

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

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Applicant: _____ **OGRID Number:** _____
Well Name: _____ **API:** _____
Pool: _____ **Pool Code:** _____

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

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

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

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

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

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

 Print or Type Name



 Signature

 Date

 Phone Number

 e-mail Address



Paula M. Vance
Associate
Phone (505) 988-4421
Fax (505) 819-5579
pmvance@hollandhart.com

September 15, 2023

VIA ONLINE FILING

Dylan Fuge, Division 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 V-F Petroleum Inc. for administrative approval to surface commingle (lease) oil and gas production from spacing units comprised of the S/2 of Section 29 and all of Section 32, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico (the “Lands”)

Dear Mr. Fuge:

V-F Petroleum Inc. (OGRID No. 24010), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (lease) diversely owned oil and gas production at the **Cache River Tank Battery** *insofar as all existing and future infill wells drilled in the following spacing units:*

(a) The 240-acre spacing unit comprised of the W/2 SW/4 of Section 29 and the W/2 W/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the **Cache River 29 32 State Com #201H** (API. No. 30-025-51023) and **Cache River 29 32 State Com #301H** (API. No. 30-025-51025);

(b) The 240-acre spacing unit comprised of the E/2 SW/4 of Section 29 and the E/2 W/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the **Cache River 29 32 State Com #202H** (API. No. 30-025-51024) and **Cache River 29 32 State Com #302H** (API. No. 30-025-51026);

(c) The 240-acre spacing unit comprised of the W/2 SE/4 of Section 29 and the W/2 E/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the **Cache River 29 32 State Com #203H** (API. No. 30-025-51239) and **Cache River 29 32 State Com #303H** (API. No. 30-025-51250);

(d) The 240-acre spacing unit comprised of the E/2 SE/4 of Section 29 and the E/2 E/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the **Cache River 29 32 State Com #204H** (API. No. 30-025-51249) and **Cache River 29 32 State Com #304H** (API. No. 30-025-51251); and



Paula M. Vance
Associate
Phone (505) 988-4421
Fax (505) 819-5579
pmvance@hollandhart.com

(e) Pursuant to 19.15.12.10.C(4)(g), *from all future additions of pools, leases or leases and pools connected to the Cache River Tank Battery* with notice provided only to the interest owners whose interest in the production is to be added.

Oil and gas production from these spacing units will be commingled and sold at the **Cache River Tank Battery** located in the NE/4 NE/4 (Unit A) of Section 32. Gas production from the separator will be individually metered with a calibrated orifice meter that is manufactured to AGA specifications. Oil production from the separator will be separately metered using Coriolis meters.

Exhibit 1 is a land plat showing V-F Petroleum's current development plan, flow lines, well pads, and central tank battery ("Facility Pad") in the subject area. The plat also identifies the wellbores (including surface/bottomhole locations) and lease/spacing unit boundaries.

Exhibit 2 is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Fred Dixon, Engineer with V-F Petroleum, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (Exhibit A to the statement) and an offset example gas analysis (Exhibit B to the statement).

Exhibit 3 is a C-102 for each of the wells currently permitted or drilled within the existing spacing units.

Exhibit 4 includes relevant communitization agreements.

Ownership is diverse between the above-described spacing units, each of which are either subject to a pooling agreement or a pooling order and are therefore considered "leases" as defined by 19.15.12.7(C) NMAC. **Exhibit 5** is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has been provided to the New Mexico State Land Office since state lands are involved.

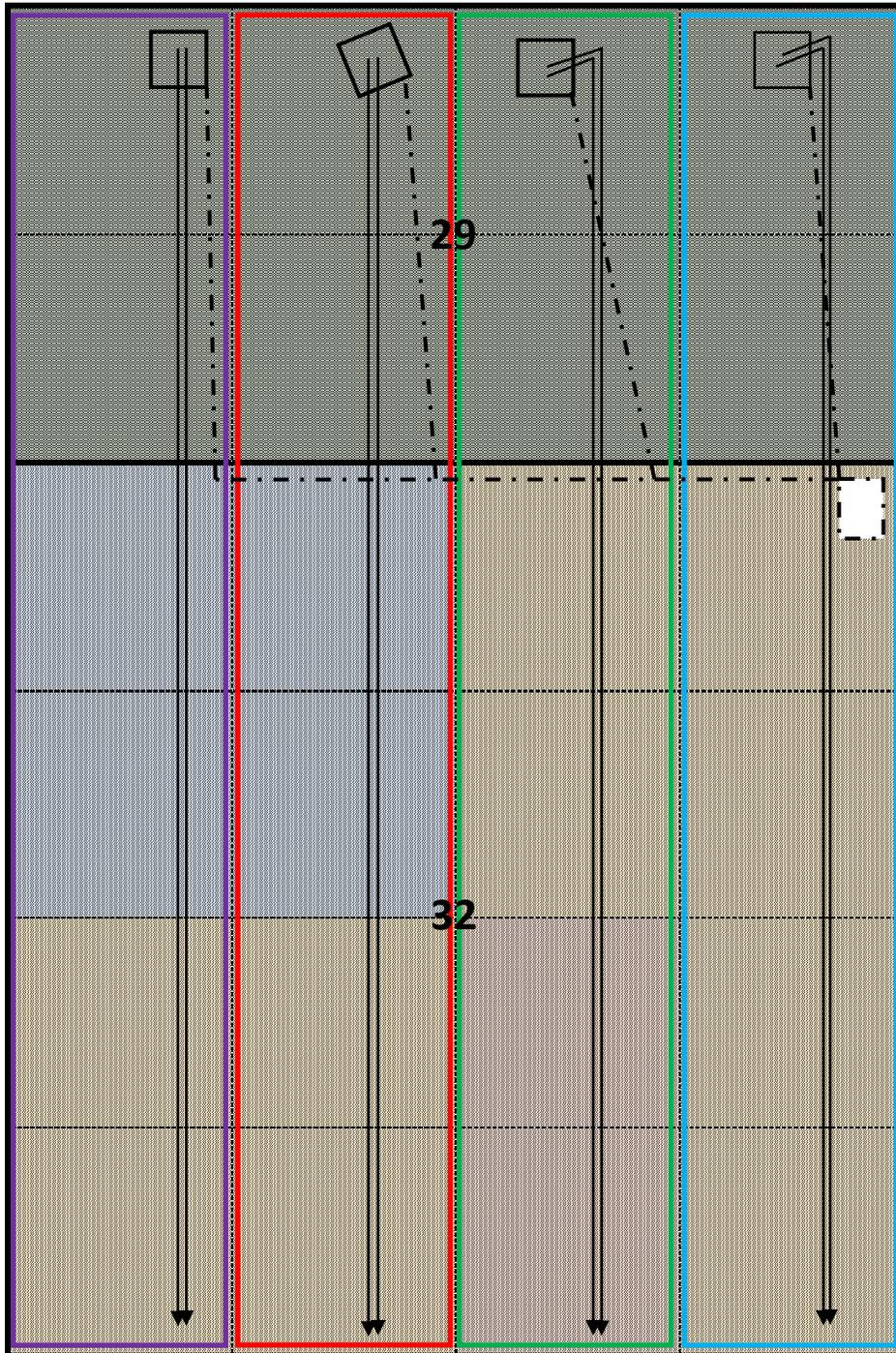
Thank you for your attention to this matter, and please feel free to call if you have any questions or require additional information.

Sincerely,

A handwritten signature in blue ink that reads "Paula M. Vance".

Paula M. Vance
ATTORNEY FOR V-F PETROLEUM INC.

V-F Petroleum Inc.
Cache River 29 32 State Com Commingle Overview Map
S/2 Section 29 & Section 32, T21S-R35E, Lea County, New Mexico



NMSLO Surface
Fee Surface
E0-1921-1
B0-935-5
E0-1924-1
VC-600-1
W/2W/2 Comm
E/2W/2 Comm
W/2E/2 Comm
E/2E/2 Comm
Wellbore →
Flowline - - - - -
CTB □
Well Pad □

EXHIBIT
1

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: V-F Petroleum Inc
OPERATOR ADDRESS: P.O. Box 1889, Midland, Texas 79702

APPLICATION TYPE:

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

LEASE TYPE: Fee State Federal

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

(A) POOL COMMINGLING

Please attach sheets with the following information

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

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

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. **WC-025 G-07 S223505N; Bone Spring [98136]**
(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: Ryan Curry TITLE: **Regulatory Supervisor** DATE: **9/11/2023**
TYPE OR PRINT NAME: **Ryan Curry** TELEPHONE NO.: **432-683-3344**
E-MAIL ADDRESS: **Ryan@VFPetroleum.com**

EXHIBIT
2

V-F Petroleum Inc

Fasken Center 1: 500 W Texas Ave, Midland, TX 79701 Suite 350

Voice: (432) 683-3344 Fax: (432) 683-3352

Fred Dixon
Engineer

September 6th, 2023

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Application of V-F Petroleum Inc for administrative approval to surface commingle (lease) gas and oil production from the spacing units comprised of the S/2 of Section 29 and all of Section 32, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico (the "Lands").

