

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: Avant Operating, LLC

OPERATOR ADDRESS: 1515 Wynkoop, Suite #700, Denver, CO 80202

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
GEM; BONE SPRING, NORTH [27220]	42.1° / 1145 BTU/CF			Value of production not affected by commingling	850 BOPD 1275 MCFD

(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.

(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: Tiffany Sarantinos TITLE: Senior Landman DATE: _____

TYPE OR PRINT NAME: Tiffany Sarantinos TELEPHONE NO.: 720-746-5048

E-MAIL ADDRESS: tiffany@avantnr.com



January 16, 2023

VIA ONLINE FILING

Adrienne Sandoval
Director, Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Application of Avant Operating, LLC for administrative approval to surface commingle (pool and lease) oil and gas production from spacing units comprised of the W2 of Section 36, Township 19 South, Range 32 East and W2 of Section 1, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico (the Lands")

Dear Ms. Sandoval,

Avant Operating Energy, LLC, OGRID No. 330396, pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (pool and lease) diversely owned oil and gas production at the Cutbow West Tank Battery *insofar as to all existing and future infill wells drilled in the following spacing units:*

- A 640-acre spacing unit comprised of the W2 of Section 36, Township 19 South, Range 32 East and the W/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico in the Gem; Bone Spring [27220] – currently dedicated to the below three (3) wells:
 - Cutbow 36-1 Federal Com #601H, API: 30-025-50701
 - Cutbow 36-1 Federal Com #602H, API: 30-025-50674
 - Cutbow 36-1 Federal Com #603H, API: 30-025-50635

Production will come from multiple Federal leases and a single zone (pool number 27220), with diverse ownership. All wells will go through individual three-phase separators and each stream

1515 Wynkoop Street | Suite 700 | Denver, CO 80202
www.avantnr.com

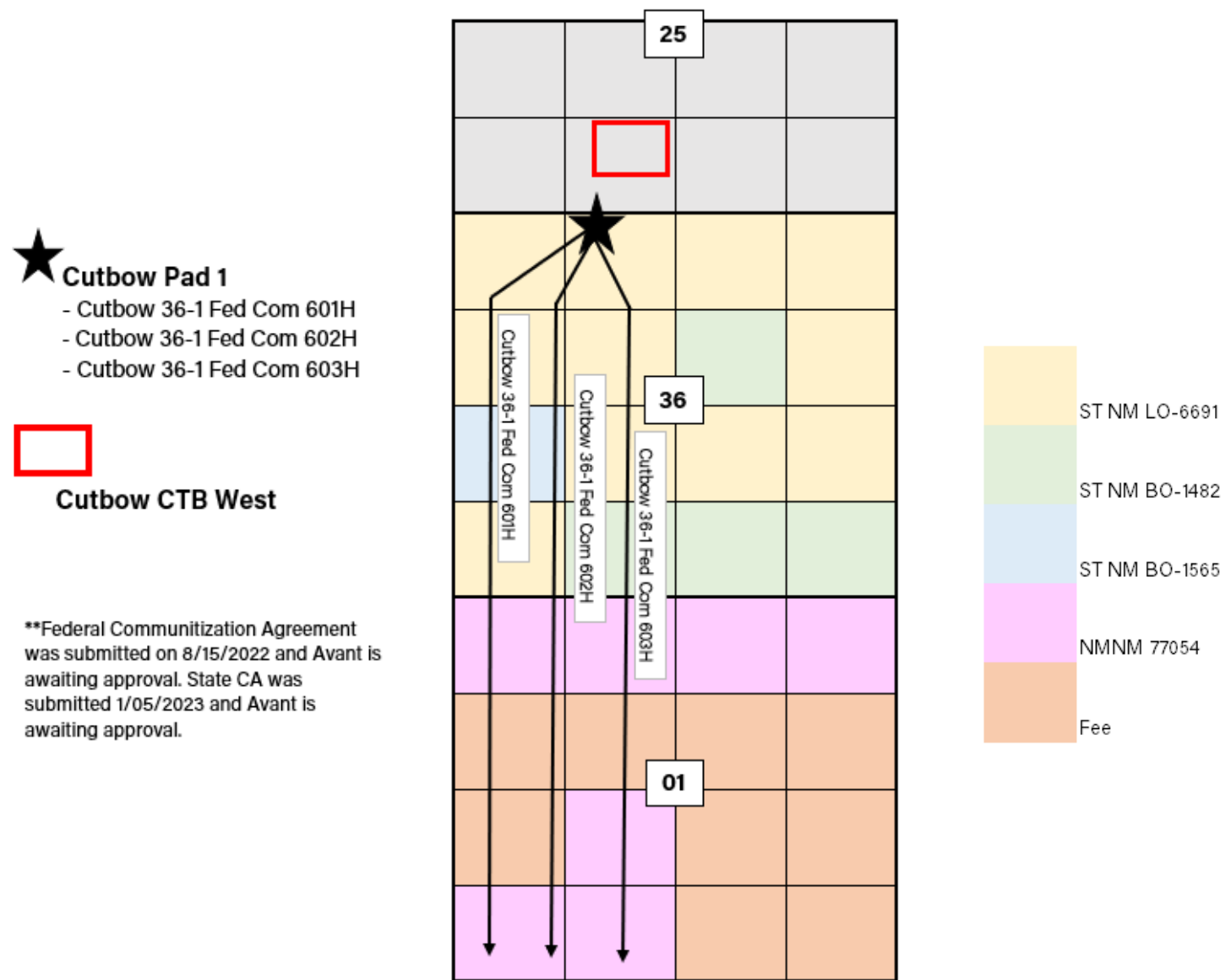


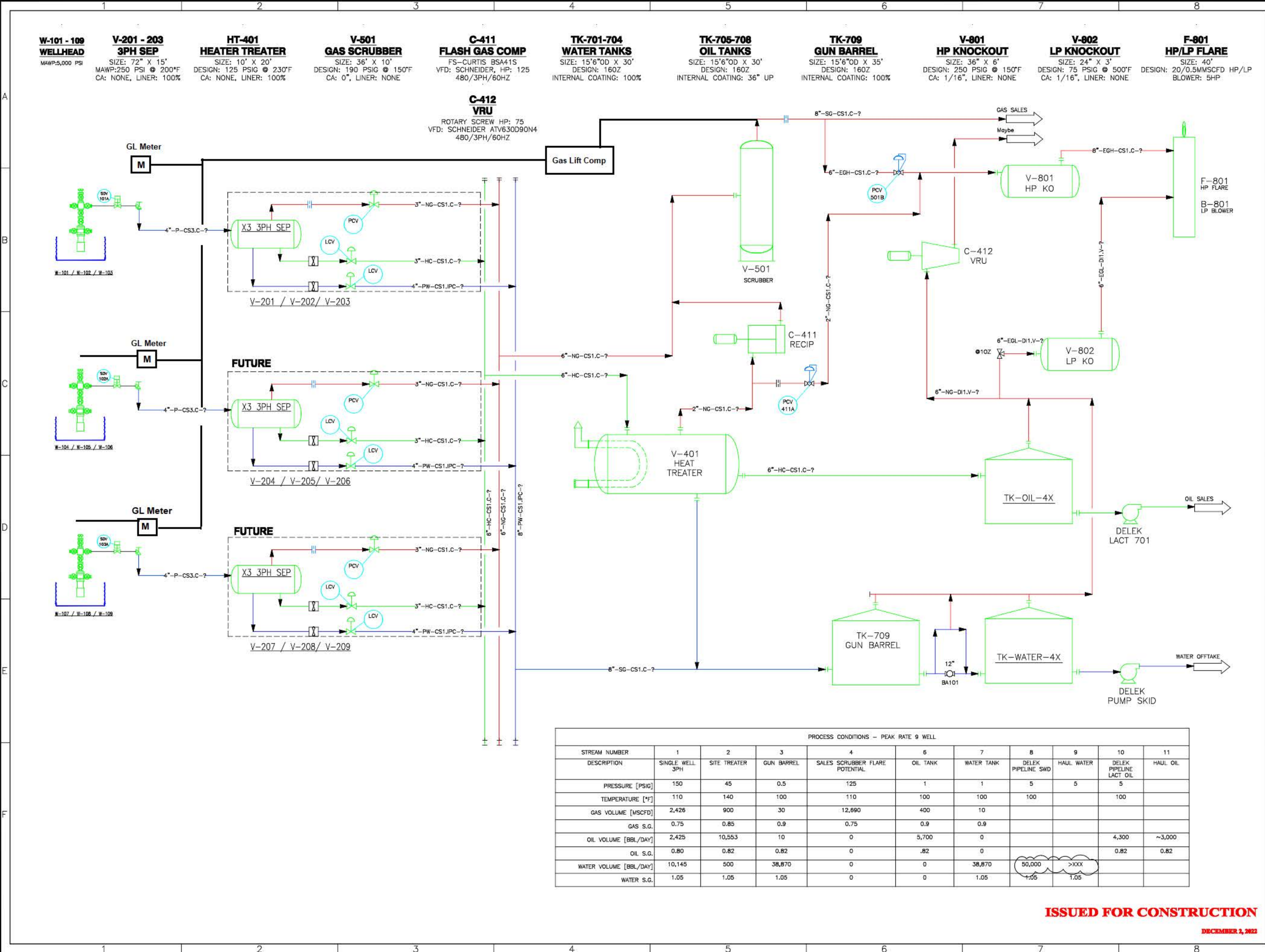
(oil, gas, water) will be measured as it exits the three-phase separator. Gas will be measured with an orifice meter, and oil and water will be measured with a turbine flow meter.

