements tied to these wells be consolidated into a single production facility known as the Lakewood North Facility for Surface Commingling as defined by 43 CFR 3173.14 (b)(5), Offlease Measurement as defined by 43 CFR 3173.22 (c), and Offlease Beneficial Use as defined by 43 CFR 3178.7(b)(1-2).

As defined by 43 CFR 3173.14 (b)(5) Spur Energy Partners, LLC believes it is in the public's best interest from an environmental perspective to allow the oil, gas, and water production from the three (3) Communitization Agreements noted in Table 1 – Lease and Well Info to be surface commingled into a single production facility. The required land usage footprint, additional production equipment, and the amount of surface disturbance associated with installing and operating a separate production facility for each Communitization Agreement is significantly greater than the proposed single, consolidated production facility. The additional requirements for land usage, production equipment, and surface disturbances would include three (3) separate:

- Production facility areal, land footprints and right-of-ways (ROWs),
- Access roads to each facility and ROWs,
- Additional production equipment that would have been shared in a consolidated facility such as heater treaters, oil vapor recovery towers, pumps, gas flares, gas flare meters, gas sales meters, future compression, and piping,
- Electric power line installations to each facility and ROWs,
- Gas sales pipeline installations to each facility and ROWs,
- Water disposal pipeline installations from each facility and ROWs

Spur Energy believes the additional land usage, equipment, and surface disturbance requirements associated with installing three (3) separate production facilities is undesirable and not in the public's best interest from an environmental perspective and would recommend that the BLM approve this Surface Commingling Request as defined by 43 CFR 3173.14 (b)(5).

Spur Energy believes that all the wells on Lease NMNM0504364B and the three (3) Communitization Agreements tied to these wells are capable of production in paying quantities based on the most current production data provided in Table 1. Table 1 – Lease and Well Info provides a list of the five (5) wells associated with the Lakewood Federal Lease NMNM0504364B and the three (3) Communitization Agreements tied to these wells to be included in the proposed Surface Commingling and Allocation Approval (CAA). This table also provides a daily summary of the oil and gas production volumes reported to the BLM for May 2021 for each well along with the Oil API gravity and Gas BTU content. A gas analysis for each of the three (3) Communitization Agreements is attached Gas Analysis 1-3.

Spur Energy is specifically requesting permission to commingle oil, gas, and water production and oil and gas sales from the Lakewood North Facility.

Spur Energy Partners, LLC has obtained written approval from all Working Interest Owners to pool their respective interests into three (3) - 160-acre drilling, Communitization Agreements and have submitted all three (3) agreements for Federal Approval. The final approval of these agreements is still pending. In the interim, the three (3) Communitization Agreements shown in Table 1 – Lease and Well Info and Table 2 - Federal Royalty Rate will be referred to as Comm B, Comm C, and Comm D herein.

<b>TABLE 1 - LEASE AND WELL INFO</b>							
Well	API	Location	Pool	Oil BOPD	API Grav	Gas MCFD	Gas BTU
<b>Federal Lease NMNM0504364B Comm B</b>							
Lakewood Federal Com 10H	3001545678	SESW 27-19S-25E	97565 N SEVEN RIVERS; GLORIETA-YESO	467	38.4	137	1346
<b>Federal Lease NMNM0504364B Comm C</b>							
Lakewood Federal Com 04H	3001545669	SWSE 27-19S-25E	97565 N SEVEN RIVERS; GLORIETA-YESO	104	38.4	996	1346
Lakewood Federal Com 08H	3001545676	SWSE 27-19S-25E	97565 N SEVEN RIVERS; GLORIETA-YESO	1000	38.4	137	1346
<b>Federal Lease NMNM0504364B Comm D</b>							
Lakewood Federal Com 20H	3001545680	SESE 27-19S-25E	97565 N SEVEN RIVERS; GLORIETA-YESO	739	38.4	602	1346
Lakewood Federal Com 21H	3001545679	SESE 27-19S-25E	97565 N SEVEN RIVERS; GLORIETA-YESO	341	38.4	484	1346

The Federal revenue interest and royalty rate for all the wells in the proposed Lakewood North Facility is captured in Table 2 - Federal Royalty Rate and will be determined on an individual well basis considering the actual allocated producing rates of the individual wells since a Schedule B Federal Royalty Rate is included within Comm C and Comm D. Examples of the Federal Royalty Rate calculation of the allocated production for each well is provided within the attached Federal Royalty Rate Allocation Oil & Gas Examples.

<b>TABLE 2 - FEDERAL ROYALTY RATES</b>							
Lease / Well	API	Federal Revenue Interest					
		Fed Lse# NMNM0504364B		Fed Lse# NMNM0015291		Fed Lse# NMNM031200	
		Fed Roy %	Ownership %	Fed Roy %	Ownership %	Fed Roy %	Ownership %
<b>Federal Lease NMNM0504364B Comm B</b>							
Lakewood Federal Com 10H	3001545678	12.50	0.50	12.50	0.50	n/a	n/a
<b>Federal Lease NMNM0504364B Comm C</b>							
Lakewood Federal Com 04H	3001545669	12.50	0.50	12.50	0.25	Sch B	0.25
Lakewood Federal Com 08H	3001545676	12.50	0.50	12.50	0.25	Sch B	0.25
<b>Federal Lease NMNM0504364B Comm D</b>							
Lakewood Federal Com 20H	3001545680	12.50	0.50	n/a	n/a	Sch B	0.50
Lakewood Federal Com 21H	3001545679	12.50	0.50	n/a	n/a	Sch B	0.50

Spur Energy believes that commingling the five (5) wells associated with the Lakewood Federal Lease MNM0504364B and the three (3) Communitization Agreements tied to these wells into a single, consolidated production facility using the proposed allocation methodology with the proposed meter calibration and maintenance schedule will not negatively affect the royalty revenue of the federal government.

Spur Energy Partners, LLC has obtained written approval from all Interest Owners to Surface Commingle the production from the three (3) Federal leases and the three (3) Communitization Agreements currently being processed by the BLM and have attached a copy of the signed agreements herein.

### **PROCESS DESCRIPTION**

The full wellstream production from the Lakewood Federal 04H, 08H, 10H, 20H, and 21H wells will flow to the Lakewood Federal North Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. The commingled gas production will be sent to a common sales meter. The commingled oil production will be sent to tanks for storage and trucked sales. The commingled water production will be pumped or trucked to disposal. There is separate oil and water storage for all commingled liquids. The gas, oil, and water production will be proratedly allocated to each individual well based on the metered well test rates obtained from the meters on the free-water knockouts.

A detailed Flow Diagram have been attached to provide clarity to the process and volume allocations.

### **ALLOCATION METHODOLOGY**

All production volume allocations will use Period Welltests as the basis for allocating production, sales, flare gas, and lease use to each individual well. Period Welltests use a measured oil, gas, and water welltest volume for each individual well obtained during a 24-hr period from meters calibrated to BLM FMP standards over a period of days until a new welltest volume is obtained. These welltest volumes are proratedly used to allocate volumes to each individual well. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. Detailed examples of the volume allocation methodology using Period Welltests are provided in the attached Oil, Gas, and Water Production Volume Allocation Example.

### **OIL**

The oil production from the Lakewood Federal 04H, 08H, 10H, 20H, and 21H wells will flow to the Lakewood Federal North Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. After separation, the produced oil from each well is then commingled and stored in common oil stock tanks. The commingled oil will then be sold from the sealed and strapped oil storage tanks via one of two methods:

1. A truck-LACT Unit that will be considered the Oil Facility Measurement Point 1 (OIL FMP 1) associated with this facility or
2. Manually gauging a tank into a truck will be considered the OIL FMP 2 alternative sales point associated with this facility.

The oil sold through either the OIL FMP 1 or OIL FMP 2 method will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. See the attached Oil, Gas, and Water Production Volume Allocation Example for details.

The commingled oil production that fails to meet sales specifications will be directed to the heater treater that will further remove any residual water or sediments to allow the oil to become a saleable product.

#### GAS

The gas production from the Lakewood Federal 04H, 08H, 10H, 20H, and 21H wells will flow to the Lakewood Federal North Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. After separation, the produced gas from each well is then commingled and will then flow to a common Gas Facility Measurement Point (GAS FMP) and gas sales meter. Contract negotiations are actively in progress to determine a future gas purchaser. The gas production and sales will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. See the attached Oil, Gas, and Water Production Volume Allocation Example for details.

#### WATER

The water production from the Lakewood Federal 04H, 08H, 10H, 20H, and 21H wells will flow to the Lakewood Federal North Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. All separated liquids are collected on location and stored in tanks. After separation the produced water from each well is then commingled and is stored in common produced water tanks that is then either metered and pumped or is transported via truck to Spur Energy Partners' Dagger Draw Saltwater Disposal System for injection into one of seven (7) permitted disposal wells. The total produced water will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. See the attached Oil, Gas, and Water Production Volume Allocation Example for details.

#### FLARED GAS

Any process interruptions that may occur will divert the combined gas production flowstream to a metered onsite flare. The flare gas volumes recorded by the onsite gas flare meter will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. A detailed flare gas allocation example has not been provided; however, the allocation methodology is the same as the gas allocation methodology using the gas flare meter as the metered source.

## FUEL GAS

The fuel gas volumes are removed upstream of the GAS FMP and will be estimated as they are not directly measured. The Lakewood Federal North Facility has one (1) active heater treater downstream of the initial production separation point operating to treat the produced oil to obtain a saleable oil product. The estimated fuel gas usage for the heater treater is 10 Mcfd based on the engineering formulas provided on the attached Lease Use Estimated Fuel Gas Consumption Calculations. The amount of Beneficial Lease Use for each individual well will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. A detailed fuel gas allocation example has not been provided; however, the allocation methodology is the same as the gas allocation methodology using the estimated daily fuel gas consumption calculations as the source.

## METER CALIBRATIONS

- Oil All oil sales and allocation meters will be maintained within the current 43 CFR 3174 regulations for Oil FMPs.
- Gas All gas sales and allocation meters will be maintained within the current 43 CFR 3175 regulations for Gas FMPs.
- Water All water meters will be calibrated and maintained as deficiencies are identified to insure reasonably accurate data is maintained to properly monitor well performance.

## OFFLEASE BENEFICIAL USE

Spur Energy Partners, LLC respectfully requests Offlease Royalty-Free Beneficial Lease Use for the allocated fuel assigned to all the wells herein as defined by 43 CFR 3178.7(b)(1-2).

The Lakewood North Facility is physically located offlease with respect to all three (3) Communitization Agreements, their associated Lease NMNM0504364B, and all five (5) physical well locations.

The proposed disposition of the Offlease Royalty-Free Beneficial Use will be fuel gas consumption which will be removed from production upstream of the future Gas FMP. The fuel gas volumes will be estimated as they are not directly measured

The facility will use a heater treater to treat the produced oil from the five (5) wells flowing into the facility to obtain a saleable oil product. It is estimated that the 6ft X 20ft 500 mmBTU/Hr heater treater will consume 10 Mcfd based on the engineering formulas provided on the attached Lease Use Estimated Fuel Gas Consumption Calculations (courtesy Sivalls, Inc. "Fuel Gas Consumption and Pressure for Direct Fired Equipment Chart" published 5/1982).

## OFFLEASE MEASUREMENT

The future GAS FMP and both OIL FMP 1 and OIL FMP 2 will all be located at the Lakewood North Facility and will be considered as being offlease. Spur Energy Partners, LLC respectfully requests Offlease Measurement for the Lakewood North Facility as defined by 43 CFR 3173.22 (c).

Spur Energy believes the additional land usage, equipment, and surface disturbance requirements associated with installing three (3) separate production facilities is undesirable and not in the public's best interest from an environmental perspective and would recommend that the BLM approve this request for Offlease Measurement by consolidating the production into a single production facility at the Lakewood North Facility as defined by 43 CFR 3173.22 (c).

Spur Energy does not anticipate any new Federal surface disturbance as part of this Surface Commingling and Offlease Measurement request.

The proposal to perform Offlease Measurement includes all of the oil, gas, and water production and sales from all the wells on Lease NMNM0504364B and the three (3) Communitization Agreements referenced herein tied to those wells.

