

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

**APPLICATION OF SAN JUAN RESOURCES,
INC. FOR APPROVAL OF THE MCSIMMS
(MANCOS) FEDERAL UNIT, RIO ARRIBA
COUNTY, NEW MEXICO.**

CASE NO._____

APPLICATION

San Juan Resources, Inc. (OGRID 20208) ("SJR") files this application for an order approving the proposed McSimms (Mancos) Federal Unit. In support of its application, SJR states:

1. The proposed Unit Area consists of approximately 7,094.52 acres, more or less, of the following federal and patented lands situated in Rio Arriba County, New Mexico:

Township 30 North, Range 4 West, N.M.P.M.

Section 1: All
Section 2: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 35: N2
Section 36: N2

2. SJR is the designated operator under the proposed Unit Agreement and the unitized interval includes all depths from the top of the Mancos formation at 6,927 feet down to the stratigraphic equivalent of the base of the Mancos formation at a depth of 8,636 feet as encountered in the Carson #1 SWD well (API 30-039-26868) in the NW/4 Section 26, T30N, R4W.

3. SJR has obtained approval of the proposed Unit Agreement by a sufficient percentage of the working interest owners to provide effective control of unit operations.

5. SJR has met with the Bureau of Land Management and received approval of the proposed unit.

6. The Unit Agreement, and the unitized operation and management of the Unit Area, are in the best interests of conservation, the prevention of waste and the protection of correlative rights. A copy of the Unit Agreement accompanies this Application as Exhibit "1."

WHEREFORE, San Juan Resources, Inc. requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on August 7, 2025, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

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CASE _____: Application of San Juan Resources, Inc. for Approval of the McSimms (Mancos) Federal Unit, Rio Arriba County, New Mexico. Applicant seeks approval of the McSimms (Mancos) Federal Unit consisting of approximately 7,094.52 acres of the following patented and federal lands situated in Rio Arriba County, New Mexico:

Township 30 North, Range 4 West, N.M.P.M.

Section 1: All
Section 2: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 35: N2
Section 36: N2

The unitized interval includes all depths from the top to the base of Mancos formation. The subject acreage is located approximately 12.5 miles southwest of Dulce, New Mexico and 20 miles east of Navajo Dam, New Mexico.

EXHIBIT 1

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
MCSIMMS (MANCOS) UNIT AREA
COUNTY OF RIO ARRIBA
STATE OF NEW MEXICO
NO. _____

THIS AGREEMENT, entered into as of the 25th day of January, 2023, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty, or other oil and gas interests in the unit area subject to this agreement; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. Sec. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit plan of development or operation of any oil and gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the parties hereto hold sufficient interests in the McSimms (Mancos) Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below-defined unit area and agree severally among themselves as follows:

1. **ENABLING ACT AND REGULATIONS.** The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. **UNIT AREA.** The area specified on the map attached hereto, marked Exhibit "A," is hereby designated and recognized as constituting the unit area, containing 7,094.52 acres, more or less.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in Exhibits "A" or "B" shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the Exhibits as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or in the ownership interests in the individual tracts render such revision necessary, or when

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1 requested by the Authorized Officer, hereinafter referred to as "AO" and not less than four copies of
2 the revised Exhibits shall be filed with the proper Bureau of Land Management office.

3
4 The above-described unit area shall when practicable be expanded to include therein any
5 additional lands or shall be contracted to exclude lands whenever such expansion or contraction is
6 deemed to be necessary or advisable to conform with the purposes of this agreement. Such
7 expansion or contraction shall be effected in the following manner:

8
9 (a) Unit Operator, on its own motion (after preliminary concurrence by the AO), or on
10 demand of the AO, shall prepare a notice of proposed expansion or contraction describing the
11 contemplated changes in the boundaries of the unit area, the reasons therefor, any plans for
12 additional drilling, and the proposed effective date of the expansion or contraction, preferably the
13 first day of a month subsequent to the date of notice.

14
15 (b) Said notice shall be delivered to the proper Bureau of Land Management office, and
16 copies thereof mailed to the last known address of each working interest owner, lessee and lessor
17 whose interests are affected, advising that 30 days will be allowed for submission to the Unit
18 Operator of any objections.