Commingling will happen after the three-phase separator. The gas will flow into a common line after the three-phase separator, flow is directed through an additional two-phase separator to remove any excess liquids before gas is sent into a 3rd party gas gathering system. The oil will be commingled after the three-phase separator into a common line, where it then flows into oil tanks before it is pumped into a 3rd party crude gathering system. The water will be commingled after the three-phase separator into a common line, where it then flows into a gun barrel before it is pumped into a 3rd party water gathering system. Oil and gas sales will be allocated against sales meter volumes. All meters will be calibrated according to manufacturer's recommendations.

Sincerely,

Tiffany Sarantinos
Senior Landman
tiffany@avantnr.com
720.740.58048





GENERAL NOTES

NOTICE

THIS DRAWING IS THE PROPERTY OF J H OPERATING COMPANY AND IS LENT TO THE BORROWER FOR THEIR CONFIDENTIAL USE ONLY. IT IS NOT TO BE REPRODUCED, COPIED, LENT, OR OTHERWISE. USE OF THIS DOCUMENT IS PROHIBITED EXCEPT FOR THE DIRECT BENEFIT OF J H OPERATING COMPANY'S CLIENTS.

0	ISSUED FOR CONSTRUCTION	ATF	12/2/22
REV	DESCRIPTION	BY	DATE


AVANT
NATURAL RESOURCES

Project Name

CUTBOW WEST
9-WELL FACILITY

Drawing Name

PFD
PROCESS FLOW DIAGRAM

Area	JH Project No:	 J H Operating Co.
N/A	2801.2	
Approved	By	
	DSG	
Drawing No.	Sht	
2801.2 - C - 2000	1 of 1	Rev
		0

ISSUED FOR CONSTRUCTION

DECEMBER 2, 2022

Owner	Interest Type	Address 1	Contact Name	Email	USPS Mail Tracking No.	Date Mailed
Avant Operating, LLC	WI	1515 Wynkoop Street, Suite 100 Denver, CO 80202	N/A	N/A	N/A	N/A
Double Cabin Minerals, LLC	WI	1515 Wynkoop Street, Suite 100 Denver, CO 80202	N/A	N/A	N/A	N/A
CR Cutbow, LLC	WI	264 Detroit Street Denver, CO 80206	Eric White	Eric White Eric.White@covaultresources.com	9405 5036 9930 0458 0175 50	1/17/2023
T.H. McElvain Oil & Gas, LLC	WI	1819 Denver West Drive, Suite 100 Lakewood, CO 80401	Steve Sheff	Steve.Sheff@mcelvain.com	9405 5036 9930 0458 0175 36	1/17/2023
Del Rio Royalty Company, LLC	WI	3400 S. Broadway, Suite 100 Englewood, CO 80113	Craig Brede	Craig Brede craig.brede@lincolnenergypartners.com	9405 5036 9930 0458 0175 29	1/17/2023
Del Rio Royalty Company II, LLC	WI	3400 S. Broadway, Suite 100 Englewood, CO 80113	Craig Brede	Craig Brede craig.brede@lincolnenergypartners.com	9405 5036 9930 0458 0175 29	1/17/2023
Cibolo PPC I, LLC	WI	3600 Bee Caves Road, Suite 100 West Lake Hills, TX 78746	Zach Privett	Zach Privett zach@ciboloog.com	9405 5036 9930 0458 0175 67	1/17/2023
RHAR Cutbow I, LLC	WI	P.O. Box 460 Denver, CO 80246	Gordon Clark	Gordon Clark gclark@welcooperating.com	9405 5036 9930 0458 0175 81	1/17/2023
Magnum Hunter Production, Inc.	WI	600 N. Marienfeld, Suite 100 Midland, TX 79701	John Coffman	John.Coffman@coterra.com	9405 5036 9930 0458 0175 98	1/17/2023
Sharbro Energy, LLC	WI	Liz Baker 327 W Main Street Artesia, NM 88210	Liz Baker	Norma Daniels norma@sharbroenergy.com	9405 5036 9930 0458 0176 04	1/17/2023
Chevron U.S.A., Inc.	WI	6301 Deauville Midland, TX 79706	Land Department	Scott Sabrsula Sabrsula, Scott ScottSabrsula@chevron.com	9405 5036 9930 0458 0176 11	1/17/2023
Oxy Y-1 Company	WI	5 Greenway Plaza, Suite 100 Houston, TX 77046	Land Department	Gonzales, Jonathan Clayton.CarrollJonathan_Gonzales@oxy.com	9405 5036 9930 0458 0176 59	1/17/2023
The United States of America Bureau of Land Management	RI	301 Dinosaur 'A' Santa Fe, NM 87508			9405 5036 9930 0458 8042 97	1/18/2023
The State of New Mexico	RI	1220 South St. Francis Santa Fe, NM 87505			9405 5036 9930 0458 0176 35	1/17/2023
William Larry Squires	RI	P.O. Box 2 Hobbs, NM 88241			9405 5036 9930 0458 8042 73	1/18/2023
Susan Ann Foster	RI	937 Laurel Wood Circle Canton, Georgia 30115			9405 5036 9930 0458 8042 80	1/18/2023
Emily K. James	RI	4908 Bob Cat Lane Austin, TX 78731			9405 5036 9930 0458 8043 03	1/18/2023
Allison Torres	RI	303 Gilmer Circle canton, Georgia 30115			9405 5036 9930 0458 8043 10	1/18/2023
Alan W. Squires	RI	1474 Summer Glow Avenue Henderson, Nevada 89012			9405 5036 9930 0458 8043 41	1/18/2023
Mark McClellan	ORRI	PO Box 73 Rosewell, NM 88202-0730			9405 5036 9930 0458 0176 80	1/17/2023
Rolla R. Hinkle III, a single man	ORRI	PO Box 229 Rosewell, NM 88202			9405 5036 9930 0458 0177 03	1/17/2023
Magnum Hunter	ORRI	600 N. Marienfeld, Suite 100 Midland, TX 79701			9405 5036 9930 0458 0175 98	1/17/2023
Nilo Operating Company	ORRI	PO BOX 436 Houston, TX 77210-4362			9405 5036 9930 0458 0176 97	1/17/2023

Guard Income Fund, LP	ORRI	1550 Larimer Street Denver, CO 80202	N/A	N/A
Double Cabin Minerals, LLC	ORRI	1515 Wynkoop Street, Su Denver, CO 80202	N/A	N/A

DISTRICT I1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720**DISTRICT II**811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720**DISTRICT III**1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170**DISTRICT IV**1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3460 Fax: (505) 476-3462State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

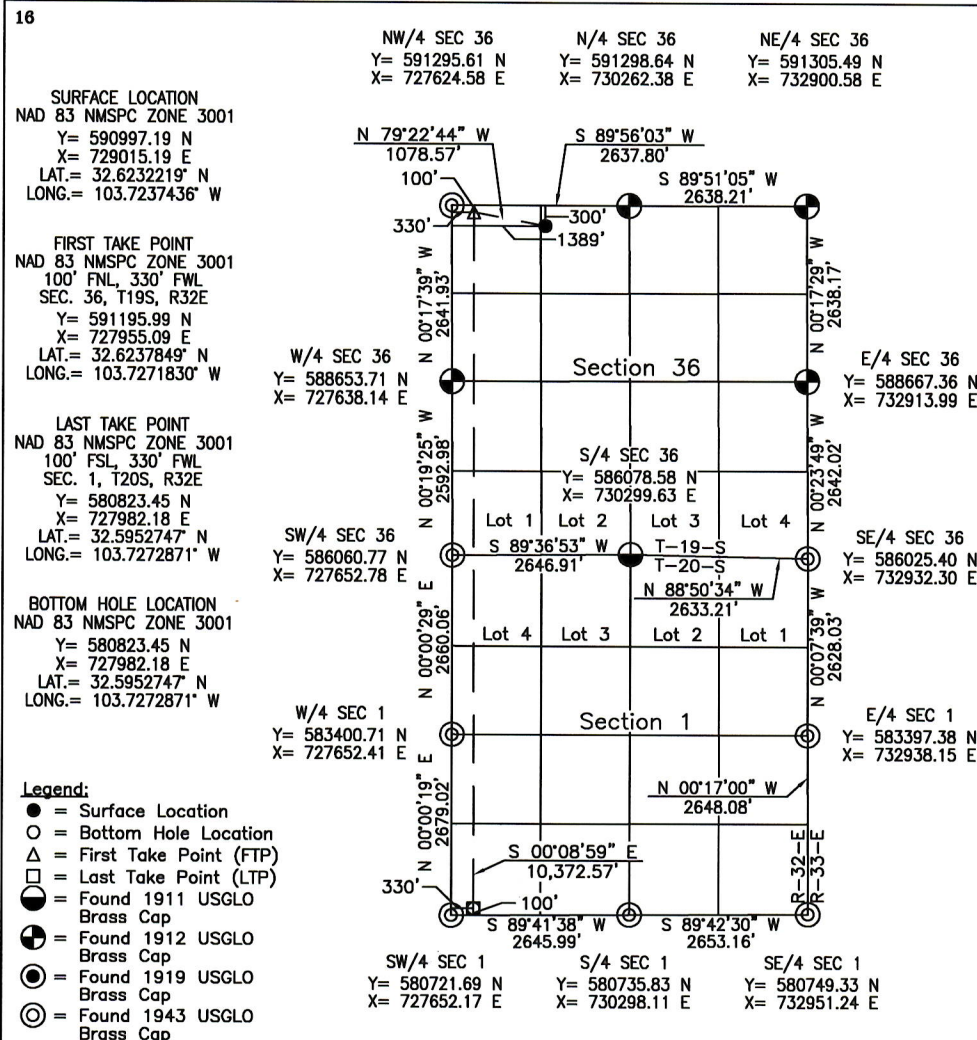
¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name Cutbow 36 1 Federal Com	⁶ Well Number 601H
⁷ GRID No. 330396	⁸ Operator Name Avant Operating, LLC	⁹ Elevation 3575

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
C	36	19 S	32 E		300	North	1389	West	Lea

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
M	1	20 S	32 E		100	South	330	West	Lea

¹² Dedicated Acres¹³ Joint or Infill¹⁴ Consolidation Code¹⁵ 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.

