

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: MACK ENERGY CORPORATION
OPERATOR ADDRESS: PO BOX 960 ARTESIA, NM 88211-0960
APPLICATION TYPE:

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

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. Round Tank; San Andres 52770
- (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) Periodic well test with allocation meters.

(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: Jerry W. Sherrell TITLE: REGULATORY SUPERVISOR DATE: 11/30/2022
TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO.: 575-748-1288
E-MAIL ADDRESS: jerrys@mec.com



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

November 30, 2022

Oil Conservation Division
Attn: Dean McClure
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval for Lease Commingling. Mack Energy Corporation is requesting to produce our Kingston Federal Com 1H Sec. 18 T15S R29E at a CTB to be located at our Saskatoon Federal Com 1H Sec. 18 T15S R29E. All wells produce from the Round Tank; San Andres pool (52770).

This CTB request is for Oil only. Gas production is governed by CTB-887.

Allocation of production will be measured through well testing of individual wells. Wells will be tested once a month for a minimum 24 hours. The CTB is equipped with a test production train. Oil measured by tank gauging and gas measured using a Total Flow Meter. Water will be measured using a turbine meter.

This request is for all leases within this designated project area. Any future in-fill wells will be added using sundry notices and notification for only the wells added.

These leases have different working and override interest's ownership. All affected parties have been notified of this application by hand delivery or via certified mail.

Commingling will not decrease the value of production.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in blue ink that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Supervisor
jerrys@mec.com

JWS/

Enclosures

CTB Well List

Current Producers

Saskatoon Federal Com 1H 30-005-64313 CA NMNM139454

Added Producers

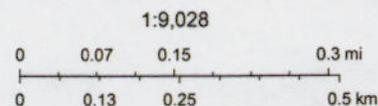
Kingston Federal Com 1H 30-005-64372 CA Submitted

OCD Well Locations



11/23/2022, 9:51:14 AM

- | | | | | | |
|--|---------------------|--|--|--|----------------------|
| | Override 1 | | Oil, Cancelled | | Authorized |
| | Lines | | Oil, New | | Authorized |
| | Override 1 | | Oil, Plugged | | Case |
| | Override 2 | | Salt Water Injection, Active | | PLSS Second Division |
| | Override 3 | | Oil and Gas Leases – Production Status | | PLSS First Division |
| | Wells - Large Scale | | Held by Actual Production | | |
| | Oil, Active | | | | |



U.S. Department of Interior, Bureau of Land Management (BLM), Esri, HERE, Garmin, GeoTechnologies, Inc., Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, Maxar, BLM

Saskatoon Federal CTB
 SWSE Sec. 18 T15S R29E
 Lease NMNM101107

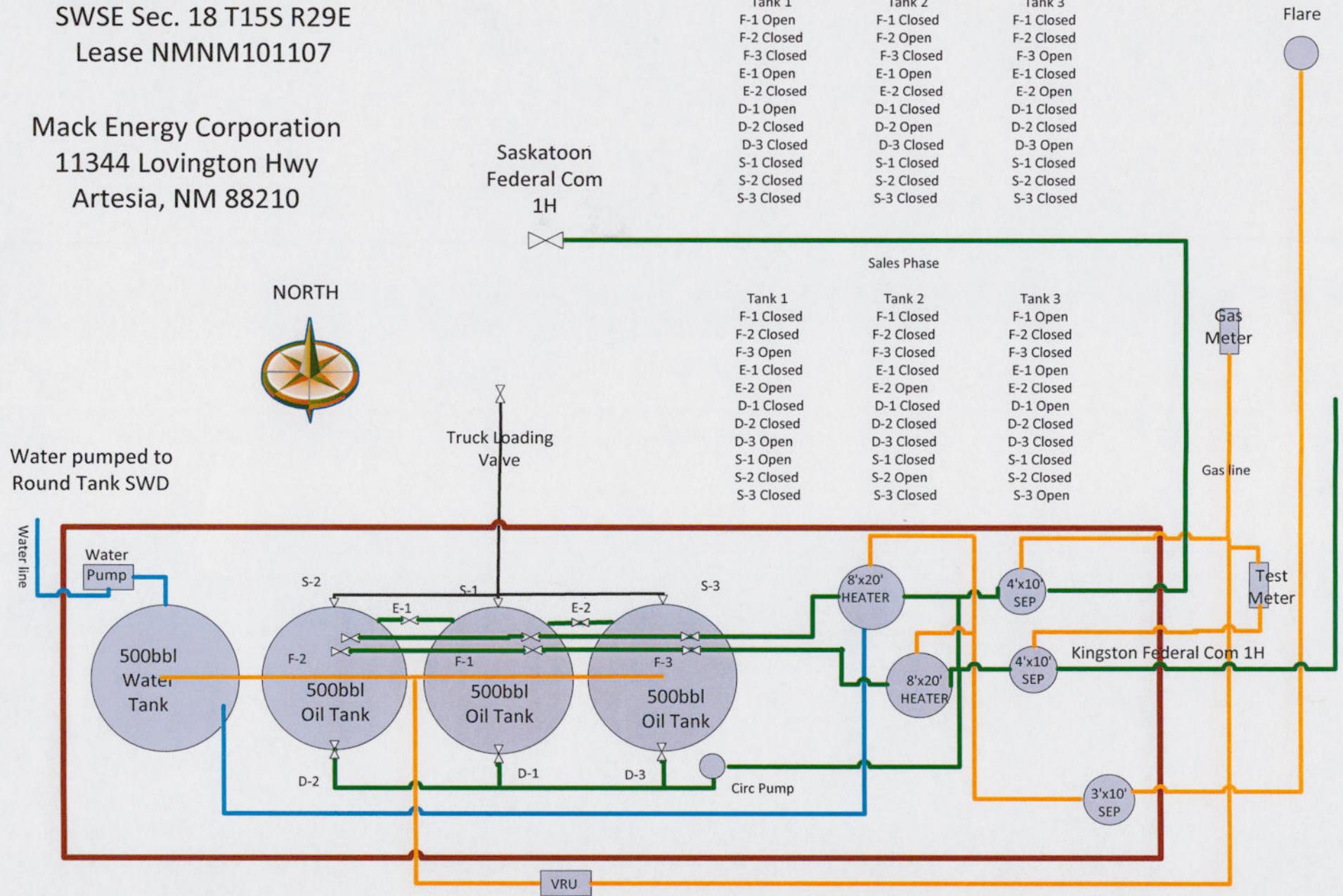
Mack Energy Corporation
 11344 Lovington Hwy
 Artesia, NM 88210