The surface location upon which the Lakewood North Facility is located is privately owned by Ross Ranch, Inc. The attached access authorization letter executed by Ross Ranch, Inc fully authorizes the BLM to complete surface right of way access to the facilities, equipment, roads, wells, measurement facilities, and all FMP sales points for the purpose of inspecting any production, measurement, water handling, or transportation equipment.

The surface owner is:

Ross Ranch, Inc  
PO Box 216  
Lakewood, New Mexico, 88254  
Attn: J.T. Ross, Secy/Treas/Gen Mngr  
575-457-2499 (h)  
575-365-8588 (h)  
575-365-4797 (c)

## **ATTACHMENTS**

(MASS) Serial Register includes NMNM015291, NMNM031200, and NMNM0504364B reflecting lease ownership associated with the Communitization Agreements and Surface Commingling request.

Federal Lease Plat shows the surface and bottomhole locations of all the wells and the location of the Lakewood North Facility in relationship to the three (3) Federal leases and the three (3) Communitization Agreements currently being processed by the BLM. The OIL FMP 1, OIL FMP 2, and the future GAS FMP sales points will all be located at the Lakewood North Facility.

Flow Diagram provides information on the flow, measurement, storage, and disposition of oil, gas, and water production from all wells and the designated Oil and Gas FMPs. The diagram will also provide information on the relationship of the well test equipment and the final metered disposition of all production and sales.

Oil, Gas, and Water Production Volume Allocation Example provides details on the proposed prorated production and sales volume allocation methodology based on the metered well test rates for all wells.

Federal Royalty Rate Allocation Examples – Oil Example provides information on the proposed prorated Federal Royalties due on the allocated oil volumes for all wells within each CAA.

Federal Royalty Rate Allocation Examples – Gas Example provides information on the proposed prorated Federal Royalties due on the allocated gas volumes for all wells within each CAA.

Lease Use Estimated Fuel Gas Consumption Calculations provides information on the methodology used to calculate the estimated fuel gas volume.

Gas Analysis 1-3 gas analysis for each of the three (3) Communitization Agreements is attached

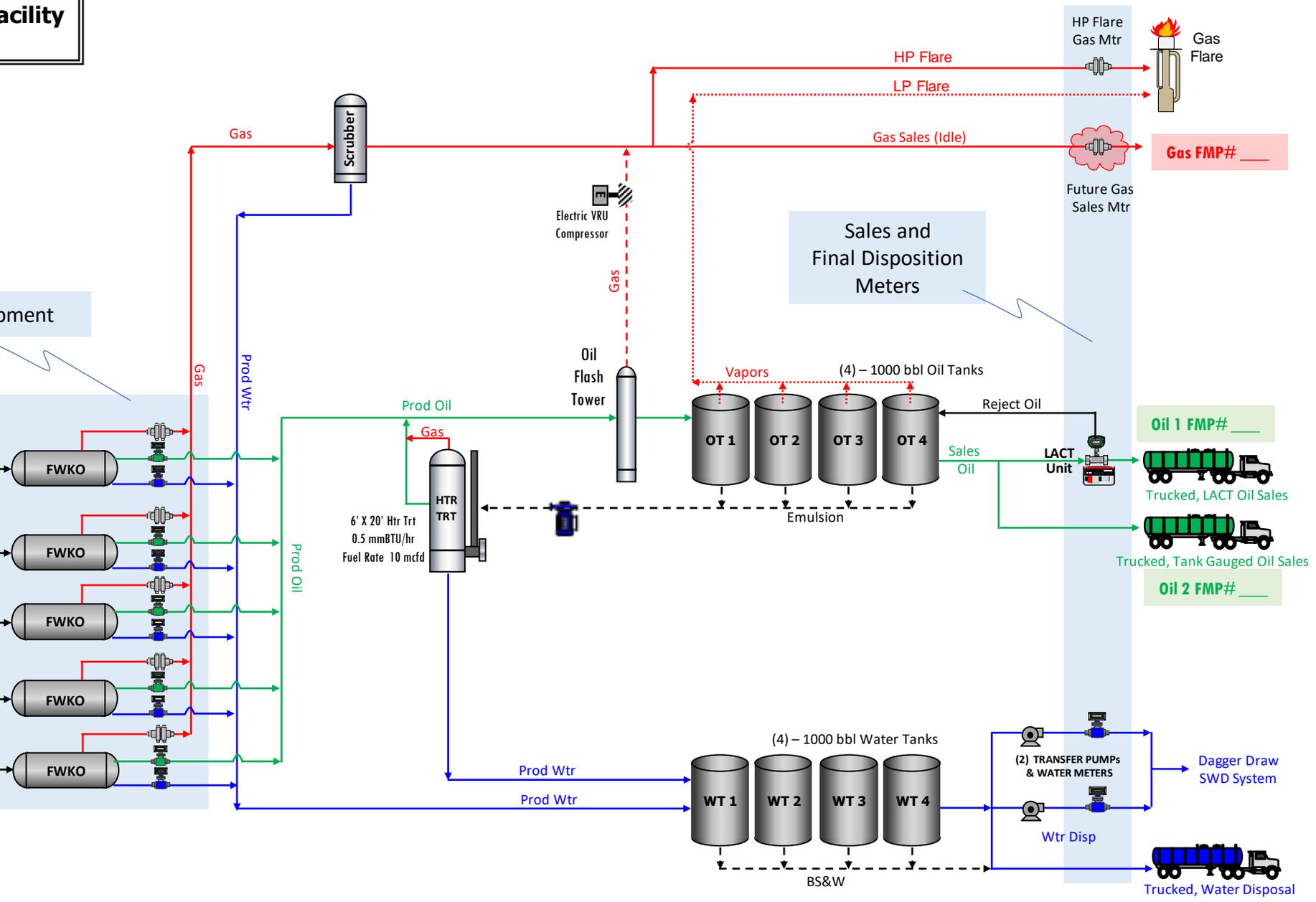
Access Authorization Letter executed by Ross Ranch, Inc fully authorizes the BLM to complete surface right of way access to the facilities, equipment, roads, wells, measurement facilities, and all FMP sales points for the purpose of inspecting any production, measurement, water handling, or transportation equipment.

# Lakewood Federal North Facility - Flow Diagram -

Mixed Line	→
Gas Line	→
Oil Line	→
Water Line	→
Gas Meter	⊗
Oil Meter	⊗
Water Meter	⊗

## Welltest Equipment

- Lakewood Federal Com 04H  
API 3001545669
- Lakewood Federal Com 08H  
API 3001545676
- Lakewood Federal Com 10H  
API 3001545678
- Lakewood Federal Com 20H  
API 3001545680
- Lakewood Federal Com 21H  
API 3001545679



**DART Consulting**  
 DART.Consulting@yahoo.com  
 Spring, TX 713-416-3651

OIL, GAS, and WATER PRODUCTION VOLUME ALLOCATION - EXAMPLE

LAKEWOOD NORTH FACILITY COMMINGLED MONTHLY PRODUCTION

	OIL (Bbls)	GAS (Mcf)	WATER (Bbls)
<b>TOTAL</b>	<b>33,100</b>	<b>350,000</b>	<b>65,000</b>

OIL FMP 1	VOLUME	ENDING	START	GAS FMP	VOLUME	BTU FACTOR	mmBTU
Monthly LACT Meter Reading	32,000	132,000	100,000	Monthly Meter Statement	350,000	1.350	472,500

OIL FMP 2	VOLUME	DATE	RUN TICKET#	WATER	VOLUME	ENDING	START
Monthly Manual Tank Sales	280	6/10/2021	00125336	Monthly Meter Reading	65,000	165,000	100,000
	285	6/10/2021	00225566				
	260	6/17/2021	22004488				
	275	6/17/2021	00334477				
<b>1,100</b>							

PERIOD WELLTEST METHODOLOGY

Methodology uses a measured oil, gas, and water welltest volume obtained during a 24 hr period from meters calibrated to BLM FMP standards applied over a period of days until a new welltest volume is obtained. These welltest volumes are proratedly used to allocate volumes to each individual well. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity.

- STEP 1 - List all wells with Welltest Date, #Days Effective, and Oil, Gas, & Water Welltest Rate in facility
- STEP 2 - Determine Period Volume Allocation Factor
  - Multiply #Days Effective times Welltest Rate for each well
- STEP 3 - Determine Monthly Volume Allocation Factor
  - Divide Total Period Volume Allocation Factor for each well by the Sum of all Total Period Volume Allocation Factors for all wells
- STEP 4 - Determine Monthly Commingled Volume Allocation for each well in facility
  - Multiply Monthly Volume Allocation Factor times the Total Lakewood North Facility Commingled Monthly Production Volume

MONTHLY VOLUME ALLOCATION FACTORS

Wells	Test Date	# Days Effective	Well Test			Period Volume Allocation Factor			Monthly Volume Allocation Factor		
			Oil (Bbls)	Gas (Mcf)	Water (Bbls)	Oil Factor	Gas Factor	Water Factor	Oil Factor	Gas Factor	Water Factor
Lakewood Federal 04H	6/1/2021	10	150	200	200	1,500	2,000	2,000	0.141	0.017	0.092
	6/11/2021	10	155	195	205	1,550	1,950	2,050			
	6/21/2021	10	153	197	195	1,530	1,970	1,950			
	<b>TOTAL</b>					<b>4,580</b>	<b>5,920</b>	<b>6,000</b>			
Lakewood Federal 08H	6/2/2021	10	120	200	300	1,200	2,000	3,000	0.113	0.019	0.143
	6/12/2021	10	125	225	320	1,250	2,250	3,200			
	6/22/2021	10	122	215	310	1,220	2,150	3,100			
	<b>TOTAL</b>					<b>3,670</b>	<b>6,400</b>	<b>9,300</b>			
Lakewood Federal 10H	6/1/2021	10	150	225	400	1,500	2,250	4,000	0.140	0.021	0.187
	6/11/2021	10	155	250	410	1,550	2,500	4,100			
	6/21/2021	3	153	235	420	459	705	1,260			
	6/24/2021	7	152	245	400	1,064	1,715	2,800			
	<b>TOTAL</b>					<b>4,573</b>	<b>7,170</b>	<b>12,160</b>			
Lakewood Federal 20H	6/4/2021	10	250	5,200	650	2,500	52,000	6,500	0.234	0.452	0.299
	6/14/2021	10	265	5,150	640	2,650	51,500	6,400			
	6/24/2021	10	248	5,175	660	2,480	51,750	6,600			
	<b>TOTAL</b>					<b>7,630</b>	<b>155,250</b>	<b>19,500</b>			
Lakewood Federal 21H	6/1/2021	10	400	5,650	600	4,000	56,500	6,000	0.373	0.491	0.279
	6/11/2021	10	410	5,550	605	4,100	55,500	6,050			
	6/21/2021	3	405	5,650	610	1,215	16,950	1,830			
	6/24/2021	7	404	5,655	615	2,828	39,585	4,305			
	<b>TOTAL</b>					<b>12,143</b>	<b>168,535</b>	<b>18,185</b>			
<b>TOTAL</b>					<b>32,596</b>	<b>343,275</b>	<b>65,145</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	

MONTHLY COMMINGLED VOLUME ALLOCATION

Well	Monthly Volume Allocation Factor			Monthly Commingled Volume Allocation		
	Oil Factor	Gas Factor	Water Factor	Oil (Bbls)	Gas (Mcf)	Water (Bbls)
Lakewood Federal 04H	0.141	0.017	0.092	4,651	6,036	5,987
Lakewood Federal 08H	0.113	0.019	0.143	3,727	6,525	9,279
Lakewood Federal 10H	0.140	0.021	0.187	4,644	7,310	12,133
Lakewood Federal 20H	0.234	0.452	0.299	7,748	158,291	19,457
Lakewood Federal 21H	0.373	0.491	0.279	12,331	171,837	18,145
<b>TOTAL</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>33,100</b>	<b>350,000</b>	<b>65,000</b>

**\*\*NOTE\*\***  
It is mathematically expected that the Sum of the Period Volume Allocation Factors for all the wells will be a different than the Total Lakewood North Facility Commingled Monthly Production Volume