Signature

Date

Printed Name

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.

5/18/22

Date of Survey

Plat Revised: 08/13/22

Signature and Seal of Professional Surveyor:

MARSHALL W. JORDEN

NEW MEXICO

17078

6-21-22

PROFESSIONAL SURVEYOR

17078

Certificate Number

DISTRICT I1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720**DISTRICT II**811 S. First St., Artesia, N.M. 88210
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Phone: (505) 334-6178 Fax: (505) 334-6170**DISTRICT IV**1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3460 Fax: (505) 476-3462State of New Mexico
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OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 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	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name Cutbow 36 1 Federal Com	⁶ Well Number 602H
⁷ OGRID No. 330396	⁸ Operator Name Avant Operating, LLC	⁹ Elevation 3576

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
C	36	19 S	32 E		300	North	1422	West	Lea

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
M	1	20 S	32 E		100	South	1254	West	Lea

¹² Dedicated Acres	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

16

SURFACE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 590997.16 N
X= 729048.20 E
LAT.= 32.6232213° N
LONG.= 103.7236364° W

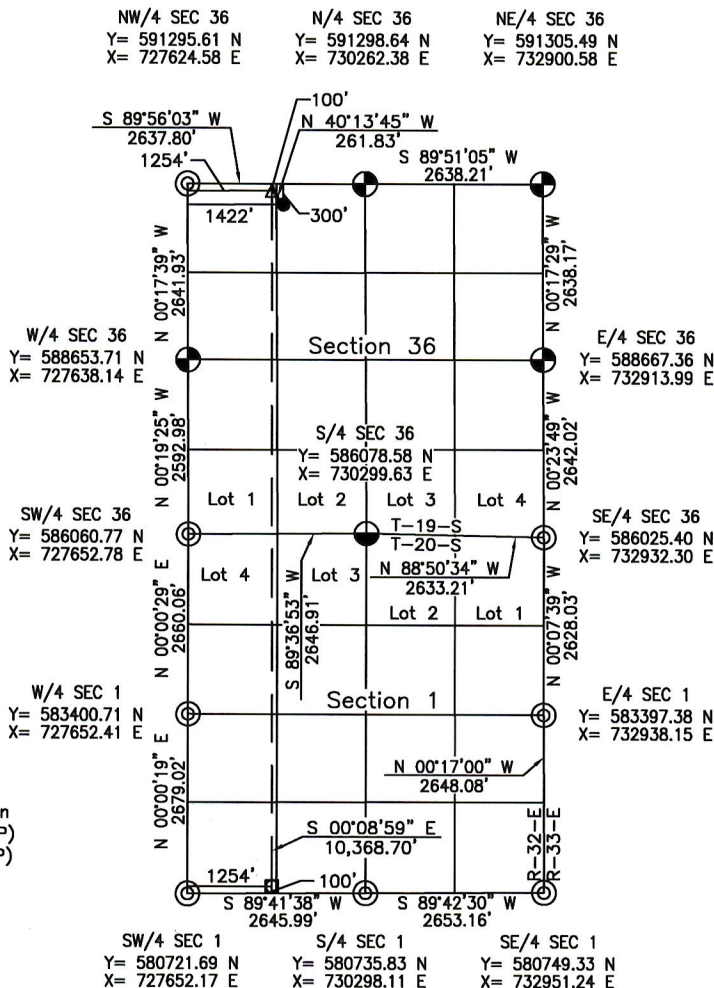
FIRST TAKE POINT
NAD 83 NMSPC ZONE 3001
100' FNL, 1254' FWL
SEC. 36, T19S, R32E
Y= 591197.05 N
X= 728879.10 E
LAT.= 32.6237734° N
LONG.= 103.7241819° W

LAST TAKE POINT
NAD 83 NMSPC ZONE 3001
100' FSL, 1254' FWL
SEC. 1, T20S, R32E
Y= 580828.39 N
X= 728906.18 E
LAT.= 32.5952738° N
LONG.= 103.7242869° W

BOTTOM HOLE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 580828.39 N
X= 728906.18 E
LAT.= 32.5952738° N
LONG.= 103.7242869° W

Legend:

- = Surface Location
- = Bottom Hole Location
- △ = First Take Point (FTP)
- = Last Take Point (LTP)
- = Found 1911 USGLO Brass Cap
- = Found 1912 USGLO Brass Cap
- = Found 1919 USGLO Brass Cap
- = Found 1943 USGLO Brass Cap

**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.

Signature _____ Date _____

Printed Name _____

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.

5/18/22

Date of Survey
Plat Revised: 06/13/22
Signature and Seal of Professional Surveyor:

MARSHALL W. LINDEN
NEW MEXICO
17078
6-21-22
PROFESSIONAL SURVEYOR
17078
Certificate Number

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
AVANT OPERATING, LLC**

**CASE NO. 22896
ORDER NO. R-22391**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on August 18, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Avant Operating, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22896
ORDER NO. R-22391

Page 2 of 6

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR

AES/jag

Date: 11/22/2022

CASE NO. 22896
ORDER NO. R-22391

Page 4 of 6

Exhibit A

Received by OCD: 8/16/2022 1:38:34 PM

Page 3 of 65

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case No.:	22896
Hearing Date:	8/18/2022
Applicant	Avant Operating, LLC
Designated Operator & OGRID	330396
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Avant Operating, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors	Marathon Oil Permian LLC
Well Family	Cutbow 36 1 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring Formation
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring Formation
Pool Name and Pool Code	GEM; Bone Spring Pool (Code 27220)
Well Location Setback Rules	Standard
Spacing Unit Size	640-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640
Building Blocks	quarter-quarter
Orientation	South/North
Description: TRS/County	W/2 of Section 36, Township 19 South, Range 32 East and the W/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes, the completed interval of the Cutbow 36 1 Fed Com #602H well will be located within 330' of the quarter-quarter section line separating the W/2 W/2 and E/2 W/2 of Sections 1 and 36 to allow for the creation of a standard 640-acre horizontal spacing unit.
Proximity Defining Well: if yes, description	Yes, the Cutbow 36 1 Fed Com #602H well
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Cutbow 36 1 Fed Com #601H (API # pending) SHL: 300' FNL & 1389' FWL, Unit C, Section 36, T19S-R32E BHL: 100' FSL & 330' FWL, Unit M, Section 1, T20S-R32E Completion Target: Bone Spring (Approx. 10,900' TVD) Well Orientation: South to North
Well #2	Cutbow 36 1 Fed Com #602H (API # pending) SHL: 300' FNL & 1422' FWL, Unit C, Section 36, T19S-R32E BHL: 100' FSL & 1254' FWL, Unit M, Section 1, T20S-R32E Completion Target: Bone Spring (Approx. 10,900' TVD) Well Orientation: South to North

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CASE NO. 22896
ORDER NO. R-22391

Page 5 of 6

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Page 4 of 65

Well #3	Cutbow 36 1 Fed Com #603H (API # pending) SHL: 300' FNL & 1455' FWL, Unit C, Section 36, T19S-R32E BHL: 100' FSL & 2178' FWL, Unit N, Section 1, T20S-R32E Completion Target: Bone Spring (Approx. 10,900' TVD) Well Orientation: South to North
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000.00
Production Supervision/Month \$	\$1,000.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-3
Gross Isopach	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibits B-4, B-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibits B-4, B-5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	8/15/2022

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CASE NO. 22896
ORDER NO. R-22391

Page 6 of 6

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the **1st of August 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 19 South, Range 32 East, N.M.P.M.**Section 36: NW, N2SW, Lot 1 (SWSW 39.86), Lot 2 (SESW 39.19)****Township 20 South, Range 32 East, N.M.P.M.****Section 01: Lot 3 (NENW 39.63), Lot 4 (NWNW 39.47), S2NW, SW
Lea County, New Mexico**

Containing 638.15 acres, more or less, and this agreement shall include only the **Bone Spring** Formation(s) underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 **Avant Operating, LLC**, 1515 Wynkoop Street, Suite #700 Denver, CO 80202. 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 or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian 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 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 noncommunitized production.

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Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 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 **August 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 representatives, and shall remain in force and effect for a period of two (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 two-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 interest of the parties hereto and their successors in

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Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 to 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 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 & Working Interest Owner:

Avant Operating, LLC

By: 

Name: Skyler Gary

Title: Co-CEO

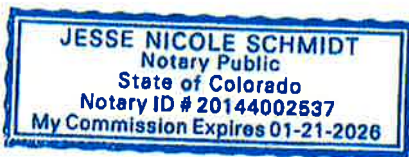
Date: 8-1-22

THE STATE OF COLORADO §

§

COUNTY OF DENVER §

This instrument was acknowledged before me on this 1st day of August, 2022, by Skyler Gary, as Co-CEO of Avant Operating, LLC.