Production Phase

Tank 1	Tank 2	Tank 3
F-1 Open	F-1 Closed	F-1 Closed
F-2 Closed	F-2 Open	F-2 Closed
F-3 Closed	F-3 Closed	F-3 Open
E-1 Open	E-1 Open	E-1 Closed
E-2 Closed	E-2 Closed	E-2 Open
D-1 Open	D-1 Closed	D-1 Closed
D-2 Closed	D-2 Open	D-2 Closed
D-3 Closed	D-3 Closed	D-3 Open
S-1 Closed	S-1 Closed	S-1 Closed
S-2 Closed	S-2 Closed	S-2 Closed
S-3 Closed	S-3 Closed	S-3 Closed

Sales Phase

Tank 1	Tank 2	Tank 3
F-1 Closed	F-1 Closed	F-1 Open
F-2 Closed	F-2 Closed	F-2 Closed
F-3 Open	F-3 Closed	F-3 Closed
E-1 Closed	E-1 Closed	E-1 Open
E-2 Open	E-2 Open	E-2 Closed
D-1 Closed	D-1 Closed	D-1 Open
D-2 Closed	D-2 Closed	D-2 Closed
D-3 Open	D-3 Closed	D-3 Closed
S-1 Open	S-1 Closed	S-1 Closed
S-2 Closed	S-2 Open	S-2 Closed
S-3 Closed	S-3 Closed	S-3 Open



<u>Affected Parties</u>	<u>Interest Type</u>	<u>Certified Mail Number</u>
Bureau of Land Management 2909 West 2nd Street Rowell, NM 88202-2909	RI	<u>7021 2720 0000 2140 9502</u>
Philp L. White PO Box 25968 Albuquerque, NM 87125	RI	<u>7021 2720 0000 2140 9519</u>
Austin M. White 275 South Fist Street, Apt 8L Brooklyn, NY 11211	RI	<u>7021 2720 0000 2140 9526</u>
Mack Energy Corporation P.O. Box 960 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
Chase Oil Corporation P.O. Box 1767 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
RDC Minerals LLC(Formerly Robert C. Chase) P.O. Box 297 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
Ventana Minerals LLC(Formerly Richard L. Chase) P.O. Box 359 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
DiaKan Minerals LLC(Formerly Gerene Dianne Chase Ferguson) P.O. Box 693 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
Sendero Energy LLC P.O. Box 556 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
M Squared Energy LLC P.O. Box 211 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
Katz Resources LLC P.O. Box 7015 Goodyear, AZ 85338	WI	<u>HAND DELIVERED</u>



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

VIA CERTIFIED MAIL 7021 2720 0000 2140 9502

November 30, 2022

Bureau of Land Management
620 East Greene Street
Carlsbad, NM 88220

Dear Sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval for Lease Commingling. Mack Energy Corporation is requesting to produce our Kingston Federal Com 1H Sec. 18 T15S R29E at a CTB to be located at our Saskatoon Federal Com 1H Sec. 18 T15S R29E. All wells produce from the Round Tank; San Andres pool (52770).

This CTB request is for Oil only. Gas production is governed by CTB-887.

Allocation of production will be measured through well testing of individual wells. Wells will be tested once a month for a minimum 24 hours. The CTB is equipped with a test production train. Oil measured by tank gauging and gas measured using a Total Flow Meter. Water will be measured using a turbine meter.

This request is for all leases within this designated project area. Any future in-fill wells will be added using sundry notices and notification for only the wells added.

These leases have different working and override interest's ownership. All affected parties have been notified of this application by hand delivery or via certified mail.

Commingling will not decrease the value of production.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in blue ink that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Supervisor
jerrys@mec.com

JWSI

Enclosures

CTB Well List

Current Producers

Saskatoon Federal Com 1H

30-005-64313 CA NMNM139454

Added Producers

Kingston Federal Com 1H

30-005-64372 CA Submitted

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-64372		² Pool Code 52770		³ Pool Name Round Tank; San Andres	
⁴ Property Code 333514		⁵ Property Name KINGSTON FEDERAL COM			⁶ Well Number 1H
⁷ OGRID No. 13837		⁸ Operator Name MACK ENERGY CORPORATION			⁹ Elevation 3764.6

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	18	15 S	29 E		2202	SOUTH	330	EAST	CHAVES

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	15 S	29 E		1	SOUTH	330	EAST	CHAVES

¹² Dedicated Acres 200	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Deana Weaver 1/25/22