19
20 (c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit
21 Operator shall file with the AO evidence of mailing of the notice of expansion or contraction and a
22 copy of any objections thereto which have been filed with Unit Operator, together with an
23 application in triplicate, for approval of such expansion or contraction and with appropriate
24 joinders.

25
26 (d) After due consideration of all pertinent information, the expansion or contraction shall,
27 upon approval by the AO, become effective as of the date prescribed in the notice thereof or such
28 other appropriate date.

29
30 (e) All legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or
31 tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered
32 in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are in or entitled
33 to be in a participating area on or before the fifth anniversary of the effective date of the first initial
34 participating area established under this unit agreement, shall be eliminated automatically from this
35 agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the unit
36 area and shall no longer be subject to this agreement, unless diligent drilling operations are in
37 progress on unitized lands not entitled to participation on said fifth anniversary, in which event all
38 such lands shall remain subject hereto for so long as such drilling operations are continued
39 diligently, with not more than 90 days' time elapsing between the completion of one such well and
40 the commencement of the next such well. All legal subdivisions of lands not entitled to be in a
41 participating area within 10 years after the effective date of the first initial participating area
42 approved under this agreement shall be automatically eliminated from this agreement as of said
43 tenth anniversary. The Unit Operator shall, within 90 days after the effective date of any
44 elimination hereunder, describe the area so eliminated to the satisfaction of the AO and promptly
45 notify all parties in interest. All lands reasonably proved productive of unitized substances in
46 paying quantities by diligent drilling operations after the aforesaid 5-year period shall become
47 participating in the same manner as during said first 5-year period. However, when such diligent
48 drilling operations cease, all non-participating lands not then entitled to be in a participating area
49 shall be automatically eliminated effective as of the 91st day thereafter.

50
51 Any expansion of the unit area pursuant to this section which embraces lands theretofore
52 eliminated pursuant to this subsection 2(e) shall not be considered automatic commitment or
53 recommitment of such lands. If conditions warrant extension of the 10-year period specified in this
54 subsection, a single extension of not to exceed 2 years may be accomplished by consent of the
55 owners of 90% of the working interest in the current non-participating unitized lands and the
56 owners of 60% of the basic royalty interests (exclusive of the basic royalty interests of the United
57 States) in non-participating unitized lands with approval of the AO, provided such extension
58 application is submitted not later than 60 days prior to the expiration of said 10-year period.

59
60
61 **3. UNITIZED LAND AND UNITIZED SUBSTANCES.** All land now or hereafter
62 committed to this agreement shall constitute land referred to herein as "unitized land" or "land

EXHIBIT 1

subject to this agreement". All oil and gas in any and all formations of the unitized land from the Top of the Mancos Formation, which is defined as the stratigraphic equivalent of 6,927 feet measured depth, down to the base of the Mancos Formation, which is defined as the stratigraphic equivalent of 8,636 feet measured depth, as shown in the Carson #1 SWD Well (API#30-039-26868) well located in the NW/4, Section 26, Township 30 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico as set forth on Exhibit "C" attached hereto, are unitized under the terms of this agreement and herein are called "unitized substances"; provided, however, that it is the specific intent of the parties hereto not to cause or effectuate any horizontal segregation of any Federal lease committed hereto as a consequence of the aforementioned depth limitations of the unitized lands.

4. UNIT OPERATOR. San Juan Resources, Inc. is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest only when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners and the AO and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the AO, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time after a participating area established hereunder is in existence, but in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the AO.

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, materials, and appurtenances used in conducting the unit operations to the new duly qualified successor Unit Operator or to the common agent, if no such new Unit Operator is selected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment, or appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by the working interest owners, the owners of the working interests according to their respective acreage interests in all unitized land shall, pursuant to the Approval of the Parties requirements of the unit operating agreement, select a successor Unit Operator. Such selection shall not become effective until:

(a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and

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(b) the selection shall have been approved by the AO.