Notary Public in and for the State of Colorado

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Avant Operating, LLC, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

8-1-2022
Date

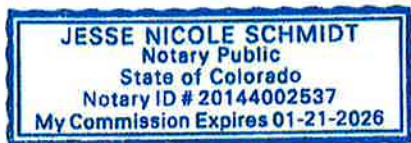
By: Skyler Gary
Title: Co- CEO

ACKNOWLEDGEMENT

STATE OF Colorado)
) ss.
COUNTY OF Denver)

On this 1st day of August, 20 22, before me, a Notary Public for the State of Colorado, personally appeared Skyler Gary, known to me to be the Co-CEO of Avant Operating, LLC, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)



01/21/2026
My Commission Expires

Jesse N. Schmidt
Notary Public

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **638.15** acres, more or less, in

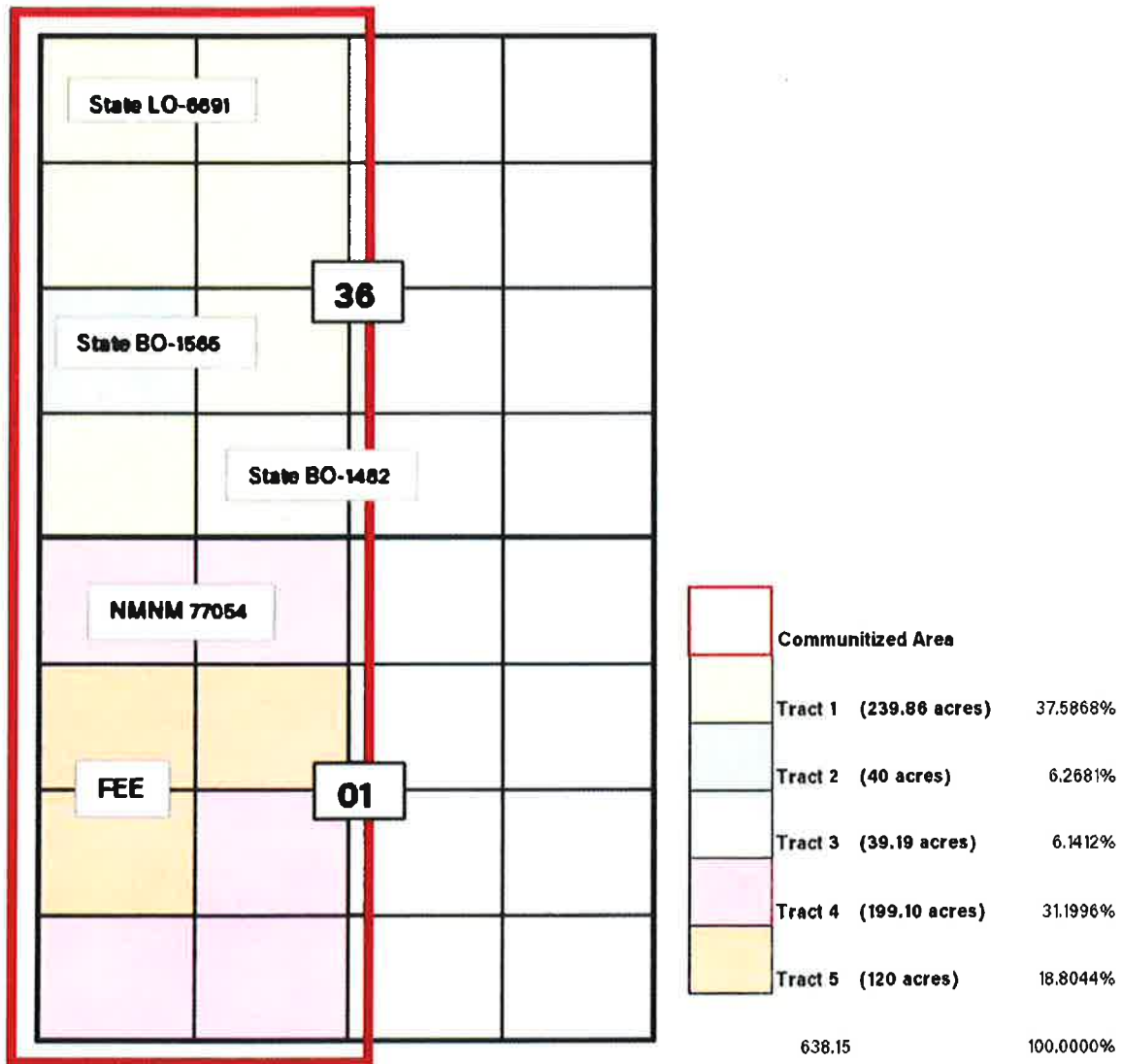
W/2 of Section 36, Township 19 South, Range 32 East and

W/2 of Section 1, Township 20 South, Range 32 East

Lea County, New Mexico.

Well Name/No.

Cutbow Federal Com 601H, 602H and 603H



Cutbow Fed Com 601H, 602H and 603H
 Bone Spring Formation
 W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
 Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated August 1, 2022, embracing the following described
land in W/2 of Section 36, Township 19 South, Range 32 East and
W/2 of Section 1, Township 20 South, Range 32 East
Lea County, New Mexico.

Operator of Communitized Area: Avant Operating, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1:**

Lease Serial Number:	State of New Mexico L-6691	
Lease Date:	October 1, 1971	
Lease Primary Term:	Ten (10) years	
Recordation:	Not Recorded	
Lessor:	State of New Mexico L-6691	
Original Lessee:	Union Oil Company of California	
Current Lessee:	Magnum Hunter Production, Inc. - 100%	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 19 South, Range 32 East</u> Section 36: NW, NESW, Lot 1 (SWSW 39.86) Lea County, New Mexico	
Number of Acres:	239.86	
Royalty Rate:	12.50%	
WI Owners Names and Interests:	Avant Operating, LLC -	100%
ORRI Owners:	Magnum Hunter Production, Inc -	7.5%
Authority for Pooling:	State Lease	

TRACT NO. 2

Lease Serial Number:	State of New Mexico B-1565	
Lease Date:	December 29, 1932	
Lease Primary Term:	Ten (10) years	
Recordation:	BK 494, PG 574	
Lessor:	State of New Mexico B-1565	
Original Lessee:	George F. Getty Oil Company	
Current Lessee:	Chevron USA Inc. -	100%
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 19 South, Range 32 East</u> Section 36: NWSW Lea County, New Mexico	
Number of Acres:	40.00	
Royalty Rate:	12.50%	

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

TRACT NO. 2 CONTINUED

WI Owners Names and Interests:	Chevron USA Inc. -	100%
ORRI Owners:	None	
Authority for Pooling:	State Lease	

TRACT NO. 3:

Lease Serial Number:	State of New Mexico B-1482	
Lease Date:	November 26, 1928	
Lease Primary Term:	Ten (10) years	
Recordation:	BK 938, PG 776 Lea County Records	
Lessor:	State of New Mexico B-1482	
Original Lessee:	Empire Gas & Fuel Company	
Current Lessee:	Oxy USA Y-1 -	100%
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 20 South, Range 32 East</u> Section 01: Lot 2 (SESW 39.19) Lea County, New Mexico	
Number of Acres:	39.19	
Royalty Rate:	12.50%	
WI Owners Names and Interests:	Oxy USA WTP, LP -	100%
ORRI Owners:	None	
Authority for Pooling:	State Lease	

TRACT NO. 4:

Lease Serial Number:	NMNM 077054	
Lease Date:	September 1, 1988	
Lease Primary Term:	Five (5) years	
Recordation:	Not Recorded	
Lessor:	United States of America	
Original Lessee:	Yates Petroleum Corporation	
Current Lessee:	EOG Resources, Inc. -	86.25%
	Oxy Y-1 Company -	10.00%
	Sharbro Energy, LLC -	3.75%
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 20 South, Range 32 East</u> Section 01: Lot 3 (NENW 39.63), Lot 4 (NWNW 39.47), NESW, S2SW Lea County, New Mexico	
Number of Acres:	199.10	
Royalty Rate:	12.50%	
WI Owners Names and Interests:	Avant Operating, LLC -	86.25%
	Oxy Y-1 Company -	10.00%
	Sharbro Energy, LLC -	3.75%

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

TRACT NO. 4 CONTINUED

ORRI Owners: Nilo Operating Company - 8.193750%
Authority for Pooling: Federal Lease

TRACT NO. 5:

Lease Date: February 1, 2011
Lease Primary Term: Four (4) years
Recordation: Book 1716, Page 159
Lessor: **Larry C. Squires, as Trustee for the Larry C. Squires Revocable Trust, dated October 6, 2004**
Original Lessee: Rolla R. Hinkle, III
Current Lessee: Rolla R. Hinkle, III
Description of Land Committed: Insofar and only insofar as said lease covers:
Township 20 South, Range 32 East
Section 01: S2NW, NWSW
Lea County, New Mexico
Number of Acres: 120.00
Royalty Rate: 20.00%
WI Owners Names and Interests: Avant Operating, LLC - 100%
ORRI Owners: None
Authority for Pooling: Paragraph 5 authorizes the Lessee to pool, provided that units shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority.