Signature _____ Date _____

Deana Weaver

Printed Name _____

dweaver@mec.com

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JANUARY 20, 2022

Date of Survey _____

Signature and Seal of Registered Surveyor: _____

Certificate Number: _____

RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
111 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

JAN 09 2019

Form C-102

Revised August 1, 2011

DISTRICT II-ARTESIA
Signature to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

As Drilled

¹ API Number 30-005-64313	² Pool Code 52770	³ Pool Name Round Tank; San Andres
⁴ Property Code 321442	⁵ Property Name SASKATOON FEDERAL COM	
⁶ OGRID No. 13837	⁷ Operator Name MACK ENERGY CORPORATION	⁸ Well Number 1H
		⁹ Elevation 3747.1

Surface Location

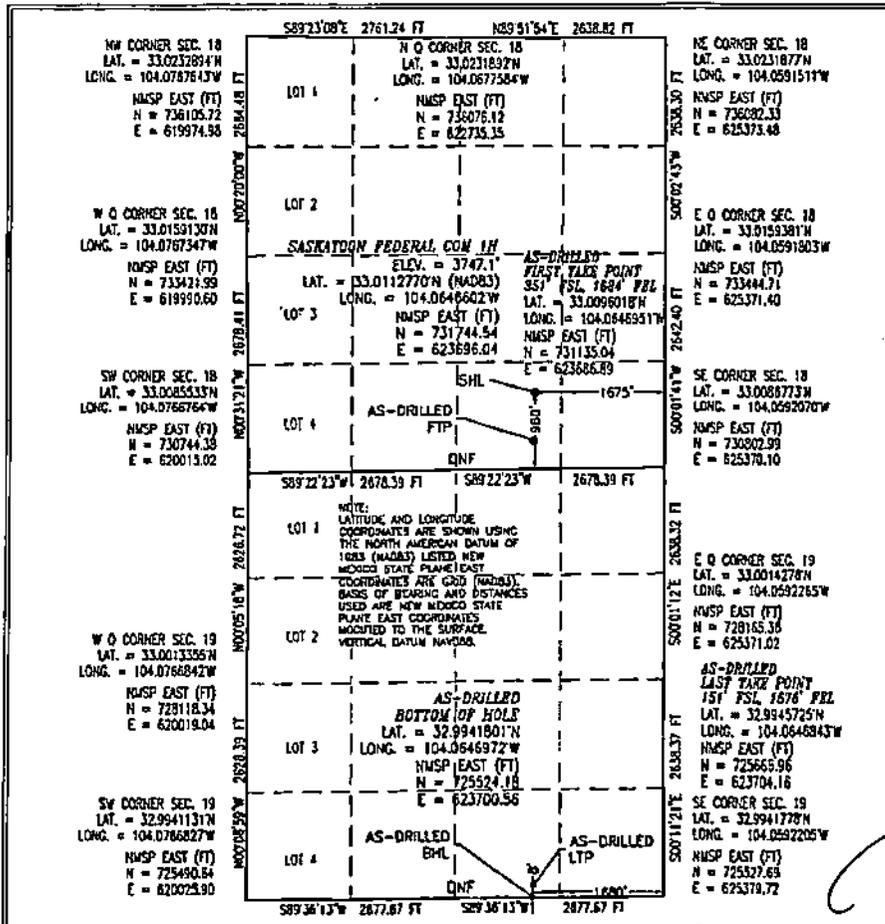
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
O	18	15 S	29 E		960	SOUTH	1675	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/ West line	County
O	19	15 S	29 E		8	SOUTH	1680	EAST	CHAVES

¹⁰ Dedicated Acres 200	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



" OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Deana Weaver* Date: *1. 4. 19*

Printed Name: **Deana Weaver**

E-mail Address: **dweaver@mec.com**

"SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was ploned from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: **OCTOBER 30, 2018**

Signature and Seal of Registered Surveyor: *[Signature]*

Certificate Number: **FILMION F. JARAMILLO PLS 12797**

SURVEY NO. 5969A

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 1st day of December, 2022, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

Township 15 South, Range 29 East, N.M.P.M.
 Section 18: SE/4SE/4
 Section 19: E/2E/2
 Chaves County, New Mexico

containing 200 acres, and this agreement shall include only the San Andres formation underlying said lands and the crude oil and associated natural gas, hereinafter 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 Mack Energy Corporation, P.O. Box 960, Artesia, NM 88211-0960. All matters of operation 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 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 therefrom 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 1/8th 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 7/8th 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 the 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 non-communitized 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 non-communitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is December 1, 2022 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 occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
- 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. 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.

Operator:

Mack Energy Corporation

By: Staci D. Sanders
Staci D. Sanders
Vice President - Land

Date: 11/8/2022

Lessee of Record & Working Interest Owner

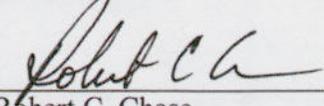
Chase Oil Corporation

By: Staci D. Sanders
Staci D. Sanders, Vice President-Land

Date: 11/8/2022

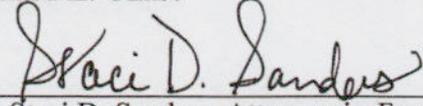
Working Interest Owners:

Robert C. Chase

By: 
Robert C. Chase

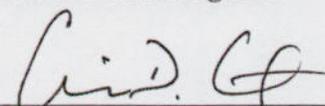
Date: 11/9/2022

Richard L. Chase

By: 
Staci D. Sanders, Attorney-in-Fact

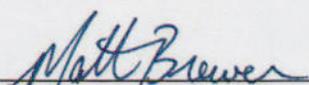
Date: 11/9/2022

^{Dianne}
Gerene ~~Diane~~ Chase Ferguson

By: 
Crissa D. Carter, Attorney-in-Fact

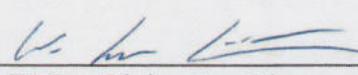
Date: 11/9/2022

Sendero Energy LLC

By: 
Matt Brewer, Manager

Date: 11/9/2022

M Squared Energy LLC

By: 
W. Lee Livingston, Manager

Date: 11/9/2022

Katz Resources LLC

By: _____
Charles Sadler, Manager

Date: _____

Working Interest Owners:

Robert C. Chase

By: _____
Robert C. Chase

Date: _____

Richard L. Chase

By: _____
Staci D. Sanders, Attorney-in-Fact

Date: _____

Gerene Diane Chase Ferguson

By: _____
Crissa D. Carter, Attorney-in-Fact

Date: _____

Sendero Energy LLC

By: _____
Matt Brewer, Manager

Date: _____

M Squared Energy LLC

By: _____
W. Lee Livingston, Manager

Date: _____

Katz Resources LLC

By:  _____
Charles Sadler, Manager

Date: 11/17/22

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 8th day of November, 2022, by Staci D. Sanders, Vice President-Land of **Mack Energy Corporation**, a New Mexico corporation, on behalf of said corporation.

TAMBRA RENEE HUGHES
NOTARY PUBLIC
STATE OF NEW MEXICO
COMMISSION # 1062377
COMMISSION EXPIRES: 09-19-2023

Tambra Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 8th day of November, 2022, by Staci D. Sanders, Vice President-Land of **Chase Oil Corporation**, a New Mexico corporation, on behalf of said corporation.

TAMBRA RENEE HUGHES
NOTARY PUBLIC
STATE OF NEW MEXICO
COMMISSION # 1062377
COMMISSION EXPIRES: 09-19-2023

Tambra Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 9th day of November, 2022, by **Robert C. Chase**.

TAMBRA RENEE HUGHES
NOTARY PUBLIC
STATE OF NEW MEXICO
COMMISSION # 1062377
COMMISSION EXPIRES: 09-19-2023

Tambra Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 9th day of November, 2022, by Staci D. Sanders, Attorney-in-Fact for **Richard L. Chase**.

TAMBRA RENEE HUGHES
NOTARY PUBLIC
STATE OF NEW MEXICO
COMMISSION # 1062377
COMMISSION EXPIRES: 09-19-2023

Tambra Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 9th day of November, 2022, by Crissa D. Carter, Attorney-in-Fact for Gerene Diane-Chase Ferguson.

TAMBRA RENEE HUGHES
NOTARY PUBLIC
STATE OF NEW MEXICO
COMMISSION # 1062377
COMMISSION EXPIRES: 09-19-2023

Tambra Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 9th day of November, 2022, by Matt Brewer, as Manager of **Sendero Energy LLC**, a New Mexico limited liability company, on behalf of said company.

TAMBRA RENEE HUGHES
NOTARY PUBLIC
STATE OF NEW MEXICO
COMMISSION # 1062377
COMMISSION EXPIRES: 09-19-2023

Tambra Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 9th day of November, 2022, by W. Lee Livingston, as Manager of **M Squared Energy LLC**, a New Mexico limited liability company, on behalf of said company.

TAMBRA RENEE HUGHES
NOTARY PUBLIC
STATE OF NEW MEXICO
COMMISSION # 1062377
COMMISSION EXPIRES: 09-19-2023

Tambra Renee Hughes
Notary Public

STATE OF ARIZONA §

COUNTY OF Maricopa §

This instrument was acknowledged before me on this 17th day of November, 2022, by Charles Sadler, as Manager of **Katz Resources LLC**, a New Mexico limited liability company, on behalf of said company.

ANDREW DENNIS OLSON
Notary Public - Arizona
Maricopa County
Commission # 574858
My Comm. Expires Oct 18, 2023

Andrew Dennis Olson
Notary Public

EXHIBIT A

Attached to and made a part of that certain Communitization Agreement dated effective December 1, 2022, covering the SE/4SE/4 of Section 18 and the E/2E/2 of Section 19, Township 15 South, Range 29 East, N.M.P.M., Chaves County, New Mexico.

Plat of Communitized Area
Kingston Federal Com #1H – API #30-005-64372



- SHL: 2202' FSL & 330' FEL, Sec. 18-T15S-R29E
- FTP: 1220' FSL & 330' FEL, Sec. 18-T15S-R29E
- LTP: 100' FSL & 330' FEL, Sec.19-T15S-R29E
- BHL: 1' FSL & 330' FEL, Sec. 19-T15S-R29E

EXHIBIT B

Attached to and made a part of that certain Communitization Agreement dated effective December 1, 2022, covering the SE/4SE/4 of Section 18 and the E/2E/2 of Section 19, Township 15 South, Range 29 East, N.M.P.M., Chaves County, New Mexico.