**FEDERAL ROYALTY RATE ALLOCATION - OIL EXAMPLE**

**Schedule "B" (Step Scale):**

Oil - When the average production for the month in barrels per well per day is:

Over	Not Over	Royalty Rate	Over	Not Over	Royalty Rate
	50 bbls	12.5%	130 bbls	150 bbls	19.0%
50 bbls	60 bbls	13.0%	150 bbls	200 bbls	20.0%
60 bbls	70 bbls	14.0%	200 bbls	250 bbls	21.0%
70 bbls	80 bbls	15.0%	250 bbls	300 bbls	22.0%
80 bbls	90 bbls	16.0%	300 bbls	350 bbls	23.0%
90 bbls	110 bbls	17.0%	350 bbls	400 bbls	24.0%
110 bbls	130 bbls	18.0%	400 bbls		25.0%

**LAKWOOD NORTH FACILITY**

Lease / Well	API	Allocated Oil Volume (Bbls)	Federal Royalty Interest						Weighted Average
			Fed Lse# NMNM0504364B		Fed Lse# NMNM0015291		Fed Lse# NMNM031200 Schedule B		
			Federal Royalty %	Ownership %	Federal Royalty %	Ownership %	Federal Royalty %	Ownership %	Federal Royalty %
<b>Federal Lease NMNM0504364B Comm B</b>		STEP 1	STEP 2	STEP 3				STEP 5	
Lakewood Federal Com 10H	3001545678	4,644							
Lease Total Prod		4,644							
Lease Avg Prod per Well		155	12.50	0.50	12.50	0.5	n/a	n/a	12.500
<b>Federal Lease NMNM0504364B Comm C</b>			STEP 4						
Lakewood Federal Com 04H	3001545669	4,651							
Lakewood Federal Com 08H	3001545676	3,727							
Lease Total Prod		8,378							
Lease Avg Prod per Well		140	12.50	0.50	12.50	0.25	19.00	0.25	14.125
<b>Federal Lease NMNM0504364B Comm D</b>					STEP 6				
Lakewood Federal Com 20H	3001545680	7,748							
Lakewood Federal Com 21H	3001545679	12,331							
Lease Total Prod		20,079							
Lease Avg Prod per Well		335	12.50	0.50	n/a	n/a	23.00	0.50	17.750
<b>Facility Total Prod</b>		<b>33,101</b>							

**DETAILED ALLOCATION EXAMPLE - Federal Lease NMNM0504364B Comm C**

$$\begin{aligned}
 \text{Weighted Avg Federal Royalty}\% &= \left( \frac{\sum (\text{Fed Royalty}\% \times \text{Ownership}\%)}{\sum \text{Ownership}\%} \right) \\
 &= \left( \frac{(12.50\% \times 0.50) + (12.50\% \times 0.25) + (19.00\% \times 0.25)}{1.00} \right) = 14.125
 \end{aligned}$$

- STEP 1 - List all wells inside the overlaying CA boundary
- STEP 2 - Reference Monthly Commingled Oil Volume Allocation for each well
- STEP 3 - Average the production (BOPD) assigned to each lease using ALL wells in the overlaying CA boundary
- STEP 4 - For non-Sch B leases, determine the Federal Royalty % each lease contributes to each CA by referencing LR2000 or submitted CA
- STEP 5 - For Sch B leases, use Lease Avg Prod per Well in STEP 3, Reference Sch B sliding royalty scale to determine Federal Royalty % for each Sch B lease
- STEP 6 - Determine Ownership % assigned to each lease in CA
- STEP 7 - Determine Weighted Average Federal Royalty % for each CA by summing the Federal Royalty % times the respective Ownership % of each lease divided by the total Ownership %
- STEP 8 - Assign Weighted Average Federal Royalty % in STEP 7 to each CA

**FEDERAL ROYALTY RATE ALLOCATION - GAS EXAMPLE**

**Schedule "B" (Step Scale):**

Gas - Including inflammable gas, helium, carbon dioxide and all other natural gases and mixtured thereof, and on natural or casinghead gasoline and other liquid products obtained from gas, when the average production for the in MCF of gas per well per day is:

Over	Not Over	Royalty Rate
	5000 mcf	12.50%
5000 mcf		16.67%

**LAKWOOD NORTH FACILITY**

Lease / Well	API	Allocated Gas Volume (Mcf/d)	Federal Royalty Interest						Weighted Average
			Fed Lse# NMNM0504364B		Fed Lse# NMNM0015291		Fed Lse# NMNM031200 Schedule B		
			Federal Royalty %	Ownership %	Federal Royalty %	Ownership %	Federal Royalty %	Ownership %	
<b>Federal Lease NMNM0504364B Comm B</b>									
Lakewood Federal Com 10H	3001545678	7,310							
Lease Total Prod		7,310							
Lease Avg Prod per Well		244	12.50	0.50	12.50	0.5	n/a	n/a	12.500
<b>Federal Lease NMNM0504364B Comm C</b>									
Lakewood Federal Com 04H	3001545669	6,036							
Lakewood Federal Com 08H	3001545676	6,525							
Lease Total Prod		12,561							
Lease Avg Prod per Well		209	12.50	0.50	12.50	0.25	12.50	0.25	12.500
<b>Federal Lease NMNM0504364B Comm D</b>									
Lakewood Federal Com 20H	3001545680	158,291							
Lakewood Federal Com 21H	3001545679	171,837							
Lease Total Prod		330,128							
Lease Avg Prod per Well		5,502	12.50	0.50	n/a	n/a	16.67	0.50	14.585
<b>Facility Total Prod</b>		<b>350,000</b>							

**DETAILED ALLOCATION EXAMPLE - Federal Lease NMNM0504364B Comm D**

$$\begin{aligned}
 \text{Weighted Avg Federal Royalty}\% &= \left( \frac{\sum (\text{Fed Royalty}\% \times \text{Ownership}\%)}{\sum \text{Ownership}\%} \right) \\
 &= \left( \frac{((12.50\% \times 0.50) + (n/a \times n/a) + (16.67\% \times 0.50))}{1.00} \right) = 14.585
 \end{aligned}$$

- STEP 1 - List all wells inside the overlaying CA boundary
- STEP 2 - Reference Monthly Commingled Gas Volume Allocation for each well
- STEP 3 - Average the production (MCFD) assigned to each lease using ALL wells in the overlaying CA boundary
- STEP 4 - For non-Sch B leases, determine the Federal Royalty % each lease contributes to each CA by referencing LR2000 or submitted CA
- STEP 5 - For Sch B leases, use Lease Avg Prod per Well in STEP 3, Reference Sch B sliding royalty scale to determine Federal Royalty % for each Sch B lease
- STEP 6 - Determine Ownership % assigned to each lease in CA
- STEP 7 - Determine Weighted Average Federal Royalty % for each CA by summing the Federal Royalty % times the respective Ownership % of each lease divided by the total Ownership %
- STEP 8 - Assign Weighted Average Federal Royalty % in STEP 7 to each CA

## LEASE USE ESTIMATED FUEL GAS CONSUMPTION CALCULATIONS

Lease Use Equipment: 6 ft x 20 ft 0.500 mmBTU/hr Heater Treater

\*\* Estimated Fuel Consumption based on Average Gas Analysis of wells in immediate area.

Sales Gas BTU Rating: 6 1,350 mmbtu / cf

Equipment	Engine HP Rating	Process Efficiency Factor	Daily Utilization Factor	Engine Fuel Rating BTU/hp-hr	Firetube Fuel Rating MMBTU/hr	Fuel Usage MCFD
	1	2	3	4	5	
<b>Firetube Usage:</b> Heater Treater Firetube	-	0.65	0.65	-	0.50	10

**Firetube Usage :**

Process Efficiency Factor	X	Daily Utilization Factor	X	Firetube Fuel Rating (mmBTU)	X	24 hrs / Day	X	1000 ft <sup>3</sup> /mcf	÷	Gas BTU Content (mmBTU / ft <sup>3</sup> )	=	Fuel Usage (Mcf)
( 1 + 2 )	X	3	X	5	X	24	X	1000	÷	6	=	
1.65	X	0.65	X	0.50	X	24	X	1000	÷	1350	=	10

- Process Efficiency Factor - Inherent energy losses associated with fuel consumption
- Daily Utilization Factor - Utilization of the equipment in the field
- Name Plate Fuel Rating - Manufacturer's equipment rating for heat conveyance

\*\*\* Fuel Consumption formulas and calculations courtesy Sivalls, Inc "Fuel Gas Consumption and Pressure for Direct Fired Equipment Chart" published 5/1982

# GAS ANALYSIS 1 - Comm B

Fed Lse NMNM0504364B, NMNM0015291, NMNM031200  
Lakewood Federal Com 10H API 3001545678

## GAS VOLUME STATEMENT

Spur Energy

June, 2021

Meter #: 79410121  
Name: Lakewood 5 Fed 10H  
Closed Data  
Artesia-East

Pressure Base: 14.650 psia    Temperature Base: 60.00 °F    HV Cond:    Meter Type: EFM    Contract Hr.: 8 AM  
Status: In Service    WV Technique:    WV Method:

Gas Analysis

CO2	N2	H2O	H2S	O2	He	C1	C2	C3	I-C4	N-C4	I-C5	N-C5	C6+
6.067	5.675	0.000	1.9229	0.000	0.000	51.804	16.643	11.505	1.321	3.126	0.711	0.660	0.564

Tube I.D.	Interval	Tap Location	Tap Type	Atmos. Pressure	Calc. Method	Fpv Method
3.068 in.	1 Hour	Upstream	Flange	12.900 psi	AGA3-1992	AGA8-Detail

BTU Content

Day	Differential (In. H2O)	Pressure (psia)	Temperature (°F)	Hours Flow	Relative Density	Plate (Inches)	Volume (Mcf)	Heating Value (Btu/scf)	Energy (MMBtu)	Edited
1	7.29	101.23	85.52	16.65	0.9279	2.000	397.05	1346.10	534.47	No
2	2.20	92.46	79.37	11.03	0.9279	2.000	135.66	1346.10	182.61	No
3	4.86	98.66	86.61	23.53	0.9279	2.000	459.40	1346.10	618.40	No
4	7.76	90.19	86.10	22.75	0.9279	2.000	522.10	1346.10	702.80	No
5	8.85	89.53	89.43	22.55	0.9279	2.000	557.13	1346.10	749.95	No
6	9.11	96.01	90.12	23.96	0.9279	2.000	633.72	1346.10	853.06	No
7	13.51	70.53	91.83	20.75	0.9279	2.000	548.84	1346.10	738.79	No
8	13.30	70.41	88.18	19.11	0.9279	2.000	508.48	1346.10	684.47	No
9	10.93	86.13	92.39	23.69	0.9279	2.000	639.96	1346.10	861.45	No
10	8.10	93.99	92.20	21.23	0.9279	2.000	510.11	1346.10	686.67	No
11	8.62	94.51	92.92	23.98	0.9279	2.000	618.38	1346.10	832.40	No
12	8.69	94.55	91.30	23.99	0.9279	2.000	623.49	1346.10	839.28	No
13	8.63	94.48	90.57	23.99	0.9279	2.000	621.83	1346.10	837.05	No
14	8.56	94.57	90.25	23.99	0.9279	2.000	620.24	1346.10	834.91	No
15	8.84	92.01	90.83	23.99	0.9279	2.000	622.40	1346.10	837.82	No
16	9.58	84.80	90.65	24.00	0.9279	2.000	621.87	1346.10	837.10	No
17	9.45	86.89	90.35	23.98	0.9279	2.000	622.84	1346.10	838.41	No
18	9.64	89.01	90.67	24.00	0.9279	2.000	636.89	1346.10	857.32	No
19	9.60	90.41	90.82	24.00	0.9279	2.000	641.31	1346.10	863.27	No
20	9.38	92.70	92.08	24.00	0.9279	2.000	641.95	1346.10	864.13	No
21	9.22	92.13	86.85	23.99	0.9279	2.000	638.11	1346.10	858.95	No
22	9.34	92.21	89.60	24.00	0.9279	2.000	640.64	1346.10	862.37	No
23	9.91	89.48	90.89	24.00	0.9279	2.000	649.41	1346.10	874.18	No
24	9.94	89.42	91.46	24.00	0.9279	2.000	650.38	1346.10	875.48	No
25	8.87	85.28	91.79	23.19	0.9279	2.000	572.44	1346.10	770.56	No
26	7.85	84.91	88.99	23.97	0.9279	2.000	558.71	1346.10	752.08	No
27	7.67	86.08	83.93	23.97	0.9279	2.000	559.10	1346.10	752.61	No
28	6.95	90.68	76.78	23.95	0.9279	2.000	550.74	1346.10	741.36	No
29	8.08	84.84	80.72	23.98	0.9279	2.000	570.36	1346.10	767.76	No
30	7.79	89.73	85.63	23.98	0.9279	2.000	576.27	1346.10	775.72	No
<b>TOTAL</b>	<b>8.98</b>	<b>89.51</b>	<b>89.03</b>	<b>684.18</b>	<b>0.9279</b>		<b>17,149.84</b>		<b>23,085.41</b>	