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	239.86	37.5868%
2	40.00	6.2681%
3	39.19	6.1412%
4	199.10	31.1996%
5	120.00	18.8040%
Total	638.15	100.00%

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE

Revised August, 2021

ONLINE Version
COMMUNITIZATION AGREEMENT

API Initial Well: 30-0 25 - 50701

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 portions 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such 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 land subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, 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 the 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:

Subdivisions NW, N2SW, LOT 1 (SWSW 39.86), LOT 2 (SESW 39.19) of Sec 36 T19S R32E and LOT 3 (NENW 39.63), LOT 4 (NWNW 39.47), S2NW, SW
Sect(s) 01, T 20S, R 32E, NMPM Lea County, NM
containing 638.15 acres, more or less, and this agreement shall include only the
Bone Spring Formation
or pool, underlying said lands and the _____
(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 three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, 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 and the State of New Mexico, 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
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 is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is January 4 2023 Month Day, Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-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; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, 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 sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
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 interest 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 lands shall be subject to approval by the

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator <u>Avant Operating, LLC</u>	Lessees of Record <u>Magnum Hunter Production Inc,</u>
By <u>Shelly Albrecht</u>	<u>Oxy USA WTP Limited Partnership, EOG Resources Inc.,</u>
<small>Print name of person</small>	<u>Oxy Y-1 Company, Chevron U.S.A Inc.,</u>
<small>V.P. of Land</small>	<u>Sharbro Energy, LLC, Rolla R. Hinkle, III</u>
<small>Type of authority</small>	

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Colorado)County of Denver) SS)This instrument was acknowledged before me on January 4, 2023

DATE

By Shelly Albrecht

Name(s) of Person(s)

as Vice President of Land of Avant Operating, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)



A handwritten signature in blue ink, appearing to read "Jesse N. Schmidt".

Signature of Notarial Officer

My commission expires: 1/21/2026

EXHIBIT A

To Communitization Agreement dated _____, 20____

Plat of communitized area covering the:

Subdivisions NW, N2SW, LOT 1 (SWSW 39.86), LOT 2 (SESW 39.19) _____,

of Sect(s). 36 _____, T 19S _____, R 32E _____, NMPM, LEA _____ County, NM.

and

Subdivisions LOT 3 (NENW 39.63), LOT 4 (NWNW 39.47), S2NW, SW _____,

of Sect(s). 01 _____, T 20S _____, R 32E _____, NMPM, LEA _____ County, NM.

EXHIBIT B

To Communitization Agreement dated January 4, 2023, embracing the
 Subdivisions NW, N2SW, LOT 1 (SWSW 39.86), LOT 2 (SESW 39.19)
 of Sect(s) 36, T 19S, R 32E, N.M.P.M., LEA County, NM
 and Subdivisions LOT 3 (NENW 39.63), LOT 4 (NWNW 39.47), S2NW, SW
 of Sect(s) 01, T 20S, R 32E, N.M.P.M., LEA County, NM

Operator of Communitized Area: Avant Operating, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: State of New Mexico L-6691
 Lease Date: October 1, 1971
 Lease Term: Ten (10) years
 Lessor: State of New Mexico
 Original Lessee: Union Oil Company of California
 Present Lessee: Magnum Hunter Production, Inc.
 Description of Land Committed: Subdivisions NW, NESW, Lot 1 (SWSW 39.86),
 Sect(s) 36, Twp 19S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 239.86
 Royalty Rate: 12.50%
 Name and Percent ORRI Owners: Magnum Hunter Production, Inc. (7.5%)
 Name and Percent WI Owners: Avant Operating, LLC -63.1495% Cibola PPC I, LLC- 13.642754% T.H.
McElvain Oil & Gas, LLC- 4.801603% Del Rio Royalty Company, LLC - 5.601870% Double Cabin Minerals -
8.002671% RAHR Cutbow I, LLC - 4.801603%

TRACT NO. 2

Lease Serial No.: State of New Mexico B-1565
 Lease Date: December 29, 1932
 Lease Term: Ten (10) years
 Lessor: State of New Mexico
 Original Lessee: George F. Getty Oil Company
 Present Lessee: Chevron U.S.A. Inc.
 Description of Land Committed: Subdivisions NWSW,
 Sect(s) 36, Twp 19S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 40.00
 Royalty Rate: 12.50%
 Name and Percent ORRI Owners: None
 Name and Percent WI Owners: Chevron U.S.A. Inc. (100%)

TRACT NO. 3

Lease Serial No.: State of New Mexico B-1482
 Lease Date: November 26, 1928
 Lease Term: Ten (10) years
 Lessor: State of New Mexico
 Original Lessee: Empire Gas & Fuel Company
 Present Lessee: Oxy USA WTP Limited Partnership
 Description of Land Committed: Subdivisions LOT 2 (SESW 39.19),
 Sect(s) 36, Twp 19S, Rng 32E, NMPM, Lea _____ County, NM
 Number of Acres: 39.19
 Royalty Rate: 12.50%
 Name and Percent ORRI Owners: None
 Name and Percent WI Owners: Oxy USA WTP Limited Partnership (100%)

TRACT NO. 4

Lease Serial No.: NMNM 077054
 Lease Date: September 1, 1988
 Lease Term: Five (5) years
 Lessor: United States of America
 Original Lessee: Yates Petroleum Corporation
 Present Lessee: EOG Resources Inc. - 86.25%, Oxy Y-1 Company - 10%, Sharbro Energy, LLC - 3.75%
 Description of Land Committed: Subdivisions Lot 3 (NENW), Lot 4 (NWNW 39.47), NESW, S2SW,
 Sect(s) 01, Twp 20S, Rng 32E, NMPM, Lea _____ County, NM
 Number of Acres: 199.10
 Royalty Rate: 12.50%
 Name and Percent ORRI Owners: Nilo Operating Company - 9.5%, Guard Income Fund, LP - 3%, Double Cabin Minerals, LLC - 3%
 Name and Percent WI Owners: Avant Operating, LLC - 34.041527%, CR Cutbow LLC - 16.171875%, Cibolo PPC I, LLC - 21.363036%, T.H. McElvain Oil & Gas, LLC - 2.588364%, Del Rio Royalty Company II, LLC - 3.019758%, Double Cabin Minerals, LLC 6.477076% RAHR Cutbow I, LLC - 2.588364%, Oxy Y-1 Company - 10.00% Sharbro Energy, LLC - 3.75%

TRACT NO. 5

Lease Serial No.: FEE
Lease Date: February 1, 2011
Lease Term: Four (4) years
Lessor: Larry C. Squires, as Trustee for the Larry C. Squires
Revocable Trust, dated October 6, 2004
Original Lessee: Rolla R. Hinkle, III
Present Lessee: Rolla R. Hinkle, III
Description of Land Committed: Subdivisions S2NW, NWSW,
Sect(s) 01, Twp 19S, Rng 32E, NMPM, Lea _____ County, NM
Number of Acres: 120.00
Royalty Rate: 20.00%
Name and Percent ORRI Owners: None
Name and Percent WIOwners: Avant Operating, LLC – 39.468437%, CR Cutbow LLC 18.75%, Cibolo PPC I,
LLC – 24.768737%, T.H. McElvain Oil & Gas, LLC – 3.001002%, Del Rio Royalty Company II, LLC – 3.501169%,
Double Cabin Minerals, LLC- 7.509653% RAHR Cutbow I, LLC- 3.001002%

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	<u>239.86</u>	<u>37.5868%</u>
Tract No.2	<u>40.00</u>	<u>6.2681%</u>
Tract No.3	<u>39.19</u>	<u>6.1412%</u>
Tract No.4	<u>199.10</u>	<u>31.996%</u>
Tract No. 5	<u>120.00</u>	<u>18.8044%</u>
Total:	<u>638.15</u>	<u>100.00%</u>

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
AVANT OPERATING, LLC**

**CASE NO. 22896
ORDER NO. R-22391**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on August 18, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Avant Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22896
ORDER NO. R-22391

Page 2 of 6

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 11/22/2022

CASE NO. 22896
ORDER NO. R-22391

Page 4 of 6

Exhibit A

Received by OCD: 8/16/2022 1:38:34 PM

Page 3 of 63

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case No.:	22896
Hearing Date:	8/18/2022
Applicant	Avant Operating, LLC
Designated Operator & OGRID	330396
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Avant Operating, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors	Marathon Oil Permian LLC
Well Family	Cutbow 36 1 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring Formation
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring Formation
Pool Name and Pool Code	GEM; Bone Spring Pool (Code 27220)
Well Location Setback Rules	Standard
Spacing Unit Size	640-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640
Building Blocks	quarter-quarter
Orientation	South/North
Description: TRS/County	W/2 of Section 36, Township 19 South, Range 32 East and the W/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes, the completed interval of the Cutbow 36 1 Fed Com #602H well will be located within 330' of the quarter-quarter section line separating the W/2 W/2 and E/2 W/2 of Sections 1 and 36 to allow for the creation of a standard 640-acre horizontal spacing unit.
Proximity Defining Well: if yes, description	Yes, the Cutbow 36 1 Fed Com #602H well
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Cutbow 36 1 Fed Com #601H (API # pending) SHL: 300' FNL & 1389' FWL, Unit C, Section 36, T19S-R32E BHL: 100' FSL & 330' FWL, Unit M, Section 1, T20S-R32E Completion Target: Bone Spring (Approx. 10,900' TVD) <u>Well Orientation: South to North</u>
Well #2	Cutbow 36 1 Fed Com #602H (API # pending) SHL: 300' FNL & 1422' FWL, Unit C, Section 36, T19S-R32E BHL: 100' FSL & 1254' FWL, Unit M, Section 1, T20S-R32E Completion Target: Bone Spring (Approx. 10,900' TVD) <u>Well Orientation: South to North</u>

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CASE NO. 22896
ORDER NO. R-22391

Page 5 of 6

Received by: OCD- 8/16/2022 1:38:34 PM

Page 4 of 65

Well #3	Cutbow 36 1 Fed Com #603H (API # pending) SHL: 300' FNL & 1455' FWL, Unit C, Section 36, T19S-R32E BHL: 100' FSL & 2178' FWL, Unit N, Section 1, T20S-R32E Completion Target: Bone Spring (Approx. 10,900' TVD) Well Orientation: South to North
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000.00
Production Supervision/Month \$	\$1,000.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-3
Gross Isopach	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibits B-4, B-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibits B-4, B-5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	8/15/2022
Released to Imaging: 8/17/2022 9:16:51 AM	

CASE NO. 22896
ORDER NO. R-22391

Page 6 of 6

Revised March 23, 2017

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: Avant Operating, LLC **OGRID Number:** 330396
Well Name: Cutbow 36-1 Federal Com 601H, 602H and 603H **API:** 30-025-5071, 30-025-50674, 30-025-50635
Pool: GEM; BONE SPRING **Pool Code:** 27220

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

- ☐ Notice Complete
☐ 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.