Kingston Federal Com #1H – API #30-005-64372

Operator of Communitized Area: Mack Energy Corporation

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1

Lease Serial No.: NMNM-101107

Description of Lands Committed: T15S, R29E, NMPM
 Section 18: SE/4SE/4
 Section 19: NE/4NE/4

Number of Acres: 80 acres

Current Lessee of Record: Chase Oil Corporation

Name and Percent of WI Owners:

Chase Oil Corporation	82.0%
Robert C. Chase	5.0%
Richard L. Chase	5.0%
Gerene Dianne Chase Ferguson	5.0%
Sendero Energy LLC	1.0%
Katz Resources LLC	1.0%
M Squared Energy LLC	1.0%

TRACT NO. 2

Serial No.: NMNM-131579

Description of Lands Committed: T15S, R29E, NMPM
 Section 19: SE/4NE/4

Number of Acres: 40 acres

Current Lessee of Record: Chase Oil Corporation

Name and Percent of WI Owners:

Chase Oil Corporation	97.0%
Sendero Energy LLC	1.0%
Katz Resources LLC	1.0%
M Squared Energy LLC	1.0%

TRACT NO. 3

Serial No.: NMNM-132677
 Description of Lands Committed: T15S, R29E, NMPM
Section 19: NE/4SE/4
 Number of Acres: 40 acres
 Current Lessee of Record: Chase Oil Corporation
 Name and Percent of WI Owners: Chase Oil Corporation 97.0%
 Sendero Energy LLC 1.0%
 Katz Resources LLC 1.0%
 M Squared Energy LLC 1.0%

TRACT NO. 4

Serial No.: NMNM-137446
 Description of Lands Committed: T15S, R29E, NMPM
Section 19: SE/4SE/4
 Number of Acres: 40 acres
 Current Lessee of Record: Chase Oil Corporation
 Name and Percent of WI Owners: Chase Oil Corporation 97.0%
 Sendero Energy LLC 1.0%
 Katz Resources LLC 1.0%
 M Squared Energy LLC 1.0%

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 1	80.00	40.00%
Tract No. 2	40.00	20.00%
Tract No. 3	40.00	20.00%
Tract No. 4	40.00	20.00%
Total	200.00	100.00%

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page
NMNM105678121**

Run Date/Time: 11/23/2022 9:24 AM

Page 1 of 2

Authority	Total Acres	Serial Number
02-25-1920;041STAT0437;30USC181;MINERAL LEASING ACT OF 1920	200.0000	NMNM105678121
Product Type 318310 COMMUNITIZATION AGREEMENT	Case File Jurisdiction	Legacy Serial No
Commodity Oil & Gas	ROSWELL FO	NMNM 139454
Case Disposition AUTHORIZED		Lease Issued Date

CASE DETAILS NMNM105678121

Case Name	C-8295593	Split Estate	Fed Min Interest
Effective Date	12/01/2018	Split Estate Acres	Future Min Interest No
Expiration Date		Royalty Rate	Future Min Interest Date
Land Type	Acquired	Royalty Rate Other	Acquired Royalty Interest
Formation Name	SAN ANDRES	Approval Date	Held In a Producing Unit No
Parcel Number		Sale Date	Number of Active Wells
Parcel Status		Sales Status	
Participating Area		Total Bonus Amount 0.00	Production Determination Producing
Related Agreement		Tract Number	Lease Suspended No
Application Type		Fund Code	Total Rental Amount

CASE CUSTOMERS NMNM105678121

Name & Mailing Address	Interest Relationship	Percent Interest
MACK ENERGY CORP ROSWELL FIELD OFFICE	PO BOX 960 2909 W 2ND ST	ARTESIA NM 88211-0960 ROSWELL NM 88201-1287
	OPERATOR	100.000000
	OFFICE OF RECORD	0.000000

LAND RECORDS NMNM105678121

Mer	Twp	Rng	Sec	Survey Type	Survey Number	Subdivision	District / Field Office	County	Mgmt Agency
23	0150S	0290E	018	Aliquot		SWSE	PECOS DISTRICT OFFICE ROSWELL FIELD OFFICE	CHAVES	BUREAU OF LAND MGMT
23	0150S	0290E	019	Aliquot		W2E2	PECOS DISTRICT OFFICE ROSWELL FIELD OFFICE	CHAVES	BUREAU OF LAND MGMT

CASE ACTIONS NMNM105678121

Action Date	Date Filed	Action Name	Action Status	Action Information
12/01/2018	12/01/2018	EFFECTIVE DATE	APPROVED/ACCEPTED	Action Remarks: /A/
12/10/2018	12/10/2018	ACRES-FED INT 100%	APPROVED/ACCEPTED	Action Remarks: 200.00;100.00%
12/10/2018	12/10/2018	CASE ESTABLISHED	APPROVED/ACCEPTED	
12/10/2018	12/10/2018	FORMATION	APPROVED/ACCEPTED	Action Remarks: SAN ANDRES;
12/10/2018	12/10/2018	PROPOSAL RECEIVED	APPROVED/ACCEPTED	Action Remarks: CA RECEIVED;
12/10/2018	12/10/2018	REFERENCE NUMBER	APPROVED/ACCEPTED	Action Remarks: SASKATOON FED 1H;
12/11/2018	12/11/2018	AGREEMENT / PA APPROVED	APPROVED/ACCEPTED	
12/26/2018	12/26/2018	AGRMT PRODUCING	APPROVED/ACCEPTED	Action Remarks: SASKATOON FED COM 1H;
01/28/2019	01/28/2019	AGRMT VALIDATED	APPROVED/ACCEPTED	

ASSOCIATED AGREEMENT OR LEASE (RECAPITULATION TABLE) INFO NMNM105678121

Lease Serial Number	Lease Legacy Serial Number	Case Disposition	Type	Tract No	Commitment Status	Commitment Status Effective Date	Acres	Allocation Percent
NMNM105729506	NMNM 101107	AUTHORIZED	FEDERAL	01		12/01/2018	40.0000	20.000000
NMNM105397856	NMNM 131579	AUTHORIZED	FEDERAL	02		12/01/2018	80.0000	40.000000
NMNM105309745	NMNM 132677	AUTHORIZED	FEDERAL	02		12/01/2018	40.0000	20.000000
NMNM105677472	NMNM 137446	AUTHORIZED	FEDERAL	02		12/01/2018	40.0000	20.000000

LEGACY CASE REMARKS NMNM105678121

Legacy Case Remarks includes remarks made for the case in LR2000 up until March 14, 2022. These Case Remarks will no longer be updated in

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM
HISTORICAL INFORMATION MAY ONLY BE ACCESSIBLE THROUGH THE MLRS WEBSITE.