# GAS ANALYSIS 2 - Comm C

Fed Lse NMNM0504364B, NMNM0015291, NMNM031200  
Lakewood Federal Com 04H API 3001545669

## GAS VOLUME STATEMENT

Spur Energy

June, 2021

Meter #: 79410119  
Name: Lakewood 5 Fed 4H  
Closed Data  
Artesia-East

Pressure Base: 14.650 psia    Temperature Base: 60.00 °F    HV Cond:    Meter Type: EFM    Contract Hr.: 8 AM  
Status: In Service    WV Technique:    WV Method:

Gas Analysis

CO2	N2	H2O	H2S	O2	He	C1	C2	C3	I-C4	N-C4	I-C5	N-C5	C6+
6.067	5.675	0.000	1.9229	0.000	0.000	51.804	16.643	11.505	1.321	3.126	0.711	0.660	0.564

Tube I.D.	Interval	Tap Location	Tap Type	Atmos. Pressure	Calc. Method	Fpv Method
3.068 in.	1 Hour	Upstream	Flange	12.900 psi	AGA3-1992	AGA8-Detail

BTU Content

Day	Differential (In. H2O)	Pressure (psia)	Temperature (°F)	Hours Flow	Relative Density	Plate (Inches)	Volume (Mcf)	Heating Value (Btu/scf)	Energy (MMBtu)	Edited
1	1.74	95.94	86.39	22.70	0.9279	2.000	267.45	1346.10	360.01	No
2	1.71	89.81	88.68	23.36	0.9279	2.000	266.25	1346.10	358.41	No
3	1.63	98.76	90.79	22.82	0.9279	2.000	264.96	1346.10	356.67	No
4	1.79	89.87	90.15	22.93	0.9279	2.000	263.17	1346.10	354.25	No
5	1.81	87.41	94.24	22.94	0.9279	2.000	259.58	1346.10	349.42	No
6	1.70	95.39	96.34	22.72	0.9279	2.000	260.82	1346.10	351.09	No
7	2.32	65.39	95.76	23.84	0.9279	2.000	264.78	1346.10	356.42	No
8	2.31	64.70	95.80	23.84	0.9279	2.000	263.43	1346.10	354.60	No
9	1.86	85.63	99.46	22.96	0.9279	2.000	258.90	1346.10	348.50	No
10	1.68	91.68	99.99	22.91	0.9279	2.000	255.56	1346.10	344.01	No
11	1.66	93.94	100.31	22.85	0.9279	2.000	257.17	1346.10	346.18	No
12	1.64	93.94	97.30	22.80	0.9279	2.000	255.74	1346.10	344.25	No
13	1.62	93.88	95.57	22.90	0.9279	2.000	256.25	1346.10	344.93	No
14	1.59	93.98	94.96	22.89	0.9279	2.000	254.11	1346.10	342.06	No
15	1.62	91.40	96.47	23.10	0.9279	2.000	255.32	1346.10	343.69	No
16	1.73	84.17	95.86	23.35	0.9279	2.000	255.62	1346.10	344.09	No
17	1.70	86.27	95.30	23.16	0.9279	2.000	253.97	1346.10	341.87	No
18	1.70	88.29	96.18	23.03	0.9279	2.000	254.09	1346.10	342.03	No
19	1.66	89.67	95.96	22.93	0.9279	2.000	252.62	1346.10	340.05	No
20	1.63	91.96	98.60	22.82	0.9279	2.000	252.42	1346.10	339.78	No
21	1.59	91.40	89.96	22.86	0.9279	2.000	250.80	1346.10	337.60	No
22	3.84	92.02	94.08	22.81	0.9279	2.000	282.55	1346.10	380.33	No
23	1.65	88.57	95.73	22.81	0.9279	2.000	249.12	1346.10	335.34	No
24	1.65	88.53	97.74	22.88	0.9279	2.000	249.75	1346.10	336.19	No
25	2.68	84.93	98.06	23.08	0.9279	2.000	270.85	1346.10	364.60	No
26	1.69	84.30	93.09	23.02	0.9279	2.000	249.12	1346.10	335.34	No
27	1.64	85.58	85.86	23.03	0.9279	2.000	249.09	1346.10	335.30	No
28	1.53	90.19	75.84	22.77	0.9279	2.000	247.40	1346.10	333.03	No
29	1.81	84.31	81.67	23.15	0.9279	2.000	261.20	1346.10	351.61	No
30	1.84	89.23	88.29	23.19	0.9279	2.000	271.27	1346.10	365.15	No
<b>TOTAL</b>	<b>1.84</b>	<b>88.36</b>	<b>93.48</b>	<b>690.43</b>	<b>0.9279</b>		<b>7,753.35</b>		<b>10,436.78</b>	

# GAS ANALYSIS 3 - Comm D

Fed Lse NMNM0504364B, NMNM0015291, NMNM031200  
Lakewood Federal Com 20H API 3001545680

## GAS VOLUME STATEMENT

Spur Energy

June, 2021

Meter #: 79410122  
Name: Lakewood 5 Fed 20H  
Closed Data  
Artesia-East

Pressure Base: 14.650 psia    Temperature Base: 60.00 °F    HV Cond:    Meter Type: EFM    Contract Hr.: 8 AM  
Status: In Service    WV Technique:    WV Method:

Gas Analysis

CO2	N2	H2O	H2S	O2	He	C1	C2	C3	I-C4	N-C4	I-C5	N-C5	C6+
6.067	5.675	0.000	1.9229	0.000	0.000	51.804	16.643	11.505	1.321	3.126	0.711	0.660	0.564

Tube I.D.	Interval	Tap Location	Tap Type	Atmos. Pressure	Calc. Method	Fpv Method
3.068 in.	1 Hour	Upstream	Flange	12.900 psi	AGA3-1992	AGA8-Detail

BTU Content

Day	Differential (In. H2O)	Pressure (psia)	Temperature (°F)	Hours Flow	Relative Density	Plate (Inches)	Volume (Mcf)	Heating Value (Btu/scf)	Energy (MMBtu)	Edited
1	15.56	98.18	83.64	24.00	0.9279	2.000	867.28	1346.10	1,167.45	No
2	16.50	92.25	84.66	24.00	0.9279	2.000	867.79	1346.10	1,168.13	No
3	14.80	100.63	85.90	24.00	0.9279	2.000	856.08	1346.10	1,152.36	No
4	10.49	94.85	87.99	20.85	0.9279	2.000	505.91	1346.10	681.01	No
5	8.19	91.71	88.31	19.31	0.9279	2.000	409.53	1346.10	551.27	No
6	10.44	96.63	90.48	24.00	0.9279	2.000	700.20	1346.10	942.53	No
7	16.40	68.41	89.18	24.00	0.9279	2.000	737.16	1346.10	992.29	No
8	16.48	67.66	89.51	24.00	0.9279	2.000	733.91	1346.10	987.91	No
9	12.55	87.44	91.30	24.00	0.9279	2.000	725.23	1346.10	976.23	No
10	13.37	93.41	92.04	24.00	0.9279	2.000	781.76	1346.10	1,052.33	No
11	13.14	95.50	92.08	24.00	0.9279	2.000	784.60	1346.10	1,056.15	No
12	13.32	95.56	90.46	24.00	0.9279	2.000	791.58	1346.10	1,065.55	No
13	13.60	95.56	89.74	24.00	0.9279	2.000	800.76	1346.10	1,077.90	No
14	13.75	95.67	89.37	24.00	0.9279	2.000	806.07	1346.10	1,085.05	No
15	13.94	93.31	89.89	24.00	0.9279	2.000	792.98	1346.10	1,067.43	No
16	7.02	84.58	91.09	23.99	0.9279	2.000	520.85	1346.10	701.11	No
17	9.76	89.72	89.11	20.40	0.9279	2.000	508.68	1346.10	684.74	No
18	8.03	89.24	91.66	23.45	0.9279	2.000	536.10	1346.10	721.64	No
19	8.88	90.56	91.61	23.91	0.9279	2.000	577.71	1346.10	777.66	No
20	9.66	92.60	93.02	23.98	0.9279	2.000	649.73	1346.10	874.60	No
21	10.10	92.16	87.65	24.00	0.9279	2.000	676.76	1346.10	910.98	No
22	9.63	92.20	90.33	24.00	0.9279	2.000	656.00	1346.10	883.04	No
23	6.80	89.11	92.77	23.96	0.9279	2.000	526.98	1346.10	709.37	No
24	6.72	88.74	93.11	23.96	0.9279	2.000	525.41	1346.10	707.25	No
25	4.53	84.36	94.05	23.79	0.9279	2.000	403.94	1346.10	543.75	No
26	5.05	84.36	90.23	23.89	0.9279	2.000	437.36	1346.10	588.74	No
27	6.55	86.34	85.21	23.92	0.9279	2.000	499.27	1346.10	672.06	No
28	11.79	91.68	77.55	24.00	0.9279	2.000	729.39	1346.10	981.83	No
29	9.02	87.78	80.04	22.77	0.9279	2.000	501.51	1346.10	675.08	No
30	9.72	90.49	85.69	23.88	0.9279	2.000	631.35	1346.10	849.86	No
<b>TOTAL</b>	<b>11.53</b>	<b>90.46</b>	<b>88.77</b>	<b>706.06</b>	<b>0.9279</b>		<b>19,541.88</b>		<b>26,305.33</b>	



**SITE FACILITY DIAGRAM**

**LAKWOOD FEDERAL NORTH FACILITY**

Legal: SWSE, SEC 27, T19S, R25E  
 Lease #: NMMN0504364B  
 County: Eddy, New Mexico