TIFFANY SARANTINOS

Print or Type Name

Signature

01.17.2023

Date

720-740-5048

Phone Number

TIFFANY@AVANTNR.COM

e-mail Address

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Tiffany Sarantinos](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Paradis, Kyle Q](#); [Walls, Christopher](#); [Dawson, Scott](#); [Lamkin, Baylen L](#)
Subject: Approved Administrative Order OLM-270
Date: Friday, May 19, 2023 8:33:33 AM
Attachments: [OLM270 Order.pdf](#)

NMOCD has issued Administrative Order OLM-270 which authorizes Avant Operating, LLC (330396) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-50701	Cutbow 36 1 Federal Com #601H	W/2 W/2	36-19S-32E	27220
		W/2 W/2	1-20S-32E	
30-025-50674	Cutbow 36 1 Federal Com #602H	W/2 W/2	36-19S-32E	27220
		W/2 W/2	1-20S-32E	
30-025-50635	Cutbow 36 1 Federal Com #603H	E/2 W/2	36-19S-32E	27220
		E/2 W/2	1-20S-32E	

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



April 4th, 2023

Sent Via FedEx Overnight Delivery
Tracking #771688289095

State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, NM 87501
Attention: Baylen Lamkin

Mr. Lamkin:

Please find attached our completed State Form Communitization Agreement, along with our check in the amount of \$200.00 to cover the fees and a copy of the Forced Pooling Order No. R-22391 for the following wells, located in Lea County, New Mexico:

Cutbow Federal Com 601H, API #3002550701

Cutbow Federal Com 602H, API #3002550674

Cutbow Federal Com 603H, API #3002550635

Should you have any questions, please contact me at the below:

A handwritten signature in blue ink that reads "T Sarantinos".

Tiffany Sarantinos
Senior Landman
1515 Wynkoop, Suite #700
Denver, CO 80202
tiffany@avantnr.com
(720) 746-5048

1515 Wynkoop Street | Suite 700 | Denver, CO 80202
www.avantnr.com

AVANT OPERATING, LLC • DENVER, COLORADO 80202

CHECK NO.

002442

2212-AP-216 12/21/22 CKREQ122122 200.00 0.00 200.00
Submit State Comm Agreement for Cutbow

7479 COMMISSIONER OF PUBLIC LANDS

01/13/23

200.00
GW-100

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

AVANT OPERATING, LLC

1515 WYNKOOP ST. STE 700
DENVER, CO 80202Comerica Bank
www.comerica.com
32-75/1110 761

002442

DATE

01/13/23

CONTROL NUMBER

1517

VOID IF NOT PRESENTED IN 90 DAYS

PAY Two hundred dollars and 00 cents

TO THE
ORDER
OFCOMMISSIONER OF PUBLIC LANDS
NM STATE LAND OFFICE
310 OLD SANTA FE TRAIL
SANTA FE, NM 87501

AMOUNT

\$*****200.00



**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised August, 2021

ONLINE Version
COMMUNITIZATION AGREEMENT

API Initial Well: 30-0 25 - 50701

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 portions 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such 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 land subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, 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 the 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:

Subdivisions NW, N2SW, LOT 1 (SWSW 38.86), LOT 2 (SESW 39.19) of Sec 36 T19S R32E and LOT 3 (NENW 39.63), LOT 4 (NWNW 39.47), S2NW, SW,

Sect(s) 01, T 20S, R 32E, NMPM Lea County, NM

containing 637.15 acres, more or less, and this agreement shall include only the

Bone Spring Formation

or pool, underlying said lands and the _____

(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 three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, 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 and the State of New Mexico, 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
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 is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is January 4 2023 Month Day, Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-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; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, 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 sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
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 interest 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 lands shall be subject to approval by the

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator <u>Avant Operating, LLC</u>	Lessees of Record <u>Magnum Hunter Production Inc,</u>
By <u>Skyler Gary</u> Print name of person	<u>Oxy USA WTP Limited Partnership, EOG Resources Inc.,</u>
<u>Co-CEO</u> Type of authority	<u>Oxy Y-1 Company, Chevron U.S.A Inc.,</u>
	<u>Sharbro Energy, LLC, Rolla R. Hinkle, III</u>

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) S S)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of Colorado _____)

County of Denver _____) S S)

This instrument was acknowledged before me on March 28, 2023

DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator	<u>Avant Operating, LLC</u>	Lessees of Record	<u>Magnum Hunter Production Inc.</u>
By	<u>Shelly Albrecht</u>		<u>Bradley Cantrell</u>
	Print name of person		<u>Attorney-in-Fact</u>
	V.P. of Land		
	Type of authority		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)
 County of _____) ss)

This instrument was acknowledged before me on _____

DATE

By _____
 Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of Texas)
 County of Midland) ss)

This instrument was acknowledged before me on 2/21/23

DATE

By Bradley Cantrell
 Name(s) of Person(s)

as Attorney-in-Fact of Magnum Hunter Production Llc.
 Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Kelly Beth Hart

Signature of Notarial Officer

My commission expires: 4/14/23



Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator Avant Operating, LLC

Lessees of Record Rolla R. Hinkle, III

By Shelly Albrecht

Print name of person

V.P. of Land

Type of authority

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual CapacityState of NEW MEXICO)County of CHAVES) ss)This instrument was acknowledged before me on February 9, 2023

DATE

By Rolla R. Hinkle III

Name(s) of Person(s)



Signature of Notarial Officer

My commission expires: May 15, 2024**Acknowledgment in a Representative Capacity**

State of _____)

County of _____) ss)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator	<u>Avant Operating, LLC</u>	Lessees of Record	<u>Sharbro Energy, LLC</u>
By	<u>Shelly Albrecht</u>		<u>Elizabeth Baker</u>
	Print name of person		
V.P. of Land			<u>Attorney-In-Fact</u>
Type of authority			<u>Elizabeth Baker</u>

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ss)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of New Mexico _____)County of Eddy _____) ss)This instrument was acknowledged before me on 02/08/2023

DATE

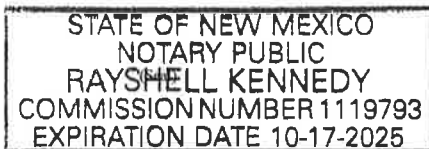
By Elizabeth Baker _____

Name(s) of Person(s)

as Attorney-In-Fact _____ of Sharbro Energy, LLC _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed



Signature of Notarial Officer

My commission expires: 10-17-2025

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator Avant Operating, LLC

Lessees of Record Oxy USA WTP Limited Partnership

By Shelly Albrecht

Print name of person

V.P. of Land

Type of authority

Oxy Y-1 Company

By: 

Print: James Loring

Title: Attorney-in-Fact

JLG

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____
DATEBy _____
Name(s) of Person(s)

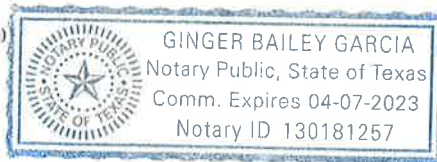
(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Texas _____)County of Harris _____) SS)This instrument was acknowledged before me on February 21, 2023
DATEBy James Laning _____
Name(s) of Person(s)as Attorney-in-Fact of OXY 4-1 company, a New Mexico corporation,
Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed
on behalf of said corporation.

(Seal)

_____
Signature of Notarial OfficerMy commission expires: 4/7/2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ss)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Texas)County of Harris) ss)This instrument was acknowledged before me on February 21, 2023

DATE

By James Laning _____

Name(s) of Person(s)

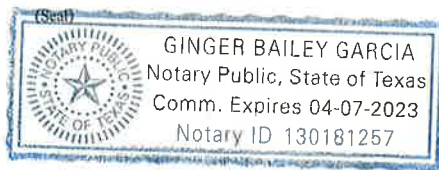
as Attorney-in-Fact of Oxy USA WTP Limited Partnership, a Delaware

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

limited partnership.[Signature]

Signature of Notarial Officer

My commission expires: 4/7/2023

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator Avant Operating, LLC

Lessees of Record Chevron U.S.A. Inc.

By Shelly Albrecht

Print name of person

V.P. of Land

Type of authority



Ben J. Wilson

Attorney-in-Fact

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of TEXAS _____)County of HARRIS _____) SS)This instrument was acknowledged before me on February 14, 2023

DATE

By Ben J. Wilson _____

Name(s) of Person(s)

as Attorney-in-Fact _____ of Chevron U.S.A. Inc. _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Brittany Wesley
Signature of Notarial OfficerMy commission expires: 12-22-2024

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 written and have set opposite their respective names the date of execution.