If no successor Unit Operator is selected and qualified as herein provided, the AO at his election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this agreement and the unit operating agreement, this agreement shall govern. Two copies of any unit operating agreement executed pursuant to this section shall be filed in the proper Bureau of Land Management office, prior to approval of this unit agreement.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location approved by the AO, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until a 2,600 foot horizontal lateral in the Mancos Formation has been tested or the Unit Operator shall at any time establish to the satisfaction of the AO that further drilling of said well would be unwarranted or impracticable. Until the discovery of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing and producing operations, with a reasonable profit), the Unit Operator shall continue drilling one well at a time, allowing not more than six months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

The AO may modify any of the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted.

Notwithstanding anything in this unit agreement to the contrary, except Section 25, UNAVOIDABLE DELAY, two (2) wells shall be drilled with not more than six months time elapsing between the completion of the first well and commencement of drilling operations for the second well regardless of whether a discovery has been made in any well drilled under this

EXHIBIT 1

1 provision. Both the initial well and the second well must be drilled in compliance with the above
2 specified formation or depth requirements in order to meet the dictates of this section with the
3 second well being drilled at a location approved by the AO. Nevertheless, in the event of the
4 discovery of unitized substances in paying quantities by any well, this unit agreement shall not
5 terminate for failure to complete the two-well program, but the unit area shall be contracted
6 automatically, effective the first day of the month following the default, to eliminate by
7 subdivisions (as defined in Section 2(e) hereof) all lands not then entitled to be in a participating
8 area.

9
10 Until the establishment of a participating area, the failure to commence a well subsequent to
11 the drilling of the initial obligation well, or in the case of multiple well requirements, if specified,
12 subsequent to the drilling of those multiple wells, as provided for in this (these) section(s), within
13 the time allowed including any extension of time granted by the AO, shall cause this agreement to
14 terminate automatically. Upon failure to continue drilling diligently any well other than the
15 obligation well(s) commenced hereunder, the AO may, after 15 days notice to the Unit Operator,
16 declare this unit agreement terminated. Failure to commence drilling the initial obligation well, or
17 the first of multiple obligation wells, on time and to drill it diligently shall result in the unit
18 agreement approval being declared invalid ab initio by the AO. In the case of multiple well
19 requirements, failure to commence drilling the required multiple wells beyond the first well, and to
20 drill them diligently, may result in the unit agreement approval being declared invalid ab initio by
21 the AO.

22
23 **10. PLAN OF FURTHER DEVELOPMENT AND OPERATION.** Within 6 months
24 after completion of a well capable of producing unitized substances in paying quantities, Operator
25 shall submit for the approval of the AO an acceptable plan of development and operation for the
26 unitized land which, when approved by the AO, shall constitute the further drilling and
27 development obligations of the Unit Operator under this agreement for the period specified therein.
28 The initial plan of development is attached as Exhibit "D" and, upon approval of this Unit Agreement,
29 the plan of development attached as Exhibit "D" shall be deemed approved. Thereafter, from time to
30 time before the expiration of any existing plan, the Unit Operator shall submit for the approval of
31 the AO a plan for an additional specified period for the development and operation of the unitized
32 land. Subsequent plans should normally be filed on a calendar year basis not later than March 1
33 each year. Any proposed modification or addition to the existing plan should be filed as a
34 supplement to the plan.

35
36 Any plan submitted pursuant to this section shall provide for the timely exploration of the
37 unitized area, and for the diligent drilling necessary for determination of the area or areas capable of
38 producing unitized substances in paying quantities in each and every productive formation. This
39 plan shall be as complete and adequate as the AO may determine to be necessary for timely
40 development and proper conservation of the oil and gas resources of the unitized area and shall:

41
42 (a) specify the number and locations of any wells to be drilled and the proposed order and
43 time for such drilling; and

44
45 (b) provide a summary of operations and production for the previous year.

46
47 Plans shall be modified or supplemented when necessary to meet changed conditions or to
48 protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in
49 complying with the obligations of the approved plan of development and operation. The AO is
50 authorized to grant a reasonable extension of the 6 month period herein prescribed for submission of
51 an initial plan of development and operation where such action is justified because of unusual
52 conditions or circumstances.

53
54 After completion of a well capable of producing unitized substances in paying quantities, no
55 further wells, except such as may be necessary to afford protection against operations not under this
56 agreement and such as may be specifically approved by the AO, shall be drilled except in
57 accordance with an approved plan of development and operation.