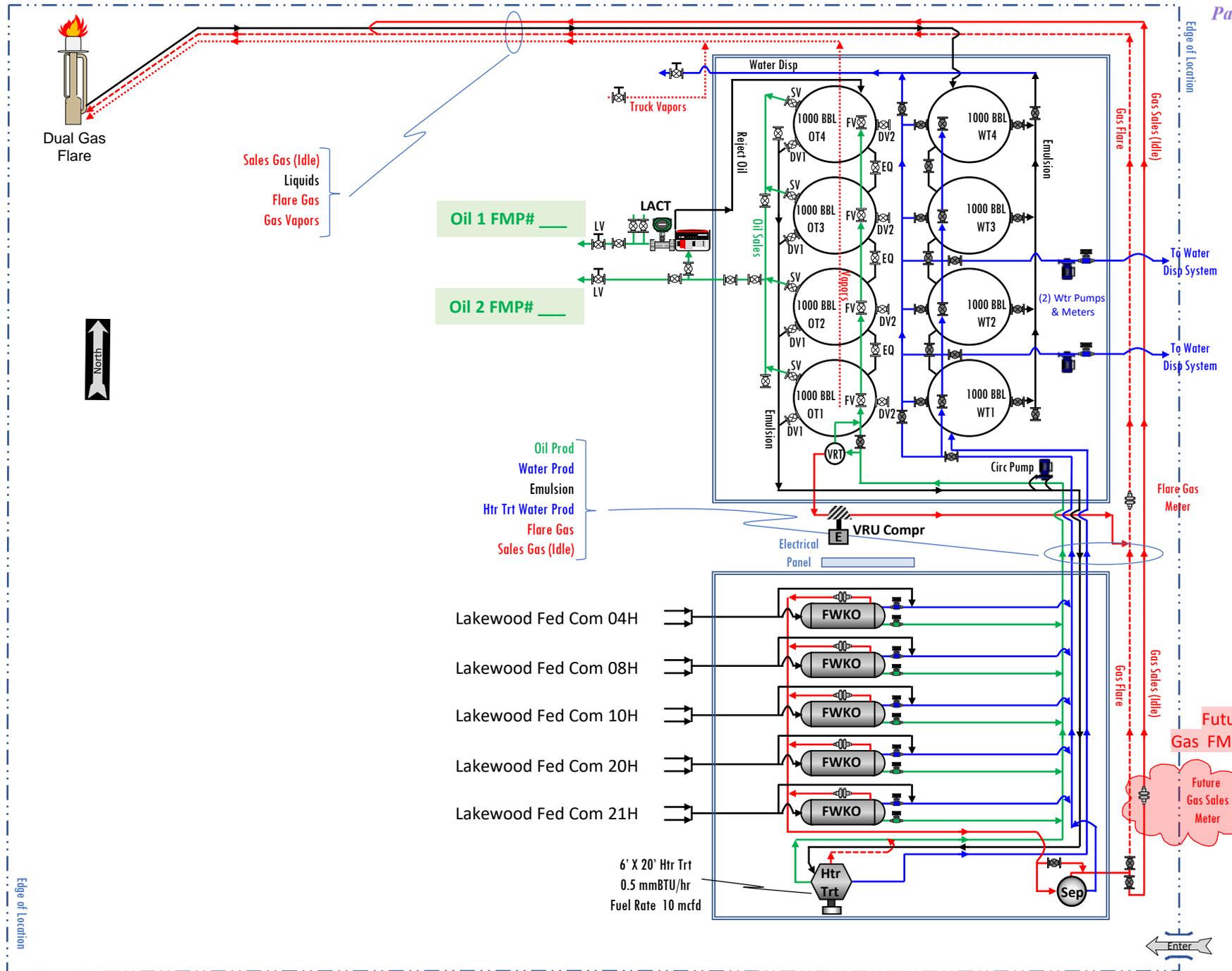
Wells on Location:  
 NONE

Remote Wells Using Location:

Lakewood Federal Com 04H API 3001545669  
 Lakewood Federal Com 08H API 3001545676  
 Lakewood Federal Com 10H API 3001545678  
 Lakewood Federal Com 20H API 3001545680  
 Lakewood Federal Com 21H API 3001545679

Mixed Line	→
Gas Line	→
Oil Line	→
Water Line	→
Berm	—
Fill Valve	FV
Drain Valve	DV
Equalize Valve	EQ
Sales Valve	SV
Sealed Load Line	LV
Non-Sealed Load Line	
Sealed Valve	Non-Sealed Valve
Oil Meter	Water Meter
Gas Meter	
Printed Name:	David Harsell
Signature:	<i>David Harsell</i>
Date:	5/20/2021

**DART Consulting**  
 DART.Consulting@yahoo.com  
 Spring, TX 713-416-3651



Edge of Location

Edge of Location

Gas Sales (Idle)

Gas Flare

Flare Gas Meter

Gas Sales (Idle)

Gas Flare

Enter

Oil 1 FMP#

Oil 2 FMP#

Oil Prod  
 Water Prod  
 Emulsion  
 Htr Trt Water Prod  
 Flare Gas  
 Sales Gas (Idle)

Future Gas FMP#

Future Gas Sales Meter

6' X 20' Htr Trt  
 0.5 mmBTU/hr  
 Fuel Rate 10 mcf/d

# FLOW DIAGRAM

## SITE FACILITY DIAGRAM

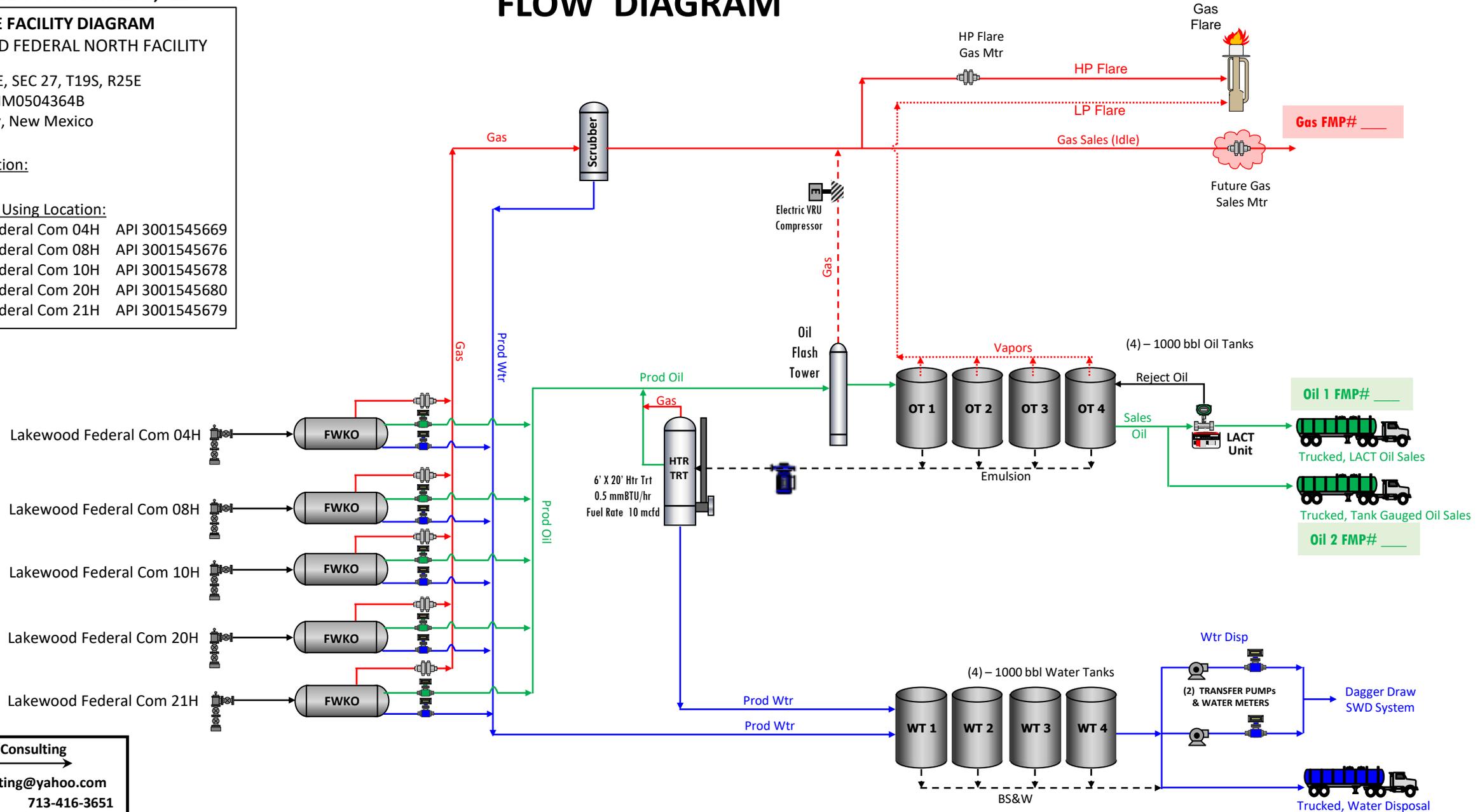
### LAKWOOD FEDERAL NORTH FACILITY

Legal: SWSE, SEC 27, T19S, R25E  
 Lease #: NMNM0504364B  
 County: Eddy, New Mexico

Wells on Location:  
 NONE

#### Remote Wells Using Location:

- Lakewood Federal Com 04H API 3001545669
- Lakewood Federal Com 08H API 3001545676
- Lakewood Federal Com 10H API 3001545678
- Lakewood Federal Com 20H API 3001545680
- Lakewood Federal Com 21H API 3001545679



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 DART.Consulting@yahoo.com  
 Spring, TX 713-416-3651

**ESTIMATED FUEL GAS CONSUMPTION CALCULATIONS**

**SITE FACILITY DIAGRAM**

**LAKWOOD FEDERAL NORTH FACILITY**

Legal: SWSE, SEC 27, T19S, R25E  
 Lease #: NMNM0504364B  
 County: Eddy, New Mexico

Wells on Location:  
 NONE

Remote Wells Using Location:

- Lakewood Federal Com 04H API 3001545669
- Lakewood Federal Com 08H API 3001545676
- Lakewood Federal Com 10H API 3001545678
- Lakewood Federal Com 20H API 3001545680
- Lakewood Federal Com 21H API 3001545679

Spur Energy Partners, LLC respectfully requests Royalty Free Usage of Fuel Gas for this facility as per 43 CFR 3173.11 (c) (9) (i) using the estimated fuel gas consumption noted herein.

\*\*\*Estimated Fuel Consumption based on Average Gas Analysis of wells in immediate area

**Sales Gas BTU Rating:** 6 1,350 mmbtu / cf

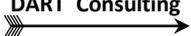
Equipment	Engine HP Rating	Process Efficiency Factor	Daily Utilization Factor	Engine Fuel Rating BTU/hp-hr	Firetube Fuel Rating MMBTU/hr	Fuel Usage MCFD
	1	2	3	4	5	
Heater Treater Firetube	-	0.65	0.65	-	0.50	10

**Firetube Usage :**

Process Efficiency Factor	X	Daily Utilization Factor	X	Firetube Fuel Rating (mmBTU)	X	24 hrs / Day	X	1000 ft <sup>3</sup> / mcf	÷	Gas BTU Content (mmBTU / ft <sup>3</sup> )	=	Fuel Usage (Mcf)
(1 + 2)	X	3	X	5	X	24	X	1000	÷	6	=	
1.65	X	0.65	X	0.50	X	24	X	1000	÷	1350	=	10

- Process Efficiency Factor - Inherent energy losses associated with fuel consumption
- Daily Utilization Factor - Utilization of the equipment in the field
- Name Plate Fuel Rating - Manufacturer's equipment rating for heat conveyance

**DART Consulting**

  
 DART.Consulting@yahoo.com  
 Spring, TX 713-416-3651

## SITE FACILITY DIAGRAM

## Tank Valve Operation - Oil 1 FMP

## Tank Valve Operation - Oil 2 FMP

LAKEWOOD FEDERAL NORTH FACILITY

PRODUCTION PHASE TANK OPERATION VALVE POSITIONS [ LACT TANK OPERATIONS ]												
TANK #	OT1			OT2			OT3			OT4		
TANK SIZE - Bbls	1000			1000			1000			1000		
LOCATION	SEAL INSTALLED	OPEN	CLOSE									
1 - FILL VALVE		X			X			X			X	
2 - SALES VALVE		X			X			X			X	
3 - REJECT OIL FILL VALVE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		X	
4 - MANUAL LOAD VALVE	X		X	X		X	X		X	X		X
5 - EQUALIZE VALVE		X			X			X			X	
6 - DRAIN VALVE 1	X		X	X		X	X		X	X		X
7 - DRAIN VALVE 2	X		X	X		X	X		X	X		X

SALES PHASE TANK OPERATION VALVE POSITIONS [ LACT TANK OPERATIONS ]												
TANK #	OT1			OT2			OT3			OT4		
TANK SIZE - Bbls	1000			1000			1000			1000		
LOCATION	SEAL INSTALLED	OPEN	CLOSE									
1 - FILL VALVE		X			X			X			X	
2 - SALES VALVE		X			X			X			X	
3 - REJECT OIL FILL VALVE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		X	
4 - MANUAL LOAD VALVE	X		X	X		X	X		X	X		X
5 - EQUALIZE VALVE		X			X			X			X	
6 - DRAIN VALVE 1	X		X	X		X	X		X	X		X
7 - DRAIN VALVE 2	X		X	X		X	X		X	X		X