To Whom This May Concern,

V-F Petroleum Inc ("V-F"), OGRID: 24010, requests to commingle oil and gas production from eight (8) distinct wells located on the Lands and future production from the Lands as described herein. All wells will be metered separately through individual three phase test separators where oil will be measured with a Coriolis meter, and gas with an orifice meter. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted in **Exhibit A**, to Targa. Each well on the Lands will have its own test separator with an orifice meter manufactured and assembled in accordance with American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third-party measurement company in accordance with industry specifications.

The orifice meter is the preferred measurement device utilize by midstream and E&P companies in natural gas measurement. Upon first production, gas samples are obtained at the time of the meter testing/calibration and the composition and heating value are determined by a laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and Energy (MMBTU) determinations.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A**. This PFD shows that the oil, water, and gas exit the wellbore and flow into a dedicated three-phase separator which separates the oil, gas, and water. The oil is measured via Coriolis meter which is calibrated periodically in accordance with industry specifications by a third-party measurement company for accuracy. The gas is measured on a volume and MMBTU basis by an orifice meter and supporting EFM equipment in accordance with American Petroleum Institute (API) Chapter 21.1. Once the gas is separately metered for each well, it is commingled into one gathering line and is then metered by another orifice meter at the tank battery (prior to sales takeaway entry to Targa) to meter the total volume of gas leaving the facility. This meter is tested and calibrated in accordance with industry specifications and volume and energy are determined on an hourly, daily, and monthly basis. Once the gas exits the final tank battery sales check it travels directly into a third-party sales connect meter. Targa will have their own orifice meter that measures the gas for custody transfer purposes. These meters are also calibrated periodically for measurement accuracy.

To conclude, all of the oil and gas produced on the Lands is and will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

Oil Metering and Allocation:

Oil volumes from each well producing to the battery will be determined by using an allocation “test” meter off each well’s dedicated three phase separator. Downstream of each separator, oil will commingle after individual metering is captured and flow into a VRT, then into the oil tanks. Total allocated oil production volume is calculated by taking the difference in the beginning and ending tank gauged volumes, plus the total oil that was sold through the LACT. The percentage allocation of oil to each well is determined by dividing each oil meter volume by the sum of the oil meter volumes. That percentage is then applied to the total oil produced and thus results in a daily allocated oil volume on a per well basis.

Gas Metering and Allocation:

Gas volumes for each well producing to the battery will be determined by using an allocation “test” meter off each well’s dedicated three phase separator. Downstream of each separator, gas will commingle and flow directly to the gas sales meter. Any gas breakout in the heater treaters will be recovered by way of VRU. Low pressure gas from the VRT’s and tanks at the facility will be recouped by VRU and compressed and sent to the sales meter. The percentage allocation to each well will be determined by dividing each gas test/allocation meter off the three phase separators volume by the sum of said gas meter volumes. That percentage (by well) is then applied by multiplying to the total battery gas production and thus results in a daily allocated gas volume on a per well basis.

Water Metering and Allocation:

Water volumes for each well producing to the battery will be determined by using an allocation “test” meter off each well’s dedicated three phase separator. Water will then commingle downstream of the test/metering point and flow to a gun barrel, and then to the water tanks. Allocated water production is calculated by taking the difference in the beginning and ending tank inventory, and then adding the water transferred volume for the day from off the transfer pump that sends water to the pipeline for disposal. The percentage allocation of water to each well is determined by dividing each water meter volume by the sum of the water meter volumes. That percentage is then applied to the total water produced and thus results in a daily allocated water volume on a per well basis.

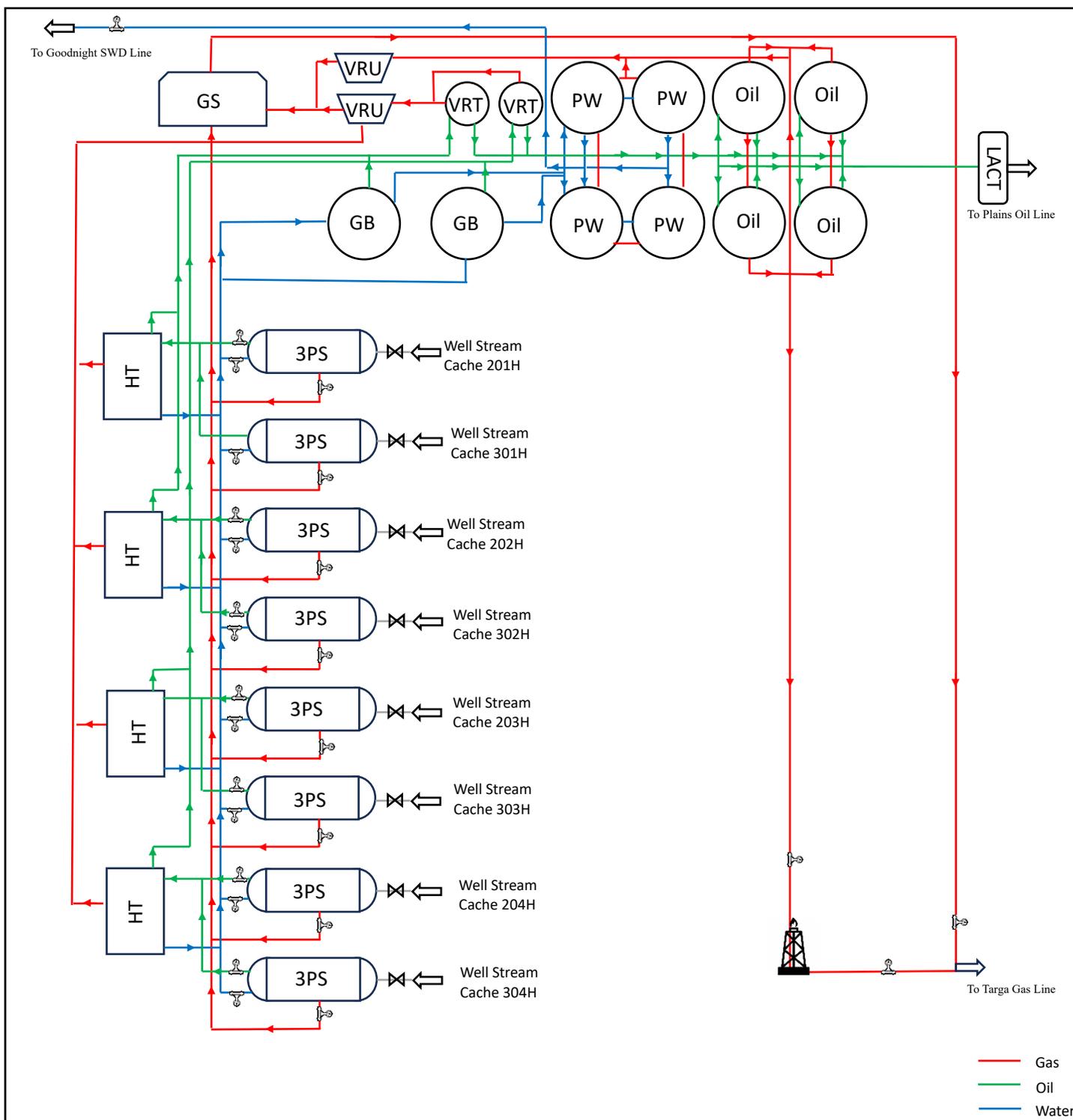
Exhibit B is an offset gas analysis that was used as a reference to calculate the estimated production values listed in the table below (see next page):

Sincerely,



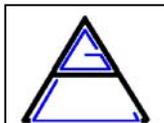
Fred Dixon
V-F Petroleum Inc.

Well Name	API	Status	Pool	BOPD Est.	Oil Gravity Est.	Value/BBL Est.	MCFPD Est.	Dry BTU Est.	Value/MCF Est.
Cache River 29 32 State Com 201H	30-025-51023	Drilled	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25
Cache River 29 32 State Com 202H	30-025-51024	Drilled	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25
Cache River 29 32 State Com 203H	30-025-51239	Drilled	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25
Cache River 29 32 State Com 204H	30-025-51249	Drilling	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25
Cache River 29 32 State Com 301H	30-025-51025	Drilled	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25
Cache River 29 32 State Com 302H	30-025-51026	Drilled	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25
Cache River 29 32 State Com 303H	30-025-51250	Drilled	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25
Cache River 29 32 State Com 304H	30-025-51251	Drilled	[98136] WC-025 G-07 S223505N; BONE SPRING	1200	43	\$ 80.00	1350	~1200	\$2.25



V-F Petroleum Inc.
Cache River 29 32 State Com
Central Tank Battery
Section 32, T21S-R35E
Lat. 32.442117° , Long. -103.382060°

EXHIBIT
A



ARMSTRONG GAS LABS, INC.