58
59 **11. PARTICIPATION AFTER DISCOVERY.** Upon completion of a well capable of
60 producing unitized substances in paying quantities, or as soon thereafter as required by the AO, the
61 Unit Operator shall submit for approval by the AO, a schedule, based on subdivisions of the public-
62 land survey or aliquot parts thereof, of all land then regarded as reasonably proved to be productive

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1 of unitized substances in paying quantities. These lands shall constitute a participating area on
2 approval of the AO, effective as of the date of completion of such well or the effective date of this
3 unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be
4 based upon appropriate computations from the courses and distances shown on the last approved
5 public-land survey as of the effective date of each initial participating area. The schedule shall also
6 set forth the percentage of unitized substances to be allocated, as provided in Section 12, to each
7 committed tract in the participating area so established, and shall govern the allocation of
8 production commencing with the effective date of the participating area. A different participating
9 area shall be established for each separate pool or deposit of unitized substances or for any group
10 thereof which is produced as a single pool or zone, and any two or more participating areas so
11 established may be combined into one, on approval of the AO. When production from two or more
12 participating areas is subsequently found to be from a common pool or deposit, the participating
13 areas shall be combined into one, effective as of such appropriate date as may be approved or
14 prescribed by the AO. The participating area or areas so established shall be revised from time to
15 time, subject to the approval of the AO, to include additional lands then regarded as reasonably
16 proved to be productive of unitized substances in paying quantities or which are necessary for unit
17 operations, or to exclude lands then regarded as reasonably proved not to be productive of unitized
18 substances in paying quantities, and the schedule of allocation percentages shall be revised
19 accordingly. The effective date of any revision shall be the first of the month in which the
20 knowledge or information is obtained on which such revision is predicated; provided, however, that
21 a more appropriate effective date may be used if justified by Unit Operator and approved by the
22 AO. No land shall be excluded from a participating area on account of depletion of its unitized
23 substances, except that any participating area established under the provisions of this unit agreement
24 shall terminate automatically whenever all completions in the formation on which the participating
25 area is based are abandoned.

26
27 It is the intent of this section that a participating area shall represent the area known or
28 reasonably proved to be productive of unitized substances in paying quantities or which are
29 necessary for unit operations; but, regardless of any revision of the participating area, nothing
30 herein contained shall be construed as requiring any retroactive adjustment for production obtained
31 prior to the effective date of the revision of the participating area.

32
33 In the absence of agreement at any time between the Unit Operator and the AO as to the
34 proper definition or redefinition of a participating area, or until a participating area has, or areas
35 have, been established, the portion of all payments affected thereby shall, except royalty due the
36 United States, be impounded in a manner mutually acceptable to the owners of committed working
37 interests. Royalties due the United States shall be determined by the AO and the amount thereof
38 shall be deposited, as directed by the AO, until a participating area is finally approved and then
39 adjusted in accordance with a determination of the sum due as Federal royalty on the basis of such
40 approved participating area.

41
42 Whenever it is determined, subject to the approval of the AO, that a well drilled under this
43 agreement is not capable of production of unitized substances in paying quantities and inclusion in a
44 participating area of the land on which it is situated is unwarranted, production from such well shall,
45 for the purposes of settlement among all parties other than working interest owners, be allocated to
46 the land on which the well is located, unless such land is already within the participating area
47 established for the pool or deposit from which such production is obtained. Settlement for working
48 interest benefits from such a nonpaying unit well shall be made as provided in the unit operating
49 agreement.

50
51 **12. ALLOCATION OF PRODUCTION.** All unitized substances produced from a
52 participating area established under this agreement, except any part thereof used in conformity with
53 good operating practices within the unitized area for drilling, operating and other production or
54 development purposes, for repressuring or recycling in accordance with a plan of development and
55 operations that has been approved by the AO, or unavoidably lost, shall be deemed to be produced
56 equally on an acreage basis from the several tracts of unitized land and unleased Federal land, if
57 any, included in the participating area established for such production. Each such tract shall have
58 allocated to it such percentage of said production as the number of acres of such tract included in
59 said participating area bears to the total acres of unitized land and unleased Federal land, if any,
60 included in said participating area. There shall be allocated to the working interest owner(s) of
61 each tract of unitized land in said participating area, in addition, such percentage of the production
62 attributable to the unleased Federal land within the participating area as the number of acres of such