Operator Avant Operating, LLC

Lessees of Record EOG Resources Inc.

By Skyler Gary

Print name of person

Co-CEO

Type of authority

Matthew W. Smith

Agent & Attorney in Fact

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Texas)County of Midland) SS)This instrument was acknowledged before me on April 4, 2023

DATE

By Matthew W. Smith

Name(s) of Person(s)

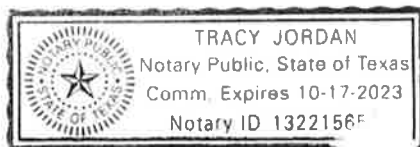
as Agent & Attorney-in-Fact

Type of authority, e.g., officer, trustee, etc

of EOG Resources Inc.

Name of party on behalf of whom instrument was executed

(Seal)



A handwritten signature of Tracy Jordan in cursive script.

Signature of Notarial Officer

My commission expires: 10-17-2023

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the **1st of August 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 19 South, Range 32 East, N.M.P.M.**Section 36: NW, N2SW, Lot 1 (SWSW 39.86), Lot 2 (SESW 39.19)****Township 20 South, Range 32 East, N.M.P.M.****Section 01: Lot 3 (NENW 39.63), Lot 4 (NWNW 39.47), S2NW, SW
Lea County, New Mexico**

Containing 638.15 acres, more or less, and this agreement shall include only the **Bone Spring** Formation(s) underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 **Avant Operating, LLC**, 1515 Wynkoop Street, Suite #700 Denver, CO 80202. 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 or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian 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 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 noncommunitized production.

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 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 **August 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 representatives, and shall remain in force and effect for a period of two (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 two-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 interest of the parties hereto and their successors in

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 to 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 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 & Working Interest Owner:

Avant Operating, LLC

By: 

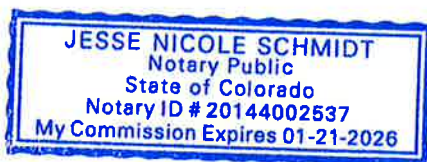
Name: Skyler Gary

Title: Co-CEO

Date: 8-1-22

THE STATE OF COLORADO §
§
COUNTY OF DENVER §

This instrument was acknowledged before me on this 1st day of August, 2022, by Skyler Gary, as Co-CEO of Avant Operating, LLC.




Notary Public in and for the State of Colorado

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Avant Operating, LLC, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

8-1-2022
Date

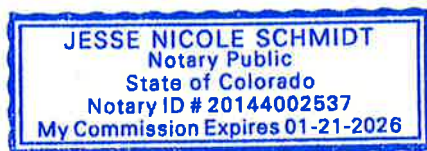
By: Skyler Gary
Title: Co- CEO

ACKNOWLEDGEMENT

STATE OF Colorado)
) ss.
COUNTY OF Denver)

On this 1st day of August, 20 22, before me, a Notary Public for the State of Colorado, personally appeared Skyler Gary, known to me to be the Co-CEO of Avant Operating, LLC, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)



01/21/2026
My Commission Expires

Jesse N. Schmidt
Notary Public

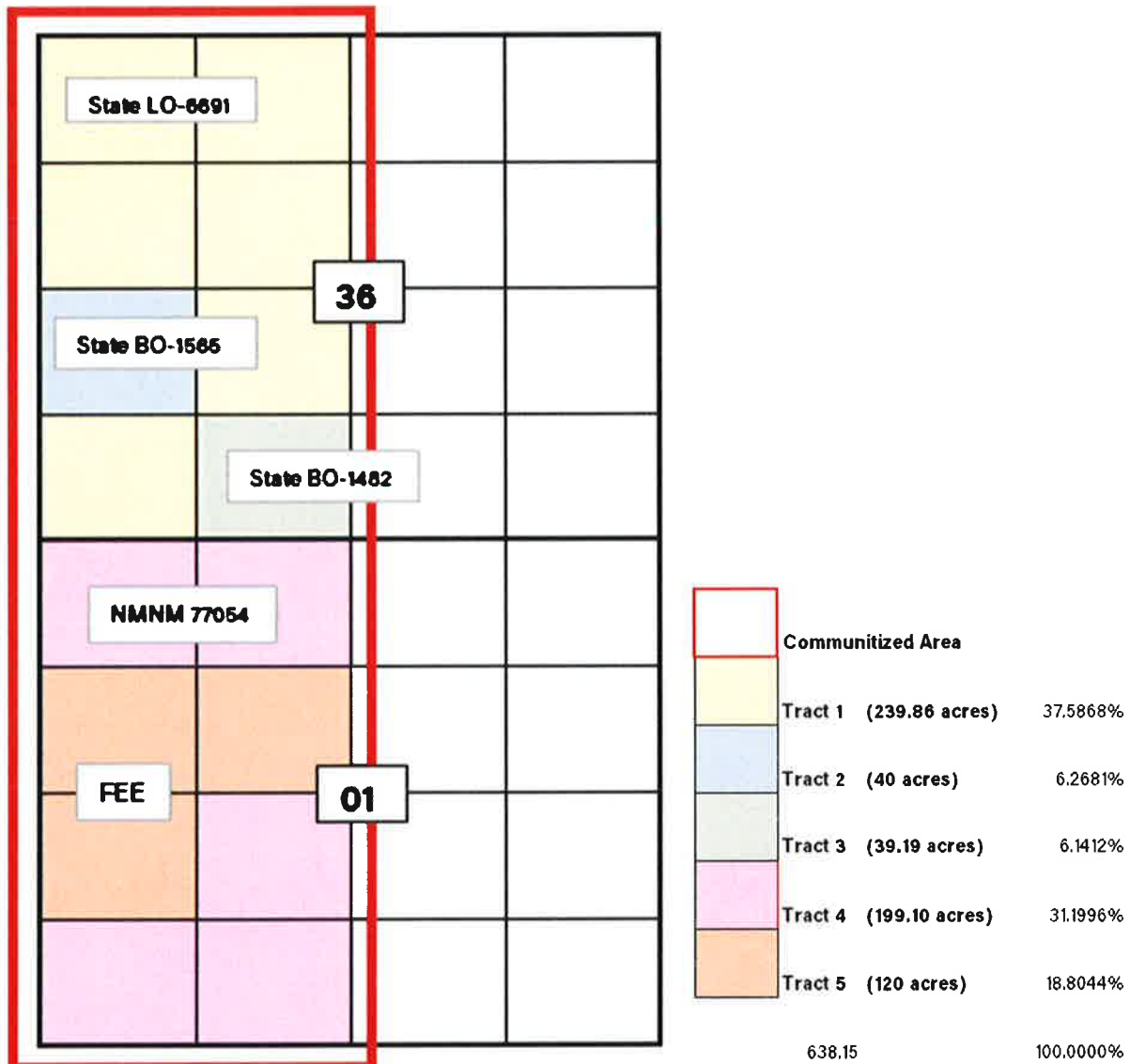
Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **638.15** acres, more or less, in
W/2 of Section 36, Township 19 South, Range 32 East and
W/2 of Section 1, Township 20 South, Range 32 East
Lea County, New Mexico.

Well Name/No.

Cutbow Federal Com 601H, 602H and 603H



Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated August 1, 2022, embracing the following described land in W/2 of Section 36, Township 19 South, Range 32 East and W/2 of Section 1, Township 20 South, Range 32 East Lea County, New Mexico.

Operator of Communitized Area: Avant Operating, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1:**

Lease Serial Number:	State of New Mexico L-6691	
Lease Date:	October 1, 1971	
Lease Primary Term:	Ten (10) years	
Recordation:	Not Recorded	
Lessor:	State of New Mexico L-6691	
Original Lessee:	Union Oil Company of California	
Current Lessee:	Magnum Hunter Production, Inc. - 100%	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 19 South, Range 32 East</u> Section 36: NW, NESW, Lot 1 (SWSW 39.86) Lea County, New Mexico	
Number of Acres:	239.86	
Royalty Rate:	12.50%	
WI Owners Names and Interests:	Avant Operating, LLC -	100%
ORRI Owners:	Magnum Hunter Production, Inc -	7.5%
Authority for Pooling:	State Lease	

TRACT NO. 2

Lease Serial Number:	State of New Mexico B-1565	
Lease Date:	December 29, 1932	
Lease Primary Term:	Ten (10) years	
Recordation:	BK 494, PG 574	
Lessor:	State of New Mexico B-1565	
Original Lessee:	George F. Getty Oil Company	
Current Lessee:	Chevron USA Inc. -	100%
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 19 South, Range 32 East</u> Section 36: NWSW Lea County, New Mexico	
Number of Acres:	40.00	
Royalty Rate:	12.50%	

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

TRACT NO. 2 CONTINUED

WI Owners Names and Interests:	Chevron USA Inc. -	100%
ORRI Owners:	None	
Authority for Pooling:	State Lease	

TRACT NO. 3:

Lease Serial Number:	State of New Mexico B-1482	
Lease Date:	November 26, 1928	
Lease Primary Term:	Ten (10) years	
Recordation:	BK 938, PG 776 Lea County Records	
Lessor:	State of New Mexico B-1482	
Original Lessee:	Empire Gas & Fuel Company	
Current Lessee:	Oxy USA Y-1 -	100%
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 20 South, Range 32 East</u> Section 01: Lot 2 (SESW 39.19) Lea County, New Mexico	
Number of Acres:	39.19	
Royalty Rate:	12.50%	
WI Owners Names and Interests:	Oxy USA WTP, LP -	100%
ORRI Owners:	None	
Authority for Pooling:	State Lease	