P.O. Box 988
 Monahans, Texas 79756
 (432) 943-8844 (FAX) 943-8855

GAS ANALYSIS REPORT

Analysis No.: 211699
 Customer: Centennial

<u>Component</u>	<u>Mol. %</u>	<u>(Ideal)</u> <u>BTU</u>	<u>(Ideal)</u> <u>SG</u>	<u>(Real)</u> <u>GPM</u>	
Nitrogen	1.8600	0.000	0.018		Producer: Centennial Well / Sta. Name: Carne Asada State Com 501H Sta. No.: 9608 Formation: Field: New Mexico County: API Number: 3002546021 Spot / Composite: SP Date / Time On: Date / Time Off: 08/04/21 Date to Lab: 08/04/21 Date Analyzed: 08/13/21 Effective Date: Sample Press. (PSIG): 97 Line Press. (PSIG): 97 Sample Temp. (F): 86 Fl. Gas Temp. (F): 86 Amb. Temp. (F): 82 Del. To: Sampled By: JL Cylinder No.: AGL-768
Methane	76.4081	769.306	0.423		
CO2	3.3754	0.000	0.051		
Ethane	9.9320	175.216	0.103	2.651	
H2S	0.0100	0.000	0.000		
Propane	4.8927	122.720	0.074	1.345	
Iso-Butane	0.6540	21.201	0.013	0.214	
Butane	1.4981	48.720	0.030	0.471	
Iso-Pentane	0.4033	16.085	0.010	0.147	
Pentane	0.3750	14.986	0.009	0.136	
Hexanes C6+	0.5914	30.239	0.019	0.258	
Hydrogen	N/A				
Helium	N/A				
Oxygen	N/A				
CO	N/A				
Totals	100.0000	1198.473	0.752	5.222	

Field H2O (#/mm):

Field H2S (PPM): 100.0
 Field H2S (Grains): 6.29

Pressure Base: 14.65
Temp. Base: 60

Z Factor (Dry): 0.9964207
 Z Factor (Act.): 0.9964207

Dry BTU w/ H2S: 1202.84
Sat BTU w/ H2S: 1182.25
As Del. BTU w/ H2S: 1202.84

Dry BTU W/O H2S (Real): 1202.78

Sat. BTU W/O H2S (Real): 1182.19

H2O (# / mmcf): 0.0

AS DEL. BTU W/O H2S (Real): 1202.78

BTU Calc: Dry

Sp. Gravity (Real): 0.7542

Field Gravity:

Lab Gravitometer:

GPM Ethane+ (Real): 5.222

GPM Propane+ (Real): 2.571

GPM IC5+ (Real): 0.541

GPA 2145 / 2172

Fld. Remarks:

Lab Remarks:



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 98136	Pool Name WC-025 G-07 S223505N; BONE SPRING
Property Code	Property Name CACHE RIVER 29 32 STATE COM	Well Number #201H
OGRID No. 24010	Operator Name V-F PETROLEUM INC	Elevation 3645'

Surface Location

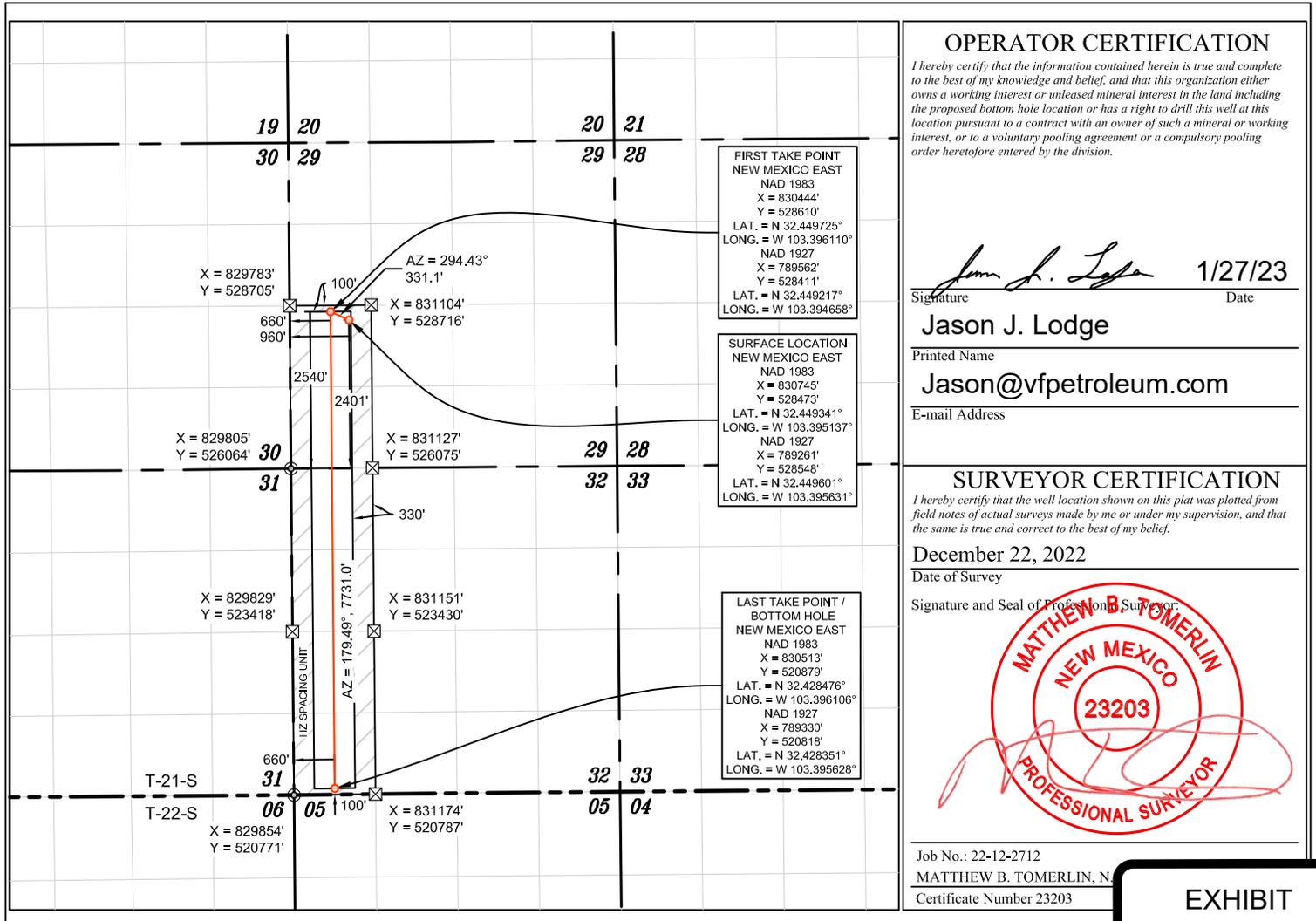
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	29	21 S	35 E		2401	SOUTH	960	WEST	LEA

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	32	21 S	35 E		100	SOUTH	660	WEST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

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

Jason J. Lodge 1/27/23
Signature Date

Jason J. Lodge
Printed Name

Jason@vfpetroleum.com
E-mail Address

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.

December 22, 2022
Date of Survey

Signature and Seal of Professional Surveyor:
Matthew B. Tomerlin
MATTHEW B. TOMERLIN
NEW MEXICO
23203
PROFESSIONAL SURVEYOR

Job No.: 22-12-2712
MATTHEW B. TOMERLIN, N.
Certificate Number 23203

EXHIBIT
3

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 98136	Pool Name WC-025 G-07 S223505N; BONE SPRING
Property Code	Property Name CACHE RIVER 29 32 STATE COM	Well Number #202H
OGRID No. 24010	Operator Name V-F PETROLEUM INC	Elevation 3654'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	29	21 S	35 E		2362	SOUTH	2182	WEST	LEA

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
N	32	21 S	35 E		100	SOUTH	1980	WEST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	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.

The diagram shows a well location on a grid of sections 19, 20, 29, 30, 31, 32, 28, 29, 32, 33, 06, 05, 05, 04. The well is located in section 32, township 21 S, range 35 E. Key survey points include:

- First Take Point: X=831764, Y=528620, LAT. = N 32.449722°, LONG. = W 103.391832°
- Surface Location: X=831968, Y=528444, LAT. = N 32.449234°, LONG. = W 103.391176°
- Last Take Point / Bottom Hole: X=831833, Y=520895, LAT. = N 32.428487°, LONG. = W 103.391829°

Well location coordinates: X=832425, Y=528727, AZ = 310.81°, 269.1'. Well depth: 7725.8', AZ = 179.49°.

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.

Jason J. Lodge 1/27/23
Signature Date

Jason J. Lodge
Printed Name

Jason@vfpetroleum.com
E-mail Address

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.

December 22, 2022
Date of Survey

Signature and Seal of Professional Surveyor:
MATTHEW B. TOMERLIN
NEW MEXICO
23203
PROFESSIONAL SURVEYOR

Job No.: 22-12-2712
MATTHEW B. TOMERLIN, N.M.P.L.S.
Certificate Number 23203

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State of New Mexico
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1220 South St. Francis Dr.
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-51239	Pool Code 98136	Pool Name WC-0 5 G- 7 S 3505N; BONE SPRING
Property Code 333754	Property Name CACHE RIVER 29 32 STATE COM	Well Number #203H
OGRID No. 24010	Operator Name V-F PETROLEUM INC	Elevation 3655'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	21 S	35 E		2236	SOUTH	2163	EAST	LEA

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
O	32	21 S	35 E		100	SOUTH	1980	EAST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	Order No.
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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.