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1 unitized tract included in said participating area bears to the total acres of unitized land in said
2 participating area, for the payment of the compensatory royalty specified in Section 17 of this
3 agreement. Allocation of production hereunder for purposes other than for settlement of the
4 royalty, overriding royalty, or payment out of production obligations of the respective working
5 interest owners, including compensatory royalty obligations under Section 17, shall be prescribed as
6 set forth in the unit operating agreement or as otherwise mutually agreed by the affected parties. It
7 is hereby agreed that production of unitized substances from a participating area shall be allocated
8 as provided herein, regardless of whether any wells are drilled on any particular part or tract of the
9 participating area. If any gas produced from one participating area is used for repressuring or
10 recycling purposes in another participating area, the first gas withdrawn from the latter participating
11 area for sale during the life of this agreement, shall be considered to be the gas so transferred, until
12 an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to
13 the participating area from which initially produced as such area was defined at the time that such
14 transferred gas was finally produced and sold.

15
16 **13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR**
17 **FORMATIONS.** Any operator may, with the approval of the AO, at such party's sole risk, cost,
18 and expense, drill a well on the unitized land to test any formation provided the well is outside any
19 participating area established for that formation, unless within 90 days of receipt of notice from said
20 party of his intention to drill the well, the Unit Operator elects and commences to drill the well in a
21 like manner as other wells are drilled by the Unit Operator under this agreement.

22
23 If any well drilled under this section by a non-unit operator results in production of unitized
24 substances in paying quantities such that the land upon which it is situated may properly be
25 included in a participating area, such participating area shall be established or enlarged as provided
26 in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with
27 the terms of this agreement and the unit operating agreement.

28
29 If any well drilled under this section by a non-unit operator obtains production in quantities
30 insufficient to justify the inclusion of the land upon which such well is situated in a participating
31 area, such well may be operated and produced by the party drilling the same, subject to the
32 conservation requirements of this agreement. The royalties in amount or value of production from
33 any such well shall be paid as specified in the underlying lease and agreements affected.

34
35 **14. ROYALTY SETTLEMENT.** The United States and any State and any royalty owner
36 who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be
37 entitled to the right to take in kind its share of the unitized substances, and Unit Operator, or the
38 non-unit operator in the case of the operation of a well by a non-unit operator as herein provided for
39 in special cases, shall make deliveries of such royalty share taken in kind in conformity with the
40 applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be
41 made by an operator responsible therefor under existing contracts, laws and regulations, or by the
42 Unit Operator on or before the last day of each month for unitized substances produced during the
43 preceding calendar month; provided, however, that nothing in this section shall operate to relieve
44 the responsible parties of any land from their respective lease obligations for the payment of any
45 royalties due under their leases.

46
47 If gas obtained from lands not subject to this agreement is introduced into any participating
48 area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery,
49 in conformity with a plan of development and operation approved by the AO, a like amount of gas,
50 after settlement as herein provided for any gas transferred from any other participating area and
51 with appropriate deduction for loss from any cause, may be withdrawn from the formation into
52 which the gas is introduced, royalty free as to dry gas, but not as to any products which may be
53 extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the
54 approved plan of development and operation or as may otherwise be consented to by the AO as
55 conforming to good petroleum engineering practice; and provided further, that such right of
56 withdrawal shall terminate on the termination of this unit agreement.

57
58 Royalty due the United States shall be computed as provided in 30 CFR Group 200 and paid
59 in value or delivered in kind as to all unitized substances on the basis of the amounts thereof
60 allocated to unitized Federal land as provided in Section 12 at the rates specified in the respective
61 Federal leases, or at such other rate or rates as may be authorized by law or regulation and approved
62 by the AO; provided, that for leases on which the royalty rate depends on the daily average

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1 production per well, said average production shall be determined in accordance with the operating
2 regulations as though each participating area were a single consolidated lease.