DRAIN PHASE TANK OPERATION VALVE POSITIONS [ LACT TANK OPERATIONS ]												
TANK #	OT1			OT2			OT3			OT4		
TANK SIZE - Bbls	1000			1000			1000			1000		
LOCATION	SEAL INSTALLED	OPEN	CLOSE									
1 - FILL VALVE	X		X	X		X	X		X	X		X
2 - SALES VALVE	X		X	X		X	X		X	X		X
3 - REJECT OIL FILL VALVE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X		X
4 - MANUAL LOAD VALVE	X		X	X		X	X		X	X		X
5 - EQUALIZE VALVE	X		X	X		X	X		X	X		X
6 - DRAIN VALVE 1		X			X			X			X	
7 - DRAIN VALVE 2		X			X			X			X	

PRODUCTION PHASE TANK OPERATION VALVE POSITIONS [ TRUCKED TANK OPERATIONS ]												
TANK #	OT1			OT2			OT3			OT4		
TANK SIZE - Bbls	1000			1000			1000			1000		
LOCATION	SEAL INSTALLED	OPEN	CLOSE									
1 - FILL VALVE		X			X			X			X	
2 - SALES VALVE	X		X	X		X	X		X	X		X
3 - REJECT OIL FILL VALVE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		X	
4 - MANUAL LOAD VALVE	X		X	X		X	X		X	X		X
5 - EQUALIZE VALVE		X			X			X			X	
6 - DRAIN VALVE 1	X		X	X		X	X		X	X		X
7 - DRAIN VALVE 2	X		X	X		X	X		X	X		X

SALES PHASE TANK OPERATION VALVE POSITIONS [ TRUCKED TANK OPERATIONS ]												
TANK #	OT1			OT2			OT3			OT4		
TANK SIZE - Bbls	1000			1000			1000			1000		
LOCATION	SEAL INSTALLED	OPEN	CLOSE									
1 - FILL VALVE	X		X	X		X	X		X	X		X
2 - SALES VALVE		X			X			X			X	
3 - REJECT OIL FILL VALVE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X		X
4 - MANUAL LOAD VALVE		X			X			X			X	
5 - EQUALIZE VALVE	X		X	X		X	X		X	X		X
6 - DRAIN VALVE 1	X		X	X		X	X		X	X		X
7 - DRAIN VALVE 2	X		X	X		X	X		X	X		X

DRAIN PHASE TANK OPERATION VALVE POSITIONS [ TRUCKED TANK OPERATIONS ]												
TANK #	OT1			OT2			OT3			OT4		
TANK SIZE - Bbls	1000			1000			1000			1000		
LOCATION	SEAL INSTALLED	OPEN	CLOSE									
1 - FILL VALVE	X		X	X		X	X		X	X		X
2 - SALES VALVE	X		X	X		X	X		X	X		X
3 - REJECT OIL FILL VALVE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X		X
4 - MANUAL LOAD VALVE	X		X	X		X	X		X	X		X
5 - EQUALIZE VALVE	X		X	X		X	X		X	X		X
6 - DRAIN VALVE 1		X			X			X			X	
7 - DRAIN VALVE 2	X		X	X		X	X		X	X		X

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004976162

This is not an invoice

**SPUR ENERGY PARTNERS LLC**  
920 MEMORIAL CITY WAY, SUITE 1000

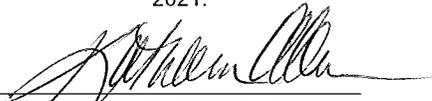
**HOUSTON, TX 77024**

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

10/28/2021

  
Legal Clerk

Subscribed and sworn before me this October 28, 2021:

  
State of WI, County of Brown  
NOTARY PUBLIC  
1-7-25  
My commission expires

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0004976162

PO #:  
# of Affidavits 1

This is not an invoice

NOTICE OF APPLICATION FOR SURFACE COMMINGLING: Spur Energy Partners LLC located at 9655 Katy Freeway, Suite 500, Houston, TX 77024 is applying with the NMOCD for a surface commingling permit for oil and gas production at the Lakewood Federal Com North Tank Battery. The facility is located in Eddy County in Section 27 T19S R25E. Wells going to the battery are located in Section 27 T19S R25E and are drilled through Section 34 T19S R25E. Production is from the N. Seven Rivers; Glorieta-Yeso pool. Pursuant to State-wide Rule 19.15.12.10, interested parties must file objections or requests for hearing in writing with the division's Santa Fe office within 20 days of publication, or the NMOCD may approved the application. Any questions concerning this application should be directed to Sarah Chapman, Regulatory Director at 832-930-8613. #4976162 Current Argus, October 28, 2021

**Application for Surface Commingling  
Spur Energy Partners LLC  
Lakewood North Tank Battery**

Name	Address	City	State	Zip	Tracking Info
United States of America	620 E. Greene St.	Carslbad	NM	88220	9414 8118 9786 5850 1252 66
William H. Bown Trust dated December 11, 1991	12015 Shiloh Rd., Suite 120	Dallas	TX	75228	9414 8118 9876 5850 1257 85
Drilmor, Inc.	4519 Santa Rose Dr.	Midland	TX	79707	9414 8118 9876 5850 1259 52
Charles Wiggins, a single man	P.O. Box 10862	Midland	TX	79702	9414 8118 9876 5850 1256 17
Richard H. Coats and wife, Sigrid M. Coats	P.O.Box 2412	Midland	TX	79702	9414 8118 9876 5850 1251 50
Fort Worth Royalty Company	1315 West 10th St.	Fort Worth	TX	76102	9414 8118 9876 5850 1251 36
Feagan Energy, Inc.	P.O. Box 50307	Midland	TX	79710	9414 8118 9876 5850 1253 27
Iatan Royalty, LLC	P.O. Box 9065	Midland	TX	79708	9414 8118 9876 5850 1253 89
John and Theresa Hillman Family Properties, LP	P.O. Box 50187	Midland	TX	79710	9414 8118 9876 5850 1250 44
BAS Energy, LP	P.O. Box 472087	Fort Worth	TX	76147	9414 8118 9876 5850 1254 57
SEP Permian LLC	9655 Katy Freeway, Suite 500	Houston	TX	77024	NA
Heirs or Devises of Ernie Bello	1570 Alewa Dr.	Honolulu	HI	96822	9414 8118 9876 5850 1254 40
Robert B. Bunn, Trustee of the Robert B. Bunn Revocable Living Trust uta May 18, 1992	2493 Makiki Heights Dr.	Honolulu	HI	96822	9414 8118 9876 5850 1255 94
J.W. Gendron, marital status unknown	380 Abbey Rd.	Indiana	PA	15701	9414 8118 9876 5850 1222 58
Joseph R Hodge, marital status unknown	P.O. Box 5238	Austin	TX	78763	9414 8118 9876 5850 1228 52
Sanford J. Hodge, III, marital status unknown	3810 Harvest Ln.	Frisco	TX	75034	9414 8118 9876 5850 1227 08
E.G. Holden Testamentary Trust	2505 Green St.	San Francisco	CA	94123	9414 8118 9876 5850 1229 51
Heirs or Devises of Dr. Isaac A. Kawasaki	2927 Robert Place	Honolulu	HI	96816	9414 8118 9876 5850 1226 16
Betsy H. Keller, marital status unknown	2505 Green St.	San Francisco	CA	94123	9414 8118 9876 5850 1226 85
EOG Resources, Inc.	104 S. 4th Street	Artesia	NM	88210	9414 8118 9876 5850 1280 45
Adolph P. Schuman, marital status unknown c/o Orrick Herrington	405 Howard St.	San Francisco	CA	94105	9414 8118 9876 5850 1285 19
Space Building Corporation	P.O. Box 283	East Taunton	MA	2718	9414 8118 9876 5850 1285 88
Frederick Van Vranken, marital status unknown	950 Regency Square, Apt. 202	Vero Beach	FL	32967	9414 8118 9876 5850 1272 39
Nearburg Exploration Company, LLC	P.O. Box 823085	Dallas	TX	75382	9414 8118 9876 5850 1278 40
Nina Feroze Meher-Homji	1103 Ari Court	Sugar Land	TX	77479	9414 8118 9876 5850 1277 96
Black Stone Energy Company, LLC	1001 Fanin St., Suite 2020	Houston	TX	77002	9414 8118 9876 5850 1279 63
Tierra Oil Company	P.O. Box 1220	Jupiter	FL	33468	9414 8118 9876 5850 1271 54
DEBCO, LLC	P.O. Box 1090	Roswell	NM	88202	9414 8118 9876 5850 1271 47
The Nell Blackmar Limited Partnership	2809 Riverside	Roswell	NM	88201	9414 8118 9876 5850 1273 90
SEP Permian Holding Corp.	9655 Katy Freeway, Suite 500	Houston	TX	77024	NA
XTO Holdings, LLC	P.O. Box 840780	Dallas	TX	75284	9414 8118 9876 5850 1270 55
Nearburg Producing Company Employee Fund	P.O. Box 823085	Dallas	TX	75382	9414 8118 9876 5850 1274 13
Movest Capital	P.O. Box 2439	Albany	TX	76430	9414 8118 9876 5850 1274 37
William S. Allison, marital status unknown	10 E. Independence St.	Shawnee	OK	74804	9414 8118 9876 5850 1275 36
A. R. Mersiovsky, marital status unknown	10306 Vicksburg Ave.	Lubbock	TX	79424	9414 8118 9876 5850 1268 12
Flynt Chancellor, marital status unknown	P.O. Box 1821	Midland	TX	79702	9414 8118 9876 5850 1265 91
Bobby M. Gleason, marital status unknown	P.O. Box 53873	Lubbock	TX	79453	9414 8118 9876 5850 1215 34
Jeana Chambers Moss	4 Stonecreek Circle	Brownwood	TX	76801	9414 8118 9876 5850 1591 79
Ronnie Harold Chambers	2425 Spyglass Hill Ct.	Abilene	TX	79606	9414 8118 9876 5850 1595 82
Jack Lee Roy Crain	1665 Country Meadows Land	Santa Fe	TX	77517	9414 8118 9876 5850 1532 21
Cascade Acquisition Partners, LP	P.O. Box 7849	Dallas	TX	75209	9414 8118 9876 5850 1532 83
The Mark J. Mourne, Jr. and LaDonna S. Mourne Revocable Living Trust dated March 4, 2010	605 Canyon Ridge Trail	Canon City	CO	81212	9414 8118 9876 5850 1538 87
Fred M. Allison, III, marital status unknown c/o George A. Karahal	12001 N. Central Expy., Suite 500	Dallas	TX	75243	9414 8118 9876 5850 1536 65
Challenger Crude, Ltd.	3525 Andrews Hwy.	Midland	TX	79703	9414 8118 9876 5850 1531 84
Lamar B. Roemer, marital status unknown	25815 Oak Ridge Dr.	Spring	TX	77380	9414 8118 9876 5850 1533 68
Alliance Income Fund, Limited Partnership	10711 Park Village Place, Suite 250	Dallas	TX	75230	9414 8118 9876 5850 1533 75
KE2, LP	P.O. Box 3037	San Angelo	TX	76902	9414 8118 9876 5850 1530 47
Loin Energy Corporation	P.O. Box 7309	La Grange	TX	78945	9414 8118 9876 5850 1534 29
Gary L. Richards, marital status unknown	11 River Ridge Ln.	San Angelo	TX	76904	9414 8118 9876 5850 1535 66

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 3rd day of March, 2021, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

### WITNESSETH:

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

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

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

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

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

East Half of the West Half (E/2 of W/2), Section 34, T19S, R25E, N.M.P.M., Eddy County, NM.