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page
NMNM105678121

Run Date/Time: 11/23/2022 9:24 AM

Page 2 of 2

MLRS. This section of the SRP is obsolete. Please reference the MLRS website for more information and refer to the Case Actions section - Action Information on this report for similar data.

Line Number	Remark Text
0001	/A/RECAPULATION EFFECTIVE
0002	TR# LEASE SERIAL NO AC COMMITTED %INTEREST
0003	1 NMNM101107 40.00 20.00%
0004	2 NMNM131579 80.00 40.00%
0005	2 NMNM132677 40.00 20.00%
0006	2 NMNM137446 40.00 20.00%
0007	TOTAL 200.00 100.00%

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM
HISTORICAL INFORMATION MAY ONLY BE ACCESSIBLE THROUGH THE MLRS WEBSITE.

Determination - Approval - Certification

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

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering the SW/4 SE/4 of section 18, T. 15 S., R. 29 E., NMPM and W/2 E/2 of Section 19, T. 15 S., R. 29 E, NMPM, as to all producible hydrocarbons from the San Andres formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

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

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

Approved: December 11, 2018



Ruben Sanchez
Assistant Field Manager
Lands and Minerals

Effective: December 01, 2018

Contract No.: Com. Agr. NMNM-139454

COMMUNITIZATION AGREEMENT
Contract No. NMNM 139454

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

WITNESSETH:

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

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

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

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

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

Township 15 South, Range 29 East, N.M.P.M.
Section 18: SW/4 SE/4
Section 19: W/2 E/2
Chaves County, New Mexico

containing 200 acres, and this agreement shall include the San Andres Formation underlying said lands and the crude oil and associated natural gas, hereinafter referred to as "communitized substances," producible from such formation.

2. Attached hereto and made a part of this agreement for all purposes, is 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. All matters of operation 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 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

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

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any 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 December 1, 2018 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 occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of

which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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

Operator:

Mack Energy Corporation

By: Staci D. Sanders
Staci D. Sanders
Vice President - Land

Date: 11/30/18

Record Title Owner & Working Interest Owner:

Chase Oil Corporation

By: Staci D. Sanders
Staci D. Sanders
Vice President - Land

Date: 11/30/18

Working Interest Owners:

Robert C. Chase

Robert C. Chase
Robert C. Chase

Date: 12/5/18

Ventana Minerals LLC

By: Staci D. Sanders
Staci D. Sanders, Attorney-in-Fact

Date: 11/30/18

DiaKan Minerals LLC

By: Courtney Manning
Courtney Manning, Attorney-in-Fact

Date: 12/4/18

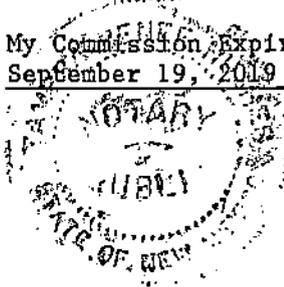
ACKNOWLEDGEMENTS

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 30th day of November, 2018, by Staci D. Sanders, Vice President-Land for Mack Energy Corporation, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:
September 19, 2019



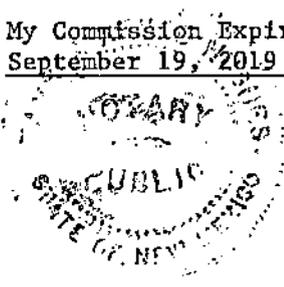
Jamila Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 30th day of November, 2018, by Staci D. Sanders, Vice President-Land for Chase Oil Corporation, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:
September 19, 2019



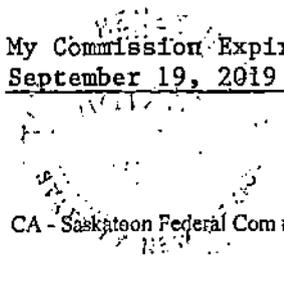
Jamila Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 5th day of December, 2018, by Robert C. Chase.

My Commission Expires:
September 19, 2019



Jamila Renee Hughes
Notary Public

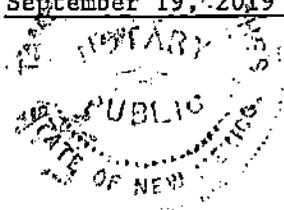
RECEIVED Bureau of Land Management
DEC 10 2018 PM 1:38

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 30th day of November, 2018, by Staci D. Sanders as Attorney-in-Fact of Ventana Minerals LLC, a New Mexico limited liability company, on behalf of said company.

My Commission Expires:
September 19, 2019



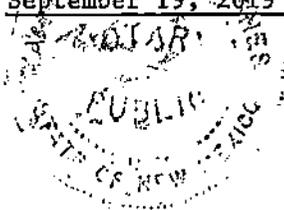
Jamela Renee Hughes
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 4th day of December, 2018, by Courtney Lanning as Attorney-in-Fact of DiaKan Minerals LLC, a Texas limited liability company, on behalf of said company.