3
4 **15. RENTAL SETTLEMENT.** Rental or minimum royalties due on leases committed
5 hereto shall be paid by the appropriate parties under existing contracts, laws, and regulations,
6 provided that nothing herein contained shall operate to relieve the responsible parties of the land
7 from their respective obligations for the payment of any rental or minimum royalty due under their
8 leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be
9 paid at the rate specified in the respective leases from the United States unless such rental or
10 minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his
11 duly authorized representative.

12
13 With respect to any lease on non-Federal land containing provisions which would terminate
14 such lease unless drilling operations are commenced upon the land covered thereby within the time
15 therein specified or rentals are paid for the privilege of deferring such drilling operations, the rentals
16 required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue
17 and become payable during the term thereof as extended by this agreement and until the required
18 drilling operations are commenced upon the land covered thereby, or until some portion of such
19 land is included within a participating area.

20
21 **16. CONSERVATION.** Operations hereunder and production of unitized substances shall
22 be conducted to provide for the most economical and efficient recovery of said substances without
23 waste, as defined by or pursuant to State or Federal law or regulation.

24
25 **17. DRAINAGE.**

26
27 (a) The Unit Operator shall take such measures as the AO deems appropriate and adequate
28 to prevent drainage of unitized substances from unitized land by wells on land not subject to this
29 agreement, which shall include the drilling of protective wells and which may include the payment
30 of a fair and reasonable compensatory royalty, as determined by the AO.

31
32 (b) Whenever a participating area approved under Section 11 of this agreement contains
33 unleased Federal lands, the value of 16.67 percent of the production that would be allocated to such
34 Federal lands under Section 12 of this agreement, if such lands were leased, committed and entitled
35 to participation, shall be payable as compensatory royalties to the Federal Government. Parties to
36 this agreement holding working interests in committed leases within the applicable participating
37 area shall be responsible for such compensatory royalty payment on the volume of production
38 reallocated from the unleased Federal lands to their unitized tracts under Section 12. The value of
39 such production subject to the payment of said royalties shall be determined pursuant to 30 CFR
40 Part 206. Payment of compensatory royalties on the production reallocated from unleased Federal
41 land to the committed tracts within the participating area shall fulfill the Federal royalty obligation
42 for such production, and said production shall be subject to no further Federal royalty assessment
43 under Section 14 of this agreement. Payment of compensatory royalties as provided herein shall
44 accrue from the date the committed tracts in the participating area that includes unleased Federal
45 land receive a production allocation, and shall be due and payable monthly by the last day of the
46 calendar month next following the calendar month of actual production. If leased Federal lands
47 receiving a production allocation from the participating area become unleased, compensatory
48 royalties shall accrue from the date the Federal lands become unleased. Payment due under this
49 provision shall end when the unleased Federal tract is leased or when production of unitized
50 substances ceases within the participating area and the participating area is terminated, whichever
51 occurs first.

52
53 **18. LEASES AND CONTRACTS CONFORMED AND EXTENDED.** The terms,
54 conditions, and provisions of all leases, subleases, and other contracts relating to exploration,
55 drilling, development, or operation for oil or gas on lands committed to this agreement are hereby
56 expressly modified and amended to the extent necessary to make the same conform to the
57 provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby
58 consent that the Secretary shall and by his approval hereof, or by the approval hereof by his duly
59 authorized representative, does hereby establish, alter, change, or revoke the drilling, producing,
60 rental, minimum royalty, and royalty requirements of Federal leases committed hereto and the
61 regulations in respect thereto to conform said requirements to the provisions of this agreement, and,

EXHIBIT 1

1 without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly
2 modified in accordance with the following:

3
4 (a) The development and operation of lands subject to this agreement under the terms
5 hereof shall be deemed full performance of all obligations for development and operation with
6 respect to each and every separately owned tract subject to this agreement, regardless of whether
7 there is any development of any particular tract of this unit area.

8
9 (b) Drilling and producing operations performed hereunder upon any tract of unitized lands
10 will be accepted and deemed to be performed upon and for the benefit of each and every tract of
11 unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells
12 situated on the land therein embraced.

13
14 (c) Suspension of drilling or producing operations on all unitized lands pursuant to direction
15 or consent of the AO shall be deemed to constitute such suspension pursuant to such direction or
16 consent as to each and every tract of unitized land. A suspension of drilling or producing operations
17 limited to specified lands shall be applicable only to such lands.