Containing **160.00** acres, and this agreement shall include only the Yeso Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and

ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be Spur Energy Partners L.L.C., 9655 Katy Freeway Ste. 500, Houston, Texas 77024. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8<sup>th</sup> or 12 1/2 percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8<sup>th</sup> should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

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

forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is March 3, 2021, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all

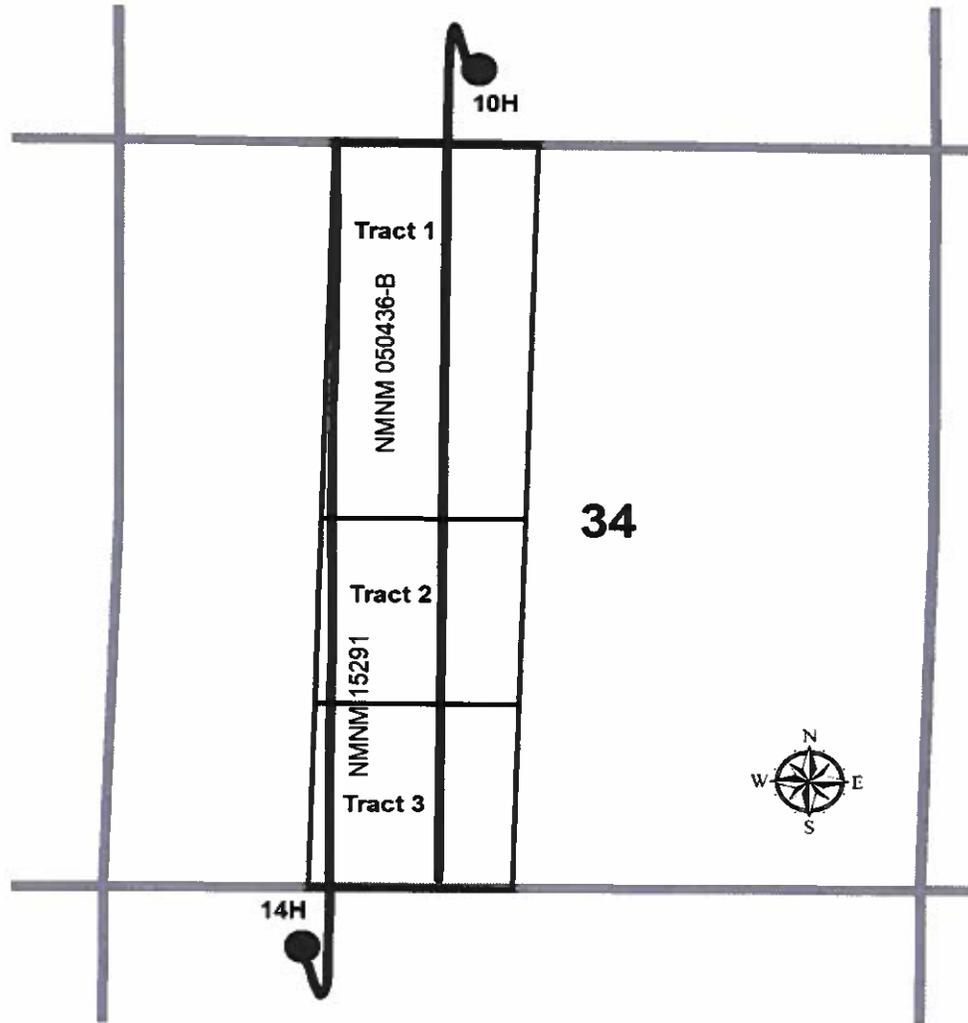




### EXHIBIT "A"

Plat of communitized area covering 160.00 acres in East Half of West Half (E/2 of W/2),  
of Sect. 34, T 19S, R 25E, NMPM, Eddy County, NM.

Lakewood Federal 10H; Lakewood Federal 14H



**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated March 3, 2021 embracing the following described land in the E/2 of the W/2, Section 34, Township 19 South, Range 25 East, Eddy County, New Mexico.

Operator of Communitized Area: Spur Energy Partners L.L.C.

DESCRIPTION OF LEASES COMMITTEDTract No. 1

Lease Serial Number:	NMNM 050436-B	
Description of Land Committed:	Township 19 South, Range 25 East, N.M.P.M., Section 34: E/2 of NW/4	
Number of Acres:	80.00	
Current Lessee of Record:	American National Petroleum Company	
Name of Working Interest Owners:	SEP Permian Holding Corp.	98.709146%
	Heirs or devisees of Ernie Bello	0.093315%
	J.W. Gendron	0.139972%
	Joseph R. Hodge	0.015552%
	Sanford J. Hodge, III	0.015552%
	E.G. Holden Testamentary Trust	0.046657%
	Heirs Devisees of Dr. Isaac A. Kawasaki	0.093315%
	Betsy H. Keller	0.046657%
	Charles Cline Moore	0.233287%
	Nearburg Exploration Company, LLC	0.186630%
	Adolph P. Schuman	0.093315%
	Space Building Corporation	0.233287%
	Frederick Van Vranken	0.093315%

Tract No. 2

Lease Serial Number:	NMNM 15291	
Description of Land Committed:	Township 19 South, Range 25 East, N.M.P.M., Section 34: NE/4 of SW/4	
Number of Net Acres:	40.00	

Current Lessee of Record: Black Stone Energy Company L.L.C.  
 Name of Working Interest Owners: SEP Permian Holding Corp. 100%

Tract No. 3

Lease Serial Number: NMNM 15291  
 Description of Land Committed: Township 19 South, Range 25 East,  
 N.M.P.M., Section 34: SE/4 of SW/4  
 Number of Net Acres: 40.00  
 Current Lessee of Record: Black Stone Energy Company L.L.C.

Name of Working Interest Owners: SEP Permian Holding Corp. 84.810525%  
 Fred M. Allison, III 0.07345%  
 Challenger Crude, LTD. 0.05875%  
 In-House, LTD. 0.24675%  
 Lamar B. Roemer 4.214261%  
 Alliance Income Fund, L.P. 0.596264%  
 KE2, LP. 1.666667%  
 Stringer Family Interests, L.P. 0.833333%  
 Gary L. Richards 0.5%  
 Loin Energy Corporation 7.0%

**RECAPITULATION**

<u>TRACT NO.</u>	<u>NO. OF ACRES COMMITTED</u>	<u>PERCENTAGE OF INTEREST IN COMMUNITIZED AREA</u>
1	80.00	50.0000%
2	40.00	25.0000%
3	40.00	25.0000%
<b>Total</b>	<b>160.00</b>	<b>100.0000%</b>

Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 3rd day of March, 2021, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

West Half of the East Half (W/2 of E/2), Section 34, T19S, R25E, NMPM, Eddy County, NM.

Containing **160.00** acres, and this agreement shall include only the Yeso Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and

ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be Spur Energy Partners L.L.C., 9655 Katy Freeway Ste. 500, Houston, Texas 77024. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of  $1/8^{\text{th}}$  or  $12 \frac{1}{2}$  percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining  $7/8^{\text{th}}$  should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

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

forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is March 3, 2021, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all

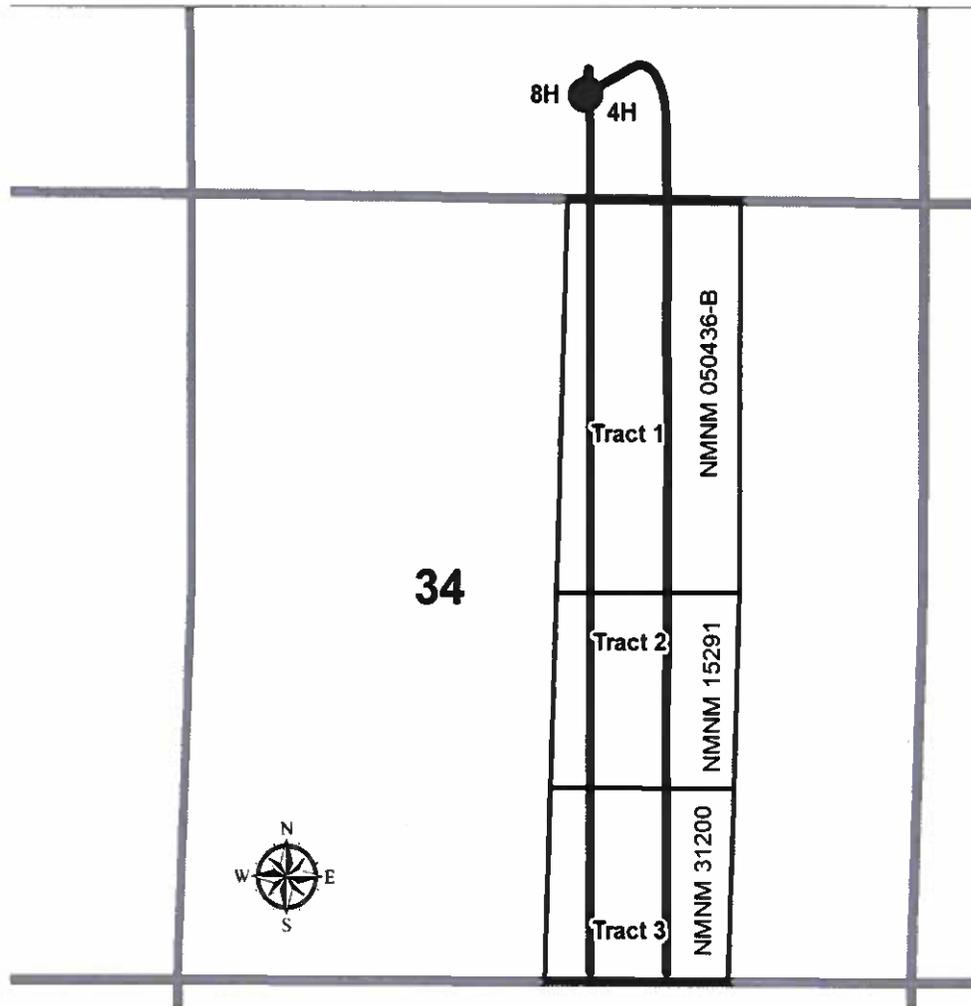




### EXHIBIT "A"

Plat of communitized area covering 160.00 acres in West Half of East Half (W/2 of E/2),  
of Sect. 34, T 19S, R 25E, NMPM, Eddy County, NM.

Lakewood Federal 4H; Lakewood Federal 8H



**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated March 3, 2021, embracing the following described land in the W/2 of the E/2, Section 34, Township 19 South, Range 25 East, Eddy County, New Mexico.

Operator of Communitized Area: Spur Energy Partners L.L.C.

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

Lease Serial Number:	NMNM 050436-B	
Description of Land Committed:	Township 19 South, Range 25 East, N.M.P.M., Section 34: W/2 of NE/4	
Number of Acres:	80.00	
Current Lessee of Record:	American National Petroleum Company	
Name of Working Interest Owners:	SEP Permian Holding Corp.	98.709146%
	Heirs or devisees of Ernie Bello	0.093315%
	J.W. Gendron	0.139972%
	Joseph R. Hodge	0.015552%
	Sanford J. Hodge, III	0.015552%
	E.G. Holden Testamentary Trust	0.046657%
	Heirs devisees of Dr. Isaac A. Kawasaki	0.093315%
	Betsy H. Keller	0.046657%
	Charles Cline Moore	0.233287%
	Nearburg Exploration Company, LLC	0.186630%
	Adolph P. Schuman	0.093315%
	Space Building Corporation	0.233287%
	Frederick Van Vranken	0.093315%

**Tract No. 2**

Lease Serial Number:	NMNM 15291
Description of Land Committed:	Township 19 South, Range 25 East, N.M.P.M., Section 34: NW/4 of SE/4
Number of Net Acres:	40.00

Current Lessee of Record: Black Stone Energy Company L.L.C.  
 Name of Working Interest Owners: SEP Permian Holding Corp. 100%

Tract No. 3

Lease Serial Number: NMNM 31200  
 Description of Land Committed: Township 19 South, Range 25 East,  
 N.M.P.M., Section 34: SW/4 of SE/4  
 Number of Net Acres: 40.00  
 Current Lessee of Record: Mewbourne Oil Company  
 Name of Working Interest Owners: SEP Permian Holding Corp. 100%

**RECAPITULATION**

<u>TRACT NO.</u>	<u>NO. OF ACRES COMMITTED</u>	<u>PERCENTAGE OF INTEREST IN COMMUNITIZED AREA</u>
1	80.00	50.0000%
2	40.00	25.0000%
3	40.00	25.0000%
<b>Total</b>	<b>160.00</b>	<b>100.0000%</b>

Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 3rd day of March, 2021, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

East Half of the East Half (E/2 of E/2), Section 34, T19S, R25E, NMPM, Eddy County, New Mexico.