The map shows a well location in Section 29, Township 21S, Range 35E. It includes coordinates for the First Take Point, Surface Location, and Last Take Point/Bottom Hole. Bearings and distances are provided for the well path and surface location. The well is located 2236 feet from the south line and 2163 feet from the east line of Section 29. The bottom hole is located 100 feet from the south line and 1980 feet from the east line of Section 32.

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 3/24/23
 Date

Printed Name
Jason J. Lodge

E-mail Address
Jason@vfpetroleum.com

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.

Date of Survey
December 22, 2022

Signature and Seal of Professional Surveyor:

Job No.: 22-12-2712
MATTHEW B. TOMERLIN, N.M.P.L.S.
 Certificate Number 23203

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

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

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

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 98136	Pool Name WC-025 G-07 S223505N; BONE SPRING
Property Code	Property Name CACHE RIVER 29 32 STATE COM	Well Number #302H
OGRID No. 24010	Operator Name V-F PETROLEUM INC	Elevation 3655'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	29	21 S	35 E		2363	SOUTH	2242	WEST	LEA

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
N	32	21 S	35 E		100	SOUTH	1980	WEST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	Order No.
----------------------------------	-----------------	--------------------------------	-----------

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

OPERATOR CERTIFICATION

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

Jason J. Lodge 1/27/23
Signature Date

Jason J. Lodge
Printed Name

Jason@vfpetroleum.com
E-mail Address

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.

December 22, 2022
Date of Survey

Signature and Seal of Professional Surveyor:

MATTHEW B. TOMERLIN
 NEW MEXICO
 23203
 PROFESSIONAL SURVEYOR

Job No.: 22-12-2712
MATTHEW B. TOMERLIN, N.M.P.L.S.
 Certificate Number 23203

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-51250	Pool Code 98136	Pool Name WC-0 5 G- 7 S 3505N; BONE SPRING
Property Code 333754	Property Name CACHE RIVER 29 32 STATE COM	Well Number #303H
OGRID No. 24010	Operator Name V-F PETROLEUM INC	Elevation 3654'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	21 S	35 E		2236	SOUTH	2103	EAST	LEA

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
O	32	21 S	35 E		100	SOUTH	1980	EAST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	Order No.
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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.

FIRST TAKE POINT
NEW MEXICO EAST
NAD 1983
X = 833086'
Y = 528631'
LAT. = N 32.449719°
LONG. = W 103.387545°
NAD 1927
X = 791903'
Y = 528570'
LAT. = N 32.449595°
LONG. = W 103.387067°

SURFACE LOCATION
NEW MEXICO EAST
NAD 1983
X = 832967'
Y = 528326'
LAT. = N 32.448883°
LONG. = W 103.387941°
NAD 1927
X = 791783'
Y = 528264'
LAT. = N 32.448759°
LONG. = W 103.387463°

LAST TAKE POINT / BOTTOM HOLE
NEW MEXICO EAST
NAD 1983
X = 833157'
Y = 520908'
LAT. = N 32.428492°
LONG. = W 103.387537°
NAD 1927
X = 791974'
Y = 520847'
LAT. = N 32.428367°
LONG. = W 103.387059°

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 3/27/23
 Date

Jason J. Lodge
 Printed Name
 Jason@vfpetroleum.com
 E-mail Address

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.

December 22, 2022
 Date of Survey

 Signature and Seal of Professional Surveyor

MATTHEW B. TOMERLIN
 NEW MEXICO
 23203
 PROFESSIONAL SURVEYOR

Job No.: 22-12-2712
 MATTHEW B. TOMERLIN, N.M.P.L.S.
 Certificate Number 23203

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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1000 Rio Brazos Road, Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-51251	Pool Code 98136	Pool Name WC-0 5 G- 7 S 3505N; BONE SPRING
Property Code 333754	Property Name CACHE RIVER 29 32 STATE COM	Well Number #304H
OGRID No. 24010	Operator Name V-F PETROLEUM INC	Elevation 3639'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	21 S	35 E		2290	SOUTH	600	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	21 S	35 E		100	SOUTH	660	EAST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	Order No.
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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.

FIRST TAKE POINT
NEW MEXICO EAST
NAD 1983
X = 834406'
Y = 528642'
LAT. = N 32.449716°
LONG. = W 103.383266°
NAD 1927
X = 793223'
Y = 528580'
LAT. = N 32.449591°
LONG. = W 103.382788°

SURFACE LOCATION
NEW MEXICO EAST
NAD 1983
X = 834469'
Y = 528392'
LAT. = N 32.449030°
LONG. = W 103.383071°
NAD 1927
X = 793285'
Y = 528331°
LAT. = N 32.448905°
LONG. = W 103.382593°

LAST TAKE POINT / BOTTOM HOLE
NEW MEXICO EAST
NAD 1983
X = 834477'
Y = 520919'
LAT. = N 32.428490°
LONG. = W 103.383259°
NAD 1927
X = 793293'
Y = 520858°
LAT. = N 32.428365°
LONG. = W 103.382782°

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: *Jason J. Lodge* Date: **3/27/23**

Printed Name: **Jason J. Lodge**

E-mail Address: **Jason@vfpetroleum.com**

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.

Date of Survey: **December 22, 2022**

Signature and Seal of Professional Surveyor:

Job No.: 22-12-2712
MATTHEW B. TOMERLIN, N.M.P.L.S.
Certificate Number 23203

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

**V-F Petroleum Inc.
Cache River 29 32 State Com #201H
Bone Spring
Township: 21 South, Range: 35 East, NMPM
Section 29: W2SW4
Section 32: W2W2**

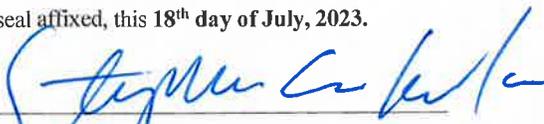
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 01, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 18th day of July, 2023.



COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

EXHIBIT

4

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 undersigned as follows:

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

Subdivisions: W/2SW/4 and W/2W/2 of Sect(s): 29 & 32 Twp: 21S Rng: 35E, NMPM Lea County, NM

Containing 240.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

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4. V-F Petroleum Inc. shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by V-F Petroleum Inc.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as 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, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized

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area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: V-F Petroleum Inc.

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December 9, 2021

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OPERATOR: V-F Petroleum Inc.

BY: Sandra K. Lawlis, Vice President (Name and Title of Authorized Agent)

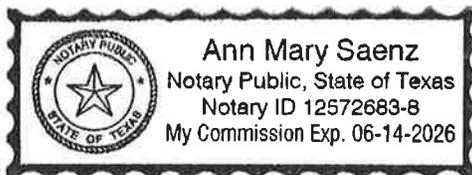
Sandra K. Lawlis (Signature of Authorized Agent)

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on April 14, 2023, by Sandra K. Lawlis, as Vice President of **V-F Petroleum Inc.**, on behalf of same.

Ann Mary Saenz



My commission expires: 6/14/2026

Lease # and Lessee of Record: E0-1921-1 & E0-1924-1, ConocoPhillips Company

BY: Ryan D. Owen, Attorney-in-fact (Name and Title of Authorized Agent)

Ry D. Owen (Signature of Authorized Agent)

BTR
JH

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on December 13,
2022, by Ryan D. Owen, as
Attorney-In-Fact of ConocoPhillips Company, on behalf of
same.



Liz Williams

My commission expires: _____

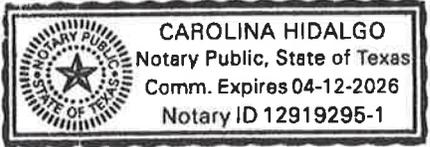
Lease # and Lessee of Record: **B0-935-5, XTO Holdings, LLC**

BY: Angie Repka, Land Manager - Permian - Delaware Basin, Attorney-in-Fact (Name and Title of Authorized Agent)

Angie Repka (Signature of Authorized Agent)

State of TEXAS §
County of HARRIS §

This instrument was acknowledged before me on January 13th, 2023
by Angie Repka, as Land Manager, Permian - Delaware Basin, Attorney-in-Fact
of XTO Holdings, LLC, on behalf of same.



[Signature]

My commission expires: 04-12-2026

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EXHIBIT A

Attached to and made a part of that Communitization Agreement dated May 1st, 2023, by and between V-F Petroleum, Inc., as Operator, and ConocoPhillips Company, et. al., as Lessees of Record, covering the W/2SW/4 of Section 29 & W/2W/2 of Section 32, T21S-R35E, N.M.P.M., Lea County, New Mexico. Limited in depth to the Bone Spring Formation.