18
19 (d) Each lease, sublease or contract relating to the exploration, drilling, development, or
20 operation for oil or gas of lands other than those of the United States committed to this agreement
21 which, by its terms might expire prior to the termination of this agreement, is hereby extended
22 beyond any such term so provided therein so that it shall be continued in full force and effect for
23 and during the term of this agreement.

24
25 (e) Any Federal lease committed hereto shall continue in force beyond the term so provided
26 therein or by law as to the land committed so long as such lease remains subject hereto, provided
27 that production of unitized substances in paying quantities is established under this unit agreement
28 prior to the expiration date of the term of such lease, or in the event actual drilling operations are
29 commenced on unitized land, in accordance with provisions of this agreement, prior to the end of
30 the primary term of such lease and are being diligently prosecuted at that time, such lease shall be
31 extended for two years, and so long thereafter as oil or gas is produced in paying quantities in
32 accordance with the provisions of the Mineral Leasing Act, as amended.

33
34 (f) Each sublease or contract relating to the operation and development of unitized
35 substances from lands of the United States committed to this agreement, which by its terms would
36 expire prior to the time at which the underlying lease, as extended by the immediately preceding
37 paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall
38 be continued in full force and effect for and during the term of the underlying lease as such term is
39 herein extended.

40
41 (g) The segregation of any Federal lease committed to this agreement is governed by the
42 following provision in the fourth paragraph of Sec. 17(m) of the Mineral Leasing Act, as amended
43 by the Act of September 2, 1960, (74 Stat. 781-784) (30 U.S.C. 226 (m)): "Any (Federal) lease
44 heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and
45 in part outside of the area covered by any such plan shall be segregated into separate leases as to the
46 lands committed and the lands not committed as of the effective date of unitization: Provided,
47 however, that any such lease as to the non-unitized portion shall continue in force and effect for the
48 term thereof but for not less than two years from the date of such segregation and so long thereafter
49 as oil or gas is produced in paying quantities." If the public interest requirement is not satisfied, the
50 segregation of a lease and/or extension of a lease pursuant to 43 CFR 3107.3-2 and 43 CFR 3107.4,
51 respectively, shall not be effective.

52
53
54 **19. COVENANTS RUN WITH LAND.** The covenants herein shall be construed to be
55 covenants running with the land with respect to the interests of the parties hereto and their
56 successors in interest until this agreement terminates, and any grant, transfer or conveyance of
57 interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of
58 all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No
59 assignment or transfer of any working interest royalty, or other interest subject hereto shall be
60 binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished
61 with the original, photostatic, or certified copy of the instrument of transfer.

EXHIBIT 1

1 **20. EFFECTIVE DATE AND TERM.** This agreement shall become effective upon
2 approval of the AO and shall automatically terminate five (5) years from said effective date unless:

3
4 (a) upon application by the Unit Operator such date of expiration is extended by the AO, or

5
6 (b) it is reasonably determined prior to the expiration of the fixed term or any extension
7 thereof that the unitized land is incapable of production of unitized substances in paying quantities
8 in the formations tested hereunder, and after notice of intention to terminate this agreement on such
9 ground is given by the Unit Operator to all parties in interest at their last known addresses, this
10 agreement is terminated with approval of the AO, or

11
12 (c) a valuable discovery of unitized substances in paying quantities has been made or
13 accepted on unitized land during said initial term or any extension thereof, in which event this
14 agreement shall remain in effect for such term and so long thereafter as unitized substances can be
15 produced in quantities sufficient to pay for the cost of producing same from wells on unitized land
16 within any participating area established hereunder. Should production cease and diligent drilling
17 or reworking operations to restore production or new production are not in progress within 60 days
18 and production is not restored or should new production not be obtained in paying quantities on
19 committed lands within this unit area, this agreement will automatically terminate effective the last
20 day of the month in which the last unitized production occurred, or

21
22 (d) it is voluntarily terminated as provided in this agreement. Except as noted herein this
23 agreement may be terminated at any time prior to the discovery of unitized substances which can be
24 produced in paying quantities by not less than 75 per centum, on an acreage basis, of the working
25 interest owners signatory hereto, with the approval of the AO. The Unit Operator shall give notice
26 of any such approval to all parties hereto. If the public interest requirement is not satisfied, the
27 approval of this unit by the AO shall be invalid.