My Commission Expires:
September 19, 2019



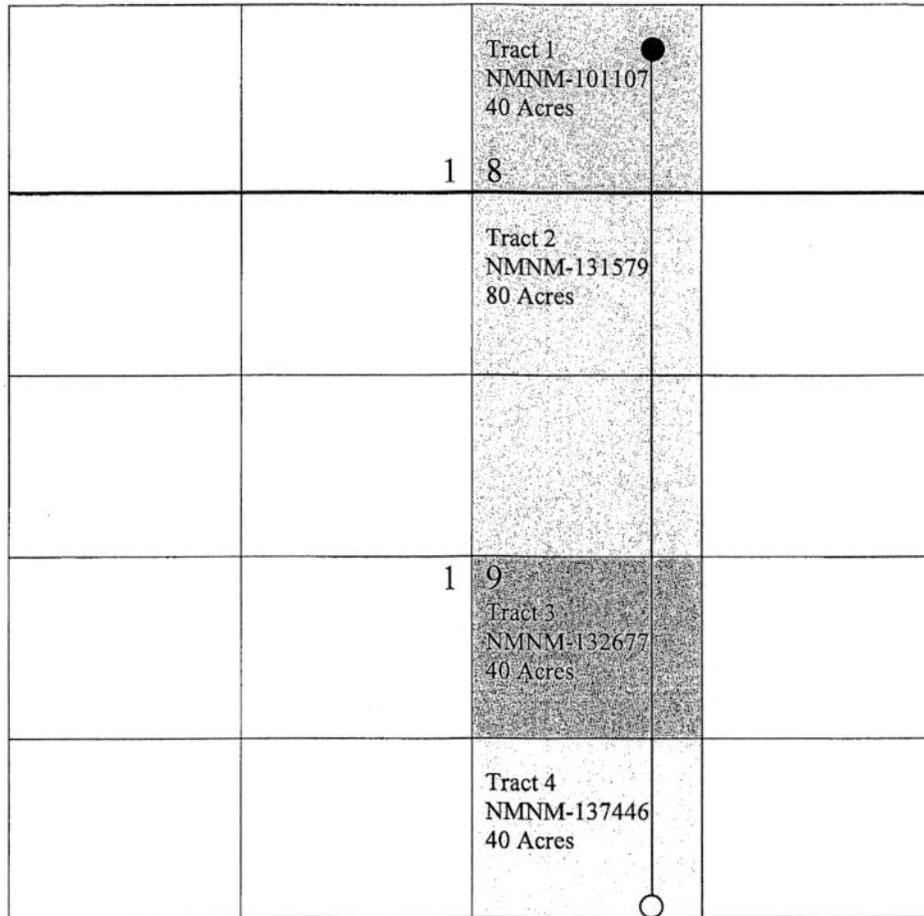
Jamela Renee Hughes
Notary Public

EXHIBIT "A"

Attached to and made a part of that certain Communitization Agreement dated effective December 1, 2018, covering the SW/4 SE/4 of Section 18 and the W/2 E/2 of Section 19, Township 15 South, Range 29 East, N.M.P.M., Chaves County, New Mexico.

Plat of Communitized Area

Saskatoon Federal Com #1H Well (API #30-005-64313)



- SHL: 960' FSL & 1675' FEL, Sec. 18-T15S-R29E
- FTP: 351' FSL & 1684' FEL, Sec. 18-T15S-R29E
- LTP: 151' FSL & 1676' FEL, Sec.19-T15S-R29E
- BHL: 8' FSL & 1680' FEL, Sec. 19-T15S-R29E

EXHIBIT "B"

Attached to and made a part of that certain Communitization Agreement dated effective December 1, 2018, covering the SW/4 SE/4 of Section 18 and the W/2 E/2 of Section 19, Township 15 South, Range 29 East, N.M.P.M., Chaves County, New Mexico.

Saskatoon Federal Com #1H Well (API #30-005-64313)

Operator of Communitized Area: Mack Energy Corporation

Description of Leases Committed

Tract #1

Serial No.: NMNM-101107
 Lease Date: September 1, 1998
 Lease Term: 10 years
 Lessor: United States of America
 Original Lessee: Daniel E. Gonzales
 Number of Acres: 40 acres
 Royalty Rate: 12.5%
 Description of Lands Committed: T15S, R29E, NMPM
 Section 18: SW/4 SE/4

Present Lessee:

Chase Oil Corporation	100.0000000	%
-----------------------	-------------	---

Name and Percent of WI Owners:

Chase Oil Corporation	85.0000000	%
Robert C. Chase	5.0000000	%
Ventana Minerals LLC	5.0000000	%
DiaKan Minerals LLC	5.0000000	%

Tract #2:

Serial No.: NMNM-131579
 Lease Date: February 1, 2014
 Lease Term: 10 years
 Lessor: United States of America
 Original Lessee: Philip L. White
 Number of Acres: 80 acres
 Royalty Rate: 12.5%
 Description of Lands Committed: T15S, R29E, NMPM
 Section 19: W/2 NE/4

Present Lessee:

Chase Oil Corporation	100.0000000	%
-----------------------	-------------	---

Name and Percent of WI Owners:

Chase Oil Corporation	85.0000000	%
Robert C. Chase	5.0000000	%
Ventana Minerals LLC	5.0000000	%
DiaKan Minerals LLC	5.0000000	%

Tract #3:

Serial No.: NMNM-132677
 Lease Date: September 1, 1998
 Lease Term: 10 years
 Lessor: United States of America
 Original Lessee: Daniel E. Gonzales
 Number of Acres: 40 acres
 Royalty Rate: 12.5%
 Description of Lands Committed: T15S, R29E, NMPM
 Section 19: NW/4 SE/4

Present Lessee:

Chase Oil Corporation	100.0000000	%
-----------------------	-------------	---

Name and Percent of WI Owners:

Chase Oil Corporation	85.0000000	%
Robert C. Chase	5.0000000	%
Ventana Minerals LLC	5.0000000	%
DiaKan Minerals LLC	5.0000000	%

Tract #4:

Serial No.: NMNM-137446
 Lease Date: April 1, 2018
 Lease Term: 10 years
 Lessor: United States of America
 Original Lessee: Philip L. White
 Number of Acres: 40 acres
 Royalty Rate: 12.5%
 Description of Lands Committed: T15S, R29E, NMPM
 Section 19: SW/4 SE/4

Present Lessee:

Chase Oil Corporation 100.0000000 %

Name and Percent of WI Owners:

Chase Oil Corporation 85.0000000 %
 Robert C. Chase 5.0000000 %
 Ventana Minerals LLC 5.0000000 %
 DiaKan Minerals LLC 5.0000000 %

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	40.00	20.00%
2	80.00	40.00%
3	40.00	20.00%
4	40.00	20.00%
Total	200.00 Acres	100.00%

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
-----------	-----------	-------	---------

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: Mack Energy Corporation **OGRID Number:** 013837
Well Name: Kingston Federal Com 1H **API:** 30-005-64372
Pool: Round Tank; San Andres **Pool Code:** 52770

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

FOR OCD ONLY	
<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.

Jerry W. Sherrell

 Print or Type Name

 Signature

11/30/22

 Date

575-748-1288

 Phone Number

jerrys@mec.com

 e-mail Address

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Jerry Sherrell](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Paradis, Kyle O](#); [Walls, Christopher](#)
Subject: Approved Administrative Order CTB-1089
Date: Friday, March 24, 2023 11:14:33 AM
Attachments: [CTB1089 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1089 which authorizes Mack Energy Corp (13837) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-005-64313	Saskatoon Federal Com #1H	SW/4 SE/4	18-15S-29E	52770
		W/2 E/2	19-15S-29E	
30-005-64372	Kingston Federal Com #1H	SE/4 SE/4	18-15S-29E	52770
		E/2 E/2	19-15S-29E	

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 MACK ENERGY CORPORATION**

ORDER NO. CTB-1089

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. Mack Energy Corporation (“Applicant”) submitted a complete application to surface commingle the oil production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil 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.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.
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 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 production from the pools, leases, and wells identified in Exhibit A.

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

Applicant is authorized to surface commingle oil production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery or gas title transfer meter 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 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 a 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 commingling application to OCD to conform this Order with the approved Agreement(s). If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil 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 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 production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The oil production for each well identified in Exhibit A shall be allocated by conducting a minimum of one (1) well test per month.

Applicant shall conduct a well test by separating and measuring the oil production from that well for a minimum of twenty-four (24) consecutive hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than thirty (30) days until the well commences production.

5. 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.
6. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10.C.(2) NMAC.
7. If the commingling of oil production from any pool, lease, or well reduces the value of the commingled oil 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 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. If a well is not included in Exhibit A but produces from a pool and lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil production to it, and the location(s) that commingling of its production will occur.
9. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
10. 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).

11. 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**



**DYLAN M. FUGE
DIRECTOR (ACTING)**

DATE: 3/24/23

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1089
Operator: Mack Energy Corp (13837)
Central Tank Battery: Saskatoon Federal Central Tank Battery
Central Tank Battery Location: UL O, Section 18, Township 15 South, Range 29 East
Gas Title Transfer Meter Location:

Pools

Pool Name	Pool Code
ROUND TANK;SAN ANDRES	52770

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA San Andres NMNM 105678121 (139454)	SW/4 SE/4	18-15S-29E
	W/2 E/2	19-15S-29E
NMNM 105729506 (101107)	SE/4 SE/4	18-15S-29E
	NE/4 NE/4	19-15S-29E
NMNM 105397856 (131579)	SE/4 NE/4	19-15S-29E
NMNM 105309745 (132677)	NE/4 SE/4	19-15S-29E
NMNM 105677472 (137446)	SE/4 SE/4	19-15S-29E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-005-64313	Saskatoon Federal Com #1H	SW/4 SE/4	18-15S-29E	52770
		W/2 E/2	19-15S-29E	
30-005-64372	Kingston Federal Com #1H	SE/4 SE/4	18-15S-29E	52770
		E/2 E/2	19-15S-29E	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-1089**
Operator: **Mack Energy Corp (13837)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA San Andres BLM	SE/4 SE/4 E/2 E/2	18-15S-29E 19-15S-29E	200	A

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 105729506 (101107)	SE/4 SE/4 NE/4 NE/4	18-15S-29E 19-15S-29E	80	A
NMNM 105397856 (131579)	SE/4 NE/4	19-15S-29E	40	A
NMNM 105309745 (132677)	NE/4 SE/4	19-15S-29E	40	A
NMNM 105677472 (137446)	SE/4 SE/4	19-15S-29E	40	A

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 162640

CONDITIONS

Operator: MACK ENERGY CORP P.O. Box 960 Artesia, NM 882110960	OGRID: 13837
	Action Number: 162640
	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.	3/29/2023