DESCRIPTION OF LEASES COMMITTED:

TRACT NO. 1

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1921-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.
Section 29: W/2SW/4
Lea County, NM
Containing 80.00 Acres More or Less

TRACT NO. 2

Lessor: State of New Mexico

Lessee of Record: XTO Holdings, LLC

Serial No. of Lease: B0-935-5

Date of Lease: November 22nd, 1928

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.
Section 32: W/2NW/4
Lea County, NM
Containing 80.00 Acres More or Less

TRACT NO. 3

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1924-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.
Section 32: W/2SW/4
Lea County, NM
Containing 80.00 Acres More or Less

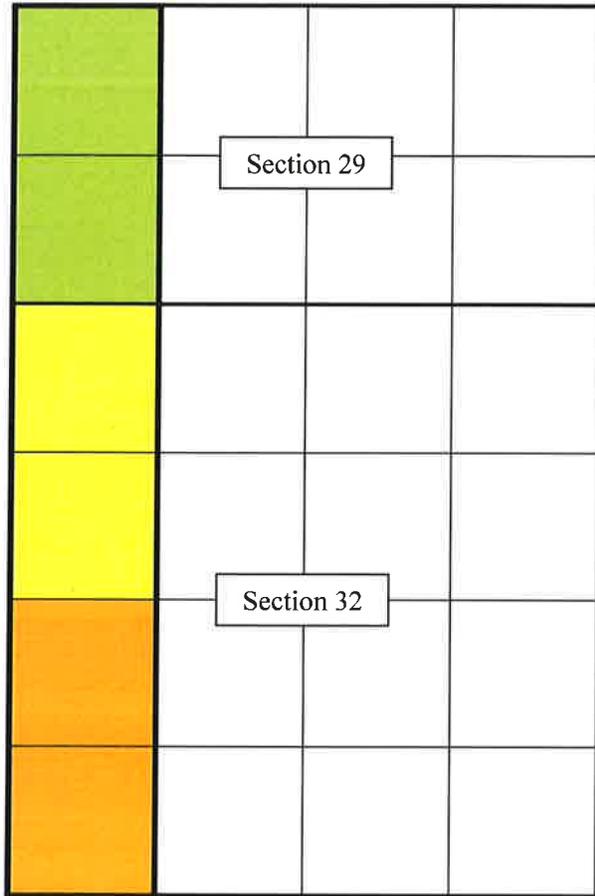
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EXHIBIT A CONT.

LEASE PLAT



Tract 1: State of New Mexico E0-1921-1
Tract 2: State of New Mexico B0-935-5
Tract 3: State of New Mexico E0-1924-1

RECAPITULATION

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	80.00	33.333333%
No. 2	80.00	33.333333%
No. 3	80.00	33.333334%
TOTALS	240.00	100.000000%

ONLINE
version
August, 2021

State/State

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

**V-F Petroleum Inc.
Cache River 29 32 State Com #202H
Bone Spring
Township: 21 South, Range: 35 East, NMPM
Section 29: E2SW4
Section 32: E2W2**

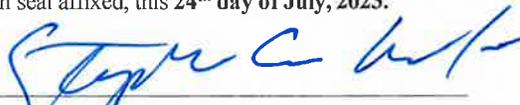
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 01, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **24th day of July, 2023**.



COMMISSIONER OF PUBLIC LANDS
 of the State of New Mexico

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 undersigned as follows:

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

Subdivisions: E/2SW/4 and E/2W/2 of Sect(s): 29 & 32 Twp: 21S Rng: 35E, NMPM Lea County, NM

Containing 240.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. V-F Petroleum Inc. shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by V-F Petroleum Inc.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as 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, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: V-F Petroleum Inc.

ONLINE
version
December 9, 2021

State/State

2023 JUN -1 AM 8:23

OPERATOR: V-F Petroleum Inc.

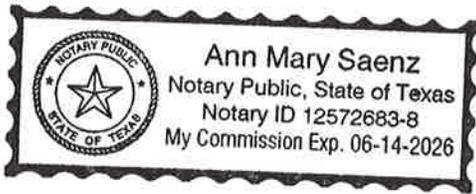
BY: Sandra K. Lawlis, Vice President (Name and Title of Authorized Agent)

Sandra K. Lawlis (Signature of Authorized Agent)

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on April 14, 2023, by Sandra K. Lawlis, as Vice President of V-F Petroleum Inc., on behalf of same.



Ann Mary Saenz

My commission expires: 6/14/2026

Lease # and Lessee of Record: E0-1921-1 & E0-1924-1, ConocoPhillips Company

BY: Ryan D. Owen, Attorney-in-fact (Name and Title of Authorized Agent)

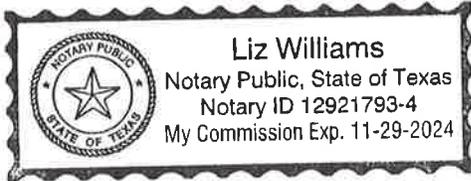
Ryan D. Owen (Signature of Authorized Agent)

BTR
JH

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on December 13,
2022 by Ryan D. Owen, as
Attorney-in-Fact of ConocoPhillips Company, on behalf of
same.



Liz Williams

My commission expires: _____

2023 JUN -1 AM 8:23

Lease # and Lessee of Record: B0-935-5, XTO Holdings, LLC

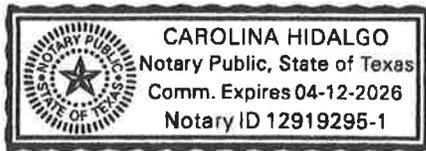
BY: Angie Repka, Land Manager - Permian - Delaware Basis Attorney-in-Fact (Name and Title of Authorized Agent)

BW
Angie Repka (Signature of Authorized Agent)

State of TEXAS §

County of HARRIS §

This instrument was acknowledged before me on January 13th, 2023,
by Angie Repka, as Land Manager - Permian Delaware Basis - Attorney-in-Fact
of XTO Holdings, LLC, on behalf of same.



Carolina Hidalgo (Signature)

My commission expires: 04-12-2026

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated May 1st, 2023, by and between V-F Petroleum, Inc., as Operator, and ConocoPhillips Company, et. al., as Lessees of Record, covering the E/2SW/4 of Section 29 & E/2W/2 of Section 32, T21S-R35E, N.M.P.M., Lea County, New Mexico. Limited in depth to the Bone Spring Formation.

DESCRIPTION OF LEASES COMMITTED:

TRACT NO. 1

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1921-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.

Section 29: E/2SW/4

Lea County, NM

Containing 80.00 Acres More or Less

TRACT NO. 2

Lessor: State of New Mexico

Lessee of Record: XTO Holdings, LLC

Serial No. of Lease: B0-935-5

Date of Lease: November 22nd, 1928

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.

Section 32: E/2NW/4

Lea County, NM

Containing 80.00 Acres More or Less

TRACT NO. 3

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1924-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.

Section 32: E/2SW/4

Lea County, NM

Containing 80.00 Acres More or Less

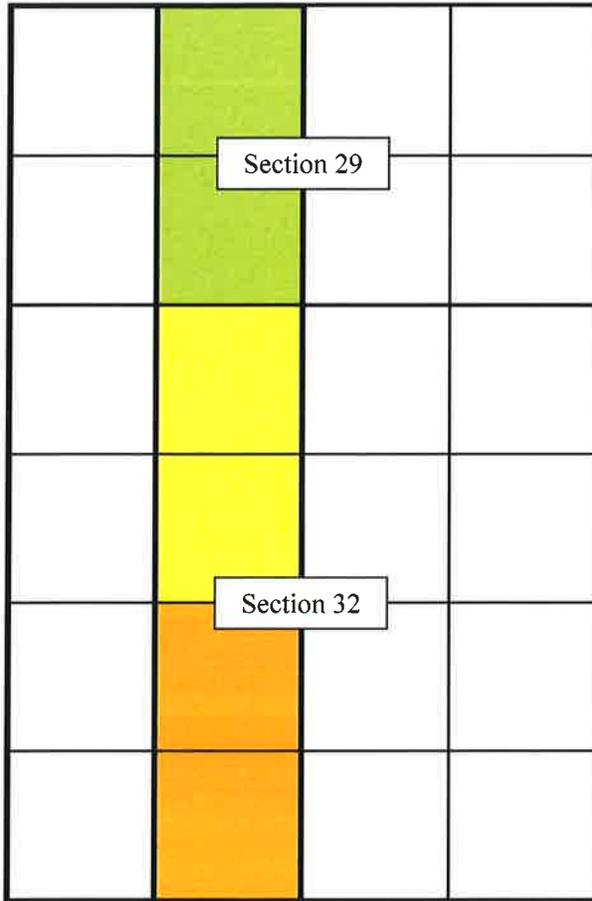
ONLINE
version
August, 2021

State/State

2023 JUN -1 11:08 AM

EXHIBIT A CONT.

LEASE PLAT



Tract 1: State of New Mexico E0-1921-1
Tract 2: State of New Mexico B0-935-5
Tract 3: State of New Mexico E0-1924-1

RECAPITULATION

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	80.00	33.333333%
No. 2	80.00	33.333333%
No. 3	80.00	33.333334%
TOTALS	240.00	100.000000%

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

V-F Petroleum Inc.
Cache River 29 32 State Com #203H
Bone Spring
Township: 21 South, Range: 35 East, NMPM
Section 29: W2SE4
Section 32: W2E2

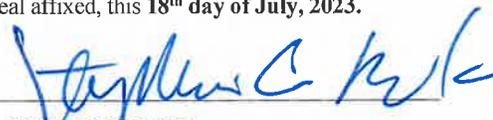
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **August 01, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **18th day of July, 2023**.