Containing 160.00 acres, and this agreement shall include only the Yeso Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

- 2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and

ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be Spur Energy Partners L.L.C., 9655 Katy Freeway Ste. 500, Houston, Texas 77024. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8<sup>th</sup> or 12 1/2 percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8<sup>th</sup> should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

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

forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is March 3, 2021, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all

parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

- 15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

SPUR ENERGY PARTNERS LLC

Operator

4/19/21  
Date

By: [Signature]  
Operator/Attorney-in-Fact

**ACKNOWLEDGEMENT**

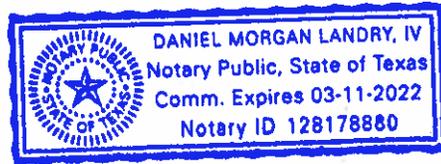
STATE OF TEXAS )  
 ) ss.  
COUNTY OF HARRIS )

On this 19<sup>th</sup> day of April, 2021, before me, a Notary Public for the State of Texas, personally appeared **Nash Bell**, known to me to be the **Vice President, Land of Spur Energy Partners L.L.C.**, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

03-11-2022  
My Commission Expires

[Signature]  
Notary Public

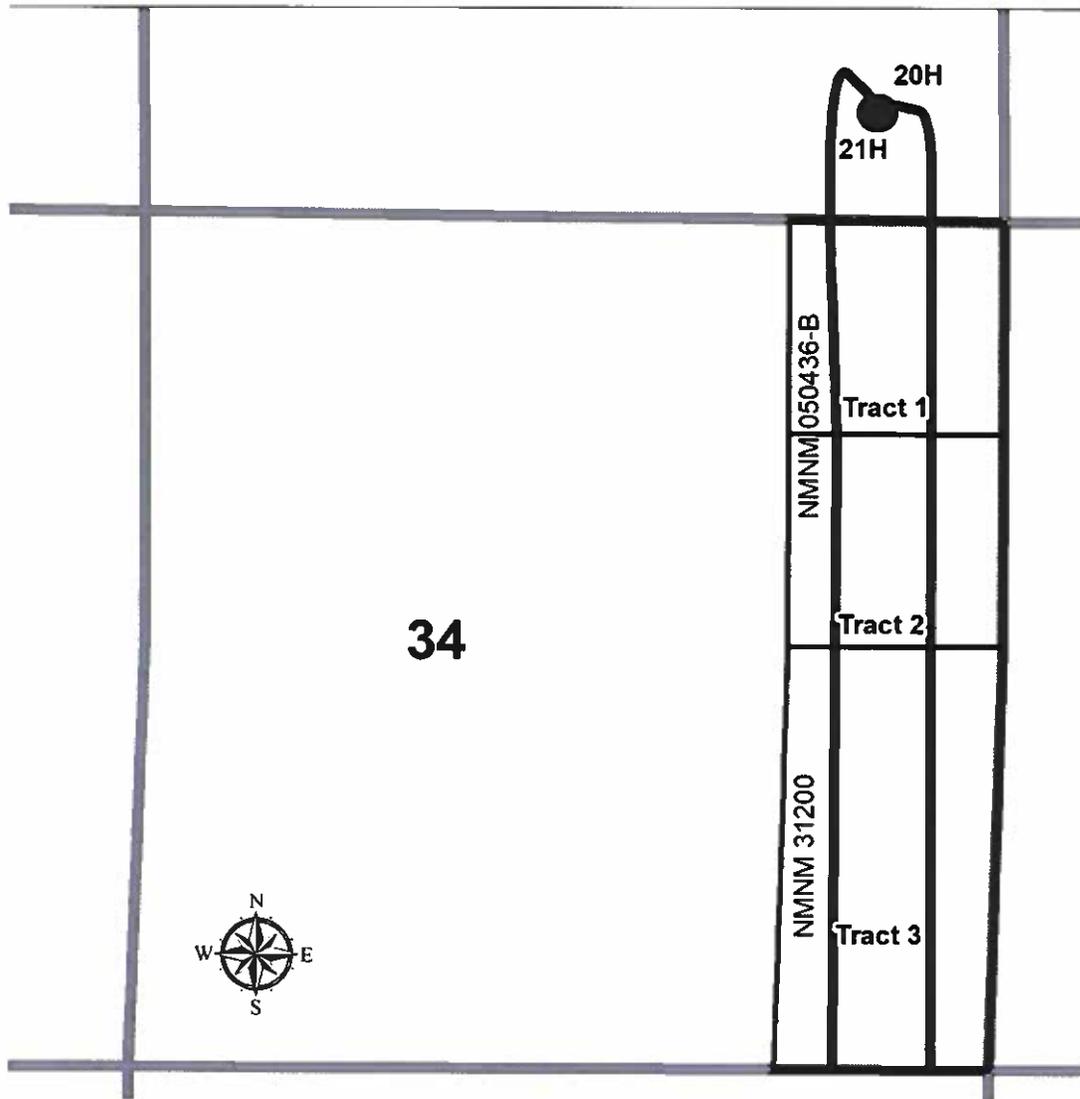




### EXHIBIT "A"

Plat of communitized area covering 160.00 acres in East Half of East Half (E/2 of E/2),  
of Sect. 34, T 19S, R 25E, NMPM, Eddy County, NM.

Lakewood Federal 20H; Lakewood Federal 21H



**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated March 3, 2021 embracing the following described land in the E/2 of the E/2, Section 34, Township 19 South, Range 25 East, Eddy County, New Mexico.

Operator of Communitized Area: Spur Energy Partners L.L.C

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

Lease Serial Number:	NMNM 050436-B	
Description of Land Committed:	Township 19 South, Range 25 East, N.M.P.M., Section 34: NE/4 of NE/4	
Number of Acres:	40.00	
Current Lessee of Record:	American National Petroleum Company	66.9861%
	Nadel & Gussman Permian L.L.C.	16.50695%
	Sanford J. Hodge, III	16.50695%
Name of Working Interest Owners:	SEP Permian Holding Corp.	98.709146%
	Heirs or devisees of Ernie Bello	0.093315%
	J.W. Gendron	0.139972%
	E.G. Holden Testamentary Trust	0.046657%
	Heirs or devisees of Dr. Isaac A. Kawasaki	0.093315%
	Betsy H. Keller	0.046657%
	Charles Cline Moore	0.233287%
	Nearburg Exploration Company, L.L.C	0.18663%
	Adolph P. Schuman	0.093315%
	Space Building Corporation	0.233287%
	Frederick Van Vranken	0.093315%
	Mewbourne Oil Company	0.031104%

**Tract No. 2**

Lease Serial Number:	NMNM 050436-B
Description of Land Committed:	Township 19 South, Range 25 East, N.M.P.M., Section 34: SE/4 of NE/4

Number of Net Acres:	40.00	
Current Lessee of Record:	American National Petroleum Company	66.9861%
	Nadel & Gussman Permian L.L.C.	16.50695%
	Sanford J. Hodge, III	16.50695%
Name of Working Interest Owners:	SEP Permian Holding Corp.	98.26731%
	Heirs of Devises of Ernie Bello	0.125255%
	J.W. Gendron	0.187882%
	E.G. Holden Testamentary Trust	0.062627%
	Heirs or Devises of Dr. Issac A. Kawasaki	0.125255%
	Betsy H. Keller	0.062627%
	Charles Cline Moore	0.313137%
	Nearburg Exploration Company, L.L.C.	0.25051%
	Adolph P. Schuman	0.125255%
	Space Building Corporation	0.313137%
	Frederick Van Vranken	0.125255%
	Mewbourne Oil Company	0.041750%

Tract No. 3

Lease Serial Number:	NMNM 31200	
Description of Land Committed:	Township 19 South, Range 25 East, N.M.P.M., Section 34: E/2 of SE/4	
Number of Net Acres:	80.00	
Current Lessee of Record:	Mewbourne Oil Company	
Name of Working Interest Owners:	Mewbourne Oil Company	19.58333%
	Mewbourne Energy Partners 09-A, LP	33.00%
	CWM 2000-B, Ltd.	15.66667%
	CWM 2000-B II, Ltd.	6.750%
	3MG Corporation	14.00%
	Mewbourne Development Corporation	11.00%

**RECAPITULATION**

<u>TRACT NO.</u>	<u>NO. OF ACRES COMMITTED</u>	<u>PERCENTAGE OF INTEREST IN COMMUNITIZED AREA</u>
1	40.00	25.0000%
2	40.00	25.0000%
3	80.00	50.0000%
Total	160	100.0000%

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** \_\_\_\_\_ **OGRID Number:** \_\_\_\_\_  
**Well Name:** \_\_\_\_\_ **API:** \_\_\_\_\_  
**Pool:** \_\_\_\_\_ **Pool Code:** \_\_\_\_\_

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]  
 [ I ] Commingling – Storage – Measurement  
 DHC    CTB    PLC    PC    OLS    OLM  
 [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX    PMX    SWD    IPI    EOR    PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.  
 A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

<u>FOR OCD ONLY</u>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

\_\_\_\_\_  
 Print or Type Name

\_\_\_\_\_  
Date

*Sarah Chapman*  
 \_\_\_\_\_  
 Signature

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
e-mail Address

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Sarah Chapman](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#)  
**Subject:** Approved Administrative Order CTB-1011  
**Date:** Wednesday, December 22, 2021 5:18:41 PM  
**Attachments:** [CTB1011 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1011 which authorizes Spur Energy Partners, LLC (328947) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-015-45669	Lakewood Federal Com #4H	W/2 E/2	34-19S-29E	97565
30-015-45676	Lakewood Federal Com #8H	W/2 E/2	34-19S-29E	97565
30-015-45678	Lakewood Federal Com #10H	E/2 W/2	34-19S-29E	97565
30-015-45680	Lakewood Federal Com #20H	E/2 E/2	34-19S-29E	97565
30-015-45679	Lakewood Federal Com #21H	E/2 E/2	34-19S-29E	97565

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure  
 Petroleum Engineer, Oil Conservation Division  
 New Mexico Energy, Minerals and Natural Resources Department  
 (505) 469-8211

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

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY SPUR ENERGY PARTNERS, LLC**

**ORDER NO. CTB-1011**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Spur Energy Partners, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

**CONCLUSIONS OF LAW**

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.

9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
11. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first

production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil and gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.

6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



\_\_\_\_\_  
**ADRIENNE SANDOVAL  
DIRECTOR**

**DATE:** 12/22/2021

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: CTB-1011

Operator: Spur Energy Partners, LLC (328947)

Central Tank Battery: Lakewood Federal Com North Tank Battery

Central Tank Battery Location: Unit O, Section 27, Township 19 South, Range 25 East

Gas Title Transfer Meter Location: Unit O, Section 27, Township 19 South, Range 25 East

### Pools

Pool Name	Pool Code
N. SEVEN RIVERS; GLORIETA-YESO	97565

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 0504364B	A B C F G H	34-19S-29E
NMNM 015291	J K N	34-19S-29E
NMNM 031200	I O P	34-19S-29E

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-45669	Lakewood Federal Com #4H	W/2 E/2	34-19S-29E	97565
30-015-45676	Lakewood Federal Com #8H	W/2 E/2	34-19S-29E	97565
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30-015-45680	Lakewood Federal Com #20H	E/2 E/2	34-19S-29E	97565
30-015-45679	Lakewood Federal Com #21H	E/2 E/2	34-19S-29E	97565

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit B

Order: CTB-1011  
Operator: Spur Energy Partners, LLC (328947)

### Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Yeso NMNM 143337	E/2 W/2	34-19S-29E	160	A
CA Yeso NMNM 143340	W/2 E/2	34-19S-29E	160	B
CA Yeso NMNM 143339	E/2 E/2	34-19S-29E	160	C

### Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 0504364B	E/2 NW/4	34-19S-29E	80	A
NMNM 015291	E/2 SW/4	34-19S-29E	80	A
NMNM 0504364B	W/2 NE/4	34-19S-29E	80	B
NMNM 015291	NW/4 SE/4	34-19S-29E	40	B
NMNM 031200	SW/4 SE/4	34-19S-29E	40	B
NMNM 0504364B	E/2 NE/4	34-19S-29E	80	C
NMNM 031200	E/2 SE/4	34-19S-29E	80	C

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
 811 S. First St., Artesia, NM 88210  
 Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
 Action 56462

**CONDITIONS**

Operator: Spur Energy Partners LLC 9655 Katy Freeway Houston, TX 77024	OGRID: 328947
	Action Number: 56462
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	12/22/2021