TRACT NO. 4:

Lease Serial Number:	NMNM 077054	
Lease Date:	September 1, 1988	
Lease Primary Term:	Five (5) years	
Recordation:	Not Recorded	
Lessor:	United States of America	
Original Lessee:	Yates Petroleum Corporation	
Current Lessee:	EOG Resources, Inc. -	86.25%
	Oxy Y-1 Company -	10.00%
	Sharbro Energy, LLC -	3.75%
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 20 South, Range 32 East</u> Section 01: Lot 3 (NENW 39.63), Lot 4 (NWNW 39.47), NESW, S2SW Lea County, New Mexico	
Number of Acres:	199.10	
Royalty Rate:	12.50%	
WI Owners Names and Interests:	Avant Operating, LLC -	86.25%
	Oxy Y-1 Company -	10.00%
	Sharbro Energy, LLC -	3.75%

Cutbow Fed Com 601H, 602H and 603H
 Bone Spring Formation
 W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
 Lea County, New Mexico

TRACT NO. 4 CONTINUED

ORRI Owners: Nilo Operating Company - 8.193750%
Authority for Pooling: Federal Lease

TRACT NO. 5:

Lease Date: February 1, 2011
Lease Primary Term: Four (4) years
Recordation: Book 1716, Page 159
Lessor: **Larry C. Squires, as Trustee for the Larry C. Squires Revocable Trust, dated October 6, 2004**

Original Lessee: Rolla R. Hinkle, III
Current Lessee: Rolla R. Hinkle, III
Description of Land Committed: Insofar and only insofar as said lease covers:
Township 20 South, Range 32 East
Section 01: S2NW, NWSW
Lea County, New Mexico

Number of Acres: 120.00
Royalty Rate: 20.00%
WI Owners Names and Interests: Avant Operating, LLC - 100%
ORRI Owners: None
Authority for Pooling: Paragraph 5 authorizes the Lessee to pool, provided that units shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority.

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	239.86	37.5868%
2	40.00	6.2681%
3	39.19	6.1412%
4	199.10	31.1996%
5	120.00	18.8040%
Total	638.15	100.00%

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

From: [Tiffany Sarantinos](#)
To: [McClure, Dean, EMNRD](#)
Subject: RE: [EXTERNAL] RE: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)
Date: Wednesday, April 12, 2023 8:47:30 AM
Attachments: [image001.png](#)
[Executed CA sent to BLM 08.16.2022.pdf](#)
[Cutbow W2 Letter Check State Comm Agreement Package mailed 4.4.2023.pdf](#)

Please see attached fully executed State and Federal Comm Agreements.

Thank you so much.

Tiffany Sarantinos
Senior Landman
[720.746.5048](tel:720.746.5048)

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Tuesday, April 11, 2023 1:42 PM
To: Tiffany Sarantinos <tiffany@avantnr.com>
Subject: RE: [EXTERNAL] RE: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)

Hello Tiffany,

Provided the pooling agreement (the com agreement) is executed, then yes it appears that only an off-lease measurement order is required. Please provided this executed agreement and the Division will proceed with review of this application as an off-lease measurement application.

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

From: Tiffany Sarantinos <tiffany@avantnr.com>
Sent: Tuesday, April 11, 2023 9:44 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Subject: FW: [EXTERNAL] RE: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)

Hi, Dean.

I wanted to formally follow up in writing after our phone call last week. Per our discussion, can you please confirm that Avant is only in need to Off Lease Metering approval for the Cutbow W2 unit because we have already received the forced pooling order, attached as reference.

If we agree, please consider this Avant's formal request for Off Lease Metering for the Cutbow 601H, 602H and 603H wells, and to please disregard our request for surface commingling sent in January 2023.

Should you have any questions, please let me know.
I am working out of the office today, so I will get back with you as soon as possible.

Tiffany Sarantinos
Senior Landman
[720.746.5048](tel:720.746.5048)

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Thursday, March 30, 2023 8:45 AM
To: Tiffany Sarantinos <tiffany@avantnr.com>
Subject: RE: [EXTERNAL] RE: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)

Ms. Sarantinos,

What phone number is best to reach you at? I have been trying to call (720)746-5048, and while it seems like someone answers, I cannot hear whomever is on the other side.

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

From: Tiffany Sarantinos <tiffany@avantnr.com>
Sent: Wednesday, March 22, 2023 3:24 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)

Well, it doesn't sound like you've been on a beach vacation – so I am sorry to hear that.

I appreciate your response. I will patiently await your reply.

Tiffany Sarantinos
Senior Landman
720.746.5048

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, March 22, 2023 1:28 PM
To: Tiffany Sarantinos <tiffany@avantnr.com>
Subject: RE: [EXTERNAL] RE: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)

Ms. Sarantinos,

I apologize for the late response; I've been out of the office for the last week and a half. I'm hoping to be back in after today and have this near the top of my list.

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

From: Tiffany Sarantinos <tiffany@avantnr.com>
Sent: Wednesday, March 22, 2023 12:17 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Subject: [EXTERNAL] RE: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

I apologize for being such a pest, but I tried to call and your voicemail was full. We are fracing our Cutbow wells now, so I just wanted to make sure we'd be all set for the C107B approval.

Please let me know if I could be of any help, I know you all are swamped.

Tiffany Sarantinos
Senior Landman
720.746.5048

From: Tiffany Sarantinos
Sent: Thursday, March 16, 2023 10:48 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: C-107B Application (Cutbow W2 Unit 19S-32E Sec 36 and 20S-32E Sec 01)

Mr. McClure.

I am so sorry for the duplicate email but I saw that my subject line from last week had been a bit screwy looking. To summarize, we are expecting flowback on or around April 10, 2023 for our Cutbow 601H, 602H and 603H wells and want to confirm that you all are in receipt of the C-107B submission.

Should you have any questions, or need any additional information, please let me know.

Thank you.

Tiffany Sarantinos
Senior Landman
720.746.5048

From: Tiffany Sarantinos
Sent: Friday, March 10, 2023 12:48 PM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: C107B (Cutbow Unit)

Hi, Mr. McClure.

I wanted to check in on Avant Operating's C107B submission for our Cutbow W2 Unit, located in 19S-32E Sec 36 and 20S-32E Sec 01, submission #176948.

[C-107] Surface Commingle or Off-Lease (C-107B) Application

Submission Information

Submission ID:	176948	Districts:
Operator:	[330396] Avant Operating, LLC	Counties:
Description:		
Status:	SUBMITTED	
Status Date:	01/19/2023	
References (0):		

We started frac this week, so I just wanted to confirm that you didn't need any additional information and to make sure we are in the queue for approval.

Thank you.



Tiffany Sarantinos
Senior Landman
tiffany@avantnr.com
D: 720.746.5048
1515 Wynkoop Street, Suite 700 | Denver, CO | 80202
www.avantnr.com

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

**APPLICATION FOR OFF-LEASE MEASUREMENT
SUBMITTED BY AVANT OPERATING, LLC**

ORDER NO. OLM-270

ORDER

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

FINDINGS OF FACT

1. Avant Operating, LLC ("Applicant") submitted a complete application to off-lease measure the oil and gas production ("Application") from the wells, pool, and lease identified in Exhibit A.
2. Applicant provided notice of the Application to all persons owning a working interest in the oil and gas production to be off-lease measured in accordance with 19.15.23.9(A)(5) NMAC, and those persons either submitted a written waiver or did not file an objection to the Application.
3. Applicant provided notice of the Application to the Bureau of Land Management or New Mexico State Land Office, as applicable.
4. Applicant stated that it sought authorization to off-lease measure oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

CONCLUSIONS OF LAW

5. 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, and 19.15.23 NMAC.
6. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC.
7. 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 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.

Applicant is authorized to store and measure oil and gas 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 described in Exhibit A.

2. The oil and gas production from the wells identified in Exhibit A shall be physically separated from the oil and gas production from other wells and no commingling of production from different leases shall occur in accordance with 19.15.23.9(A)(3) NMAC and 19.15.23.9(A)(4) NMAC, except as otherwise provided in order(s) issued by OCD.
3. 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.
4. Applicant shall measure and market the commingled gas at a 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.
5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
6. If a well is not included in Exhibit A but produces from a pool or 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 oil or gas production from it. The Form C-103 shall reference this Order and identify the well.
7. 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

DATE: 5/14/2023

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **OLM-270**

Operator: **Avant Operating, LLC (330396)**

Central Tank Battery: **Cutbow Central Tank Battery West**

Central Tank Battery Location: **UL N, Section 25, Township 19 South, Range 32 East**

Gas Title Transfer Meter Location: **UL N, Section 25, Township 19 South, Range 32 East**

Pools

Pool Name	Pool Code
GEM;BONE SPRING	27220

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Bone Spring BLM	W/2	36-19S-32E
	W/2	1-20S-32E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-50701	Cutbow 36 1 Federal Com #601H	W/2 W/2	36-19S-32E	27220
		W/2 W/2	1-20S-32E	
30-025-50674	Cutbow 36 1 Federal Com #602H	W/2 W/2	36-19S-32E	27220
		W/2 W/2	1-20S-32E	
30-025-50635	Cutbow 36 1 Federal Com #603H	E/2 W/2	36-19S-32E	27220
		E/2 W/2	1-20S-32E	

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 176948

CONDITIONS

Operator: Avant Operating, LLC 1515 Wynkoop Street Denver, CO 80202	OGRID: 330396
	Action Number: 176948
	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.	5/19/2023