COMMISSIONER OF PUBLIC LANDS
 of the State of New Mexico

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 undersigned as follows:

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

Subdivisions: W/2SE/4 and W/2E/2 of Sect(s): 29 & 32 Twp: 21S Rng: 35E, NMPM Lea County, NM

Containing 240.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. V-F Petroleum Inc. shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by V-F Petroleum Inc.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as 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, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: V-F Petroleum Inc.

OPERATOR: V-F Petroleum Inc.

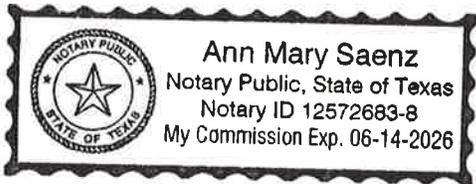
BY: Sandra K. Lawlis, Vice President (Name and Title of Authorized Agent)

Sandra K. Lawlis (Signature of Authorized Agent)

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on April 11, 2023, by Sandra K. Lawlis, as Vice President of **V-F Petroleum Inc.**, on behalf of same.



Ann Mary Saenz

My commission expires: 6/14/2026

Lease # and Lessee of Record: E0-1921-1 & E0-1924-1, ConocoPhillips Company

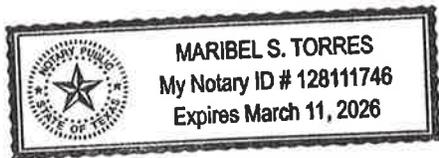
BY: Ryan D. Owen, Attorney-In-Fact (Name and Title of Authorized Agent)

Ry D. Owen (Signature of Authorized Agent)
ae
JH

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on April 13th,
2023, by Ryan D. Owen, as
Attorney-In-Fact of **ConocoPhillips Company**, on behalf of
same.



Maribel Torres

My commission expires: 3/11/2026

2023 JUN - 1 AM 8:22

Lease # and Lessee of Record: VC-0600-1, Permian Resources Operating, LLC

BY: Patrick Godwin - VP of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

State of Texas §

County of Midland §

This instrument was acknowledged before me on April 13,
2023 by Patrick Godwin, as
Vice President of Land of Permian Resources Operating, LLC, on
behalf of same.

[Signature]

My commission expires: 5-29-2026



2023 JUN - 1 AM 8: 22

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated August 1st, 2023, by and between V-F Petroleum, Inc., as Operator, and ConocoPhillips Company, et. al., as Lessees of Record, covering the W/2SE/4 of Section 29 & W/2E/2 of Section 32, T21S-R35E, N.M.P.M., Lea County, New Mexico. Limited in depth to the Bone Spring Formation.

DESCRIPTION OF LEASES COMMITTED:

TRACT NO. 1

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1921-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.
Section 29: W/2SE/4
Lea County, NM
Containing 80.00 Acres More or Less

TRACT NO. 2

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1924-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.
Section 32: W/2NE/4
Lea County, NM
Containing 80.00 Acres More or Less

TRACT NO. 3

Lessor: State of New Mexico

Lessee of Record: Permian Resources Operating, LLC

Serial No. of Lease: VC-600-1

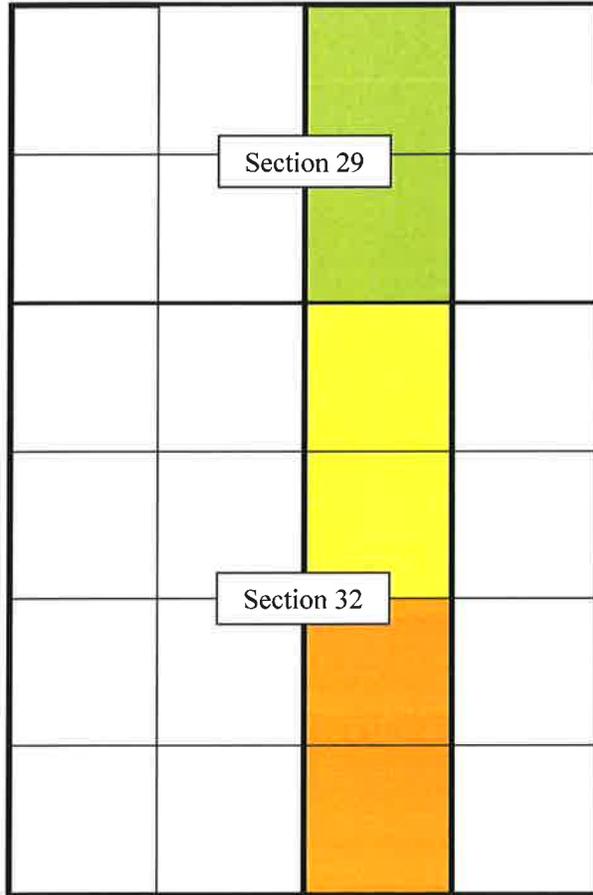
Date of Lease: March 1, 2019

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.
Section 32: W/2SE/4
Lea County, NM
Containing 80.00 Acres More or Less

EXHIBIT A CONT.

LEASE PLAT



Tract 1: State of New Mexico E0-1921-1
Tract 2: State of New Mexico E0-1924-1
Tract 3: State of New Mexico VC-600-1

RECAPITULATION

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area (Must equal 100%)
No. 1	80.00	33.333334%
No. 2	80.00	33.333333%
No. 3	80.00	33.333333%
TOTALS	240.00	100.000000%

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

**V-F Petroleum Inc.
Cache River 29 32 State Com #204H
Bone Spring
Township: 21 South, Range: 35 East, NMPM
Section 29: E2SE4
Section 32: E2E2**

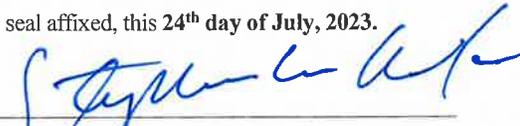
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **August 01, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **24th day of July, 2023**.



COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

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 undersigned as follows:

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

Subdivisions: E/2SE/4 and E/2E/2 of Sect(s): 29 & 32 Twp: 21S Rng: 35E, NMPM Lea County, NM

Containing 240.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. V-F Petroleum Inc. shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by V-F Petroleum Inc.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as 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, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: V-F Petroleum Inc.

OPERATOR: V-F Petroleum Inc.

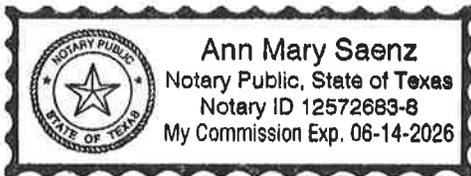
BY: Sandra K. Lawlis, Vice President (Name and Title of Authorized Agent)

Sandra K. Lawlis (Signature of Authorized Agent)

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on April 14, 2023 by Sandra K. Lawlis, as Vice President of **V-F Petroleum Inc.**, on behalf of same.



Ann Mary Saenz

My commission expires: 6/14/2026

Lease # and Lessee of Record: E0-1921-1 & E0-1924-1, ConocoPhillips Company

BY: Ryan D. Owen, Attorney-In-Fact (Name and Title of Authorized Agent)

Ryan D. Owen

(Signature of Authorized Agent)

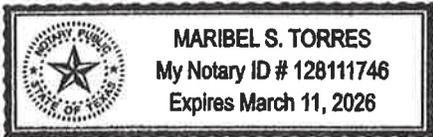
*ae
JH*

State of TEXAS §

County of MIDLAND §

This instrument was acknowledged before me on April 13th,
2023, by Ryan D. Owen, as Attorney-In-Fact of **ConocoPhillips Company**, on
behalf of same.

Maribel S. Torres



My commission expires: 3/11/2026

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated August 1st, 2023, by and between V-F Petroleum Inc., as Operator, and ConocoPhillips Company, as Lessee of Record, covering the E/2SE/4 of Section 29 & E/2E/2 of Section 32, T21S-R35E, N.M.P.M., Lea County, New Mexico. Limited in depth to the Bone Spring Formation.

DESCRIPTION OF LEASES COMMITTED:

TRACT NO. 1

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1921-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.

Section 29: E/2SE/4

Lea County, NM

Containing 80.00 Acres More or Less

TRACT NO. 2

Lessor: State of New Mexico

Lessee of Record: ConocoPhillips Company

Serial No. of Lease: E0-1924-1

Date of Lease: June 10th, 1948

Description of Lands Committed:

Township 21 South – Range 35 East, N.M.P.M.

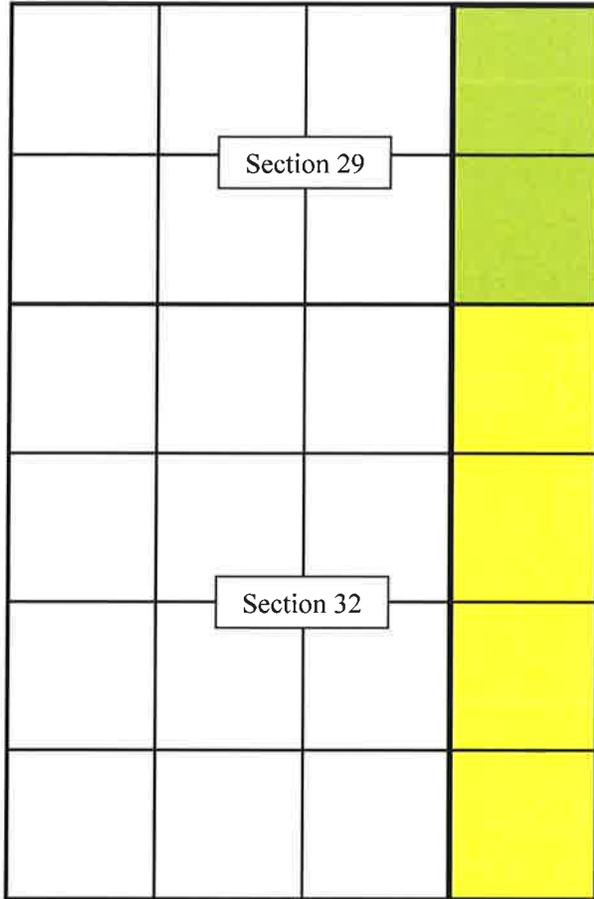
Section 32: E/2E/2

Lea County, NM

Containing 160.00 Acres More or Less

EXHIBIT A CONT.

LEASE PLAT



Tract 1: State of New Mexico
E0-1921-1

Tract 2: State of New Mexico
E0-1924-1

RECAPITULATION

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area (Must equal 100%)
No. 1	80.00	33.333334%
No. 2	160.00	66.666666%
TOTALS	240.00	100.000000%

ADDR1	ADDR2	ADDR3	ADDR4	ADDR5
Fuel Products, Inc.	P.O. Box 1889	Midland	TX	79702
Gahr Energy Company	P.O. Box 1889	Midland	TX	79702
Mid-Western Energy, LLC	P.O. Box 1889	Midland	TX	79702
Michael Christopher Finseth	P.O. Box 7453	Fort Lauderdale	FL	33338
COG Operating LLC	600 W. Illinois Avenue	Midland	TX	79701
HFLP E&P, LLC	P.O. Box 8122	Midland	TX	79708
Legacy Reserves Operating LP	1400 16th Street, Suite 510	Denver	CO	80202
The Ninety-Six Corporation	223 West Wall Street, Suite 700	Midland	TX	79701
Rutter & Wilbanks	P.O. Box 3186	Midland	TX	79702
BEXP II Alpha, LLC	5914 W. Courtman Dr. Suite 200	Austin	TX	78730
BEXP II Omega, LLC	5914 W. Courtman Dr. Suite 200	Austin	TX	78730
Permian Resources Operating, LLC	300 N. Marienfeld Street, Suite 1000	Midland	TX	79701
ConocoPhillips Company	600 W. Illinois Avenue	Midland	TX	79701
Burlington Resources Oil & Gas LP	600 W. Illinois Avenue	Midland	TX	79701
Colgate Royalties, LP	300 N. Marienfeld Street, Suite 1000	Midland	TX	79701
XTO Holdings, LLC	22777 Springwoods Village PKWY	Spring	TX	77389



Paula M. Vance
Associate
Phone (505) 988-4421
Fax (505) 819-5579
pmvance@hollandhart.com

September 15, 2023

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of V-F Petroleum Inc. for administrative approval to surface commingle (lease) oil and gas production from spacing units comprised of the S/2 of Section 29 and all of Section 32, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico (the "Lands")

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from the date the Division receives the application at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Ryan Curry
V-F Petroleum Inc.
(432) 683-3344
Ryan@VFPetroleum.com

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paula M. Vance'.

Paula M. Vance
ATTORNEY FOR V-F PETROLEUM INC.

V-F Petroleum Inc.- Cache River Commingling
Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765413392869	Fuel Products, Inc.	PO Box 1889	Midland	TX	79702-1889	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392807	Gahr Energy Company	PO Box 1889	Midland	TX	79702-1889	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392890	Mid-Western Energy, LLC	PO Box 1889	Midland	TX	79702-1889	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392845	Michael Christopher Finseth	PO Box 7453	Fort Lauderdale	FL	33338-7453	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392883	COG Operating LLC	600 W Illinois Ave	Midland	TX	79701-4882	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392876	HFLP E&P, LLC	PO Box 8122	Midland	TX	79708-8122	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392715	Legacy Reserves Operating LP	1400 16th St Ste 510	Denver	CO	80202-1471	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392760	The Ninety-Six Corporation	223 W Wall St Ste 700	Midland	TX	79701-4695	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392708	Rutter & Wilbanks	PO Box 3186	Midland	TX	79702-3186	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392791	BEXP II Alpha, LLC	5914 W. Courtman Dr. Suite 200	Austin	TX	78730	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392746	BEXP II Omega, LLC	5914 W. Courtman Dr. Suite 200	Austin	TX	78730	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.

V-F Petroleum - Cache River Commingling
Postal Delivery Report

9414811898765413392784	Permian Resources Operating, LLC	300 N Marienfeld St Ste 1000	Midland	TX	79701-4688	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392739	ConocoPhillips Company	600 W Illinois Ave	Midland	TX	79701-4882	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392777	Burlington Resources Oil & Gas LP	600 W Illinois Ave	Midland	TX	79701-4882	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392951	Colgate Royalties, LP	300 N Marienfeld St Ste 1000	Midland	TX	79701-4688	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.
9414811898765413392968	XTO Holdings, LLC	22777 Springwoods Village Pkwy	Spring	TX	77389-1425	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on September 16, 2023 at 4:58 pm. The item is currently in transit to the destination.

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Paula M. Vance](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Lamkin, Baylen L.](#)
Subject: Approved Administrative Order CTB-1105
Date: Friday, January 5, 2024 2:57:51 PM
Attachments: [CTB1105 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1105 which authorizes V-F Petroleum, Inc. (24010) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-51023	Cache River 29 32 State Com #201H	W/2 SW/4	29-21S-35E	98136
		W/2 W/2	32-21S-35E	
30-025-51025	Cache River 29 32 State Com #301H	W/2 SW/4	29-21S-35E	98136
		W/2 W/2	32-21S-35E	
30-025-51024	Cache River 29 32 State Com #202H	E/2 SW/4	29-21S-35E	98136
		E/2 W/2	32-21S-35E	
30-025-51026	Cache River 29 32 State Com #302H	E/2 SW/4	29-21S-35E	98136
		E/2 W/2	32-21S-35E	
30-025-51239	Cache River 29 32 State Com #203H	W/2 SE/4	29-21S-35E	98136
		W/2 E/2	32-21S-35E	
30-025-51250	Cache River 29 32 State Com #303H	W/2 SE/4	29-21S-35E	98136
		W/2 E/2	32-21S-35E	
30-025-51249	Cache River 29 32 State Com #204H	E/2 SE/4	29-21S-35E	98136
		E/2 E/2	32-21S-35E	
30-025-51251	Cache River 29 32 State Com #304H	E/2 SE/4	29-21S-35E	98136
		E/2 E/2	32-21S-35E	

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

From: [Thompson, Joseph A.](#)
To: [Paula M. Vance](#)
Cc: [Lamkin, Baylen L.](#)
Subject: RE: V-F Petroleum Commingling Application
Date: Wednesday, September 20, 2023 8:16:00 AM
Attachments: [image001.jpg](#)
[image004.jpg](#)
[image014.png](#)
[image003.jpg](#)
[image005.jpg](#)
[image008.jpg](#)
[image009.jpg](#)
[image012.jpg](#)
[image015.jpg](#)

External Email

Paula,

Thank you for stopping by, it was a great to meet you. Yes, V-F Petroleum’s Cache River Commingling application has been received.

Please let me know if you have any further questions.

Regards,

Joseph Thompson

*Petroleum Specialist Advanced
 Petroleum Engineer
 Oil, Gas and Minerals Division
 505.827.5750
 New Mexico State Land Office
 310 Old Santa Fe Trail
 P.O. Box 1148
 Santa Fe, NM 87504-1148
jthompson@slo.state.nm.us
nmstatelands.org*

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From: Paula M. Vance <PMVance@hollandhart.com>
Sent: Tuesday, September 19, 2023 10:30 AM
To: Thompson, Joseph A. <jthompson@slo.state.nm.us>
Cc: Lamkin, Baylen L. <blamkin@slo.state.nm.us>
Subject: [EXTERNAL] RE: V-F Petroleum Commingling Application

Joseph,

Great , meeting you! Just following-up to confirm that SLO received V-F Petroleum’s Cache River Commingling Application. If you can respond, it would be appreciated and I’ll forward that to Dean at OCD. Thanks.

Paula Vance
Associate, Holland & Hart LLP

pmvance@hollandhart.com | T: (505) 954-7286 | M: (337) 280-9055

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From: Thompson, Joseph A. <jthompson@slo.state.nm.us>
Sent: Tuesday, September 19, 2023 8:55 AM
To: Paula M. Vance <PMVance@hollandhart.com>
Subject: RE: V-F Petroleum Commingling Application

External Email

Good morning Paula,

I am available anytime before noon and after 1 pm.

Regards,

Joseph Thompson

Petroleum Specialist Advanced

Petroleum Engineer

Oil, Gas and Minerals Division

505.827.5750

New Mexico State Land Office

310 Old Santa Fe Trail

P.O. Box 1148

Santa Fe, NM 87504-1148

jthompson@slo.state.nm.us

nmstatelands.org

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From: Paula M. Vance <PMVance@hollandhart.com>
Sent: Tuesday, September 19, 2023 8:36 AM
To: Thompson, Joseph A. <jthompson@slo.state.nm.us>

Subject: [EXTERNAL] RE: V-F Petroleum Commingling Application

Joseph,

Good morning. Let me know what time works best for you. I have a call at 9 am but I'm open other than that. Thanks!

Paula Vance
Associate, Holland & Hart LLP

pmvance@hollandhart.com | **T:** (505) 954-7286 | **M:** (337) 280-9055

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From: Lamkin, Baylen L. <blamkin@slo.state.nm.us>
Sent: Tuesday, September 19, 2023 8:35 AM
To: Paula M. Vance <PMVance@hollandhart.com>
Cc: Thompson, Joseph A. <jthompson@slo.state.nm.us>
Subject: RE: V-F Petroleum Commingling Application

External Email

Joseph is at the office and will be available to accept the application. I have copied him so that you can coordinate a time that works best.

- Baylen

From: Paula M. Vance [<mailto:PMVance@hollandhart.com>]
Sent: Tuesday, September 19, 2023 8:31 AM
To: Lamkin, Baylen L. <blamkin@slo.state.nm.us>
Subject: [EXTERNAL] RE: V-F Petroleum Commingling Application

Baylen,

That sounds great. Please let me know if they are available and I'll swing by and drop it off. Thanks!

Paula Vance
Associate, Holland & Hart LLP

pmvance@hollandhart.com | **T:** (505) 954-7286 | **M:** (337) 280-9055

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From: Lamkin, Baylen L. <blamkin@slo.state.nm.us>
Sent: Tuesday, September 19, 2023 8:28 AM
To: Paula M. Vance <PMVance@hollandhart.com>
Subject: RE: V-F Petroleum Commingling Application

External Email

Good morning Paula,

I am working from home today, but I can see if Joseph or Pete are there to receive the application.

Kind regards,

Baylen Lamkin, MBA

Petroleum Specialist Supervisor

Petroleum Engineer

Oil, Gas and Minerals Division

Office 505.827.6628

Cell 505.231.0420

New Mexico State Land Office

310 Old Santa Fe Trail

P.O. Box 1148

Santa Fe, NM 87504-1148

blamkin@slo.state.nm.us

nmstatelands.org

[@NMLandOffice](#)

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From: Paula M. Vance [<mailto:PMVance@hollandhart.com>]

Sent: Tuesday, September 19, 2023 8:25 AM

To: Lamkin, Baylen L. <blamkin@slo.state.nm.us>

Subject: [EXTERNAL] V-F Petroleum Commingling Application

Baylen,

Are you around the SLO building today? I need to file a commingling application and I figured I would see if you were available to meeting in-person. Thanks. Also, with this application since we are filing with the SLO, I figured I would just request an email confirmation of receipt from your end for purposes of notice (and just send that to Dean). Trying to avoid sending multiple copies of the application.

Thanks!



Paula Vance

Associate

HOLLAND & HART LLP

110 North Guadalupe Street, Suite 1, Santa Fe, NM 87501

pmvance@hollandhart.com | **T:** (505) 954-7286 | **M:** (337) 280-9055

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Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

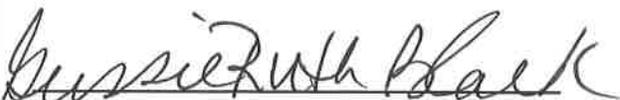
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
September 21, 2023
and ending with the issue dated
September 21, 2023.



Publisher

Sworn and subscribed to before me this
21st day of September 2023.



Business Manager

My commission expires
January 29, 2027

(Seal)
STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL NOTICE September 21, 2023

To: All affected parties, including: Fuel Products, Inc.; Gahr Energy Company; Mid-Western Energy, LLC; Michael Christopher Finseth; COG Operating LLC; HFLP E&P, LLC; Legacy Reserves Operating LP; The Ninety-Six Corporation; Rutter & Wilbanks; BEXP II Alpha, LLC; BEXP II Omega, LLC; Permian Resources Operating, LLC; ConocoPhillips Company; Burlington Resources Oil & Gas LP; Colgate Royalties, LP; XTO Holdings, LLC, and New Mexico State Land Office.

Application of V-F Petroleum Inc. for administrative approval to surface commingle (lease) oil and gas production from spacing units comprised of the S/2 of Section 29 and all of Section 32, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico (the "Lands"). V-F Petroleum Inc. (OGRID No. 24010), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (lease) diversely owned oil and gas production at the Cache River Tank Battery insofar as all existing and future infill wells drilled in the following spacing units:

(a) The 240-acre spacing unit comprised of the W/2 SW/4 of Section 29 and the W/2 W/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the Cache River 29 32 State Com #201H (API. No. 30-025-51023) and Cache River 29 32 State Com #301H (API. No. 30-025-51025);

(b) The 240-acre spacing unit comprised of the E/2 SW/4 of Section 29 and the E/2 W/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the Cache River 29 32 State Com #202H (API. No. 30-025-51024) and Cache River 29 32 State Com #302H (API. No. 30-025-51026);

(c) The 240-acre spacing unit comprised of the W/2 SE/4 of Section 29 and the W/2 E/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the Cache River 29 32 State Com #203H (API. No. 30-025-51239) and Cache River 29 32 State Com #303H (API. No. 30-025-51250);

(d) The 240-acre spacing unit comprised of the E/2 SE/4 of Section 29 and the E/2 E/2 of Section 32, in the WC-025 G-07 S223505N; Bone Spring (98136) – currently dedicated to the Cache River 29 32 State Com #204H (API. No. 30-025-51249) and Cache River 29 32 State Com #304H (API. No. 30-025-51251); and

(e) Pursuant to 19.15.12.10.C(4)(g), from all future additions of pools, leases or leases and pools connected to the Cache River Tank Battery with notice provided only to the interest owners whose interest in the production is to be added.

Any objection to this application must be filed in writing within twenty days from date of publication with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division. If you have any questions about this application, please contact Ryan Curry, V-F Petroleum Inc., (432) 683-3344 or Ryan@VFPetroleum.com. #00282915

67100754

00282915

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY V-F PETROLEUM, INC.**

ORDER NO. CTB-1105

ORDER

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

FINDINGS OF FACT

1. V-F Petroleum, Inc. (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
6. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, 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

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
11. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
12. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

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

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

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

Applicant is authorized to store and measure oil 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 or gas title transfer meter described in Exhibit A.

2. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and

regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.

- 6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
- 7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 8. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
- 9. If a well is not included in Exhibit A but produces from a pool and lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
- 10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 11. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 12. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



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

DATE: 1/5/24

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1105
Operator: V-F Petroleum, Inc. (24010)
Central Tank Battery: Cache River Tank Battery
Central Tank Battery Location: UL A, Section 32, Township 21 South, Range 35 East
Gas Title Transfer Meter Location: UL A, Section 32, Township 21 South, Range 35 East

Pools

Pool Name	Pool Code
WC-025 G-07 S223505N; BONE SPRING	98136

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Bone Spring NMSLO 204599 PUN 1399596	W/2 SW/4	29-21S-35E
	W/2 W/2	32-21S-35E
CA Bone Spring NMSLO 204602 PUN 1399604	E/2 SW/4	29-21S-35E
	E/2 W/2	32-21S-35E
CA Bone Spring NMSLO 204598 PUN 1400923	W/2 SE/4	29-21S-35E
	W/2 E/2	32-21S-35E
CA Bone Spring NMSLO 204615 PUN 1399687	E/2 SE/4	29-21S-35E
	E/2 E/2	32-21S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-51023	Cache River 29 32 State Com #201H	W/2 SW/4	29-21S-35E	98136
		W/2 W/2	32-21S-35E	
30-025-51025	Cache River 29 32 State Com #301H	W/2 SW/4	29-21S-35E	98136
		W/2 W/2	32-21S-35E	
30-025-51024	Cache River 29 32 State Com #202H	E/2 SW/4	29-21S-35E	98136
		E/2 W/2	32-21S-35E	
30-025-51026	Cache River 29 32 State Com #302H	E/2 SW/4	29-21S-35E	98136
		E/2 W/2	32-21S-35E	
30-025-51239	Cache River 29 32 State Com #203H	W/2 SE/4	29-21S-35E	98136
		W/2 E/2	32-21S-35E	
30-025-51250	Cache River 29 32 State Com #303H	W/2 SE/4	29-21S-35E	98136
		W/2 E/2	32-21S-35E	
30-025-51249	Cache River 29 32 State Com #204H	E/2 SE/4	29-21S-35E	98136
		E/2 E/2	32-21S-35E	
30-025-51251	Cache River 29 32 State Com #304H	E/2 SE/4	29-21S-35E	98136
		E/2 E/2	32-21S-35E	

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 266566

CONDITIONS

Operator: V-F PETROLEUM INC P.O. Box 1889 Midland, TX 79702	OGRID: 24010
	Action Number: 266566
	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.	1/5/2024