28
29 **21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION.** The AO is
30 hereby vested with authority to alter or modify from time to time, in his discretion, the quantity and
31 rate of production under this agreement when such quantity and rate are not fixed pursuant to
32 Federal or State law, or do not conform to any Statewide voluntary conservation or allocation
33 program which is established, recognized, and generally adhered to by the majority of operators in
34 such State. The above authority is hereby limited to alteration or modifications which are in the
35 public interest. The public interest to be served and the purpose thereof, must be stated in the order
36 of alteration or modification. Without regard to the foregoing, the AO is also hereby vested with
37 authority to alter or modify from time to time, in his discretion, the rate of prospecting and
38 development and the quantity and rate of production under this agreement when such alteration or
39 modification is in the interest of attaining the conservation objectives stated in this agreement and is
40 not in violation of any applicable Federal or State law.

41
42 Powers in this section vested in the AO shall only be exercised after notice to Unit Operator
43 and opportunity for hearing to be held not less than 15 days from notice.

44
45 **22. APPEARANCES.** The Unit Operator shall, after notice to other parties affected, have
46 the right to appear for and on behalf of any and all interests affected hereby before the Department
47 of the Interior and to appeal from orders issued under the regulations of said Department, or to
48 apply for relief from any of said regulations, or in any proceedings relative to operations before the
49 Department, or any other legally constituted authority; provided, however, that any other interested
50 party shall also have the right at its own expense to be heard in any such proceeding.

51
52 **23. NOTICES.** All notices, demands, or statements required hereunder to be given or
53 rendered to the parties hereto shall be in writing and shall be personally delivered to the party or
54 parties, or sent by postpaid registered or certified mail, to the last known address of the party or
55 parties.

56
57 **24. NO WAIVER OF CERTAIN RIGHTS.** Nothing herein contained in this agreement
58 shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional
59 right or defense as to the validity or invalidity of any law of the State where the unitized lands are
60 located, or of the United States, or regulations issued thereunder in any way affecting such party, or
61 as a waiver by any such party of any right beyond his or its authority to waive.

EXHIBIT 1

1 **25. UNAVOIDABLE DELAY.** All obligations under this agreement requiring the Unit
2 Operator to commence or continue drilling, or to operate on, or produce unitized substances from
3 any of the lands covered by this agreement, shall be suspended while the Unit Operator, despite the
4 exercise of due care and diligence, is prevented from complying with such obligations, in whole or
5 in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents,
6 uncontrollable delays in transportation, inability to obtain necessary materials or equipment in the
7 open market, or other matters beyond the reasonable control of the Unit Operator whether similar to
8 matters herein enumerated or not.

9
10 **26. NONDISCRIMINATION.** In connection with the performance of work under this
11 agreement, the Unit Operator agrees to comply with all the provisions of Section 202 (1) to (7)
12 inclusive of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by
13 reference in this agreement.

14
15 **27. LOSS OF TITLE.** In the event title to any tract of unitized land shall fail and the true
16 owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as
17 not committed hereto, and there shall be such readjustment of future costs and benefits as may be
18 required on account of the loss of such title. In the event of a dispute as to title to any royalty,
19 working interest, or other interest subject thereto, payment or delivery on account thereof may be
20 withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal
21 lands or leases, no payments of funds due the United States shall be withheld, but such funds shall
22 be deposited as directed by the AO, to be held as unearned money pending final settlement of the
23 title dispute, and then applied as earned or returned in accordance with such final settlement.

24
25 Unit Operator as such is relieved from any responsibility for any defect or failure of any title
26 hereunder.

27
28 **28. NON-JOINDER AND SUBSEQUENT JOINDER.** If the owner of any substantial
29 interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the
30 owner of the working interest in that tract may withdraw the tract from this agreement by written
31 notice delivered to the proper Bureau of Land Management office and the Unit Operator prior to the
32 approval of this agreement by the AO. Any oil or gas interests in lands within the unit area not
33 committed hereto prior to final approval may thereafter be committed hereto by the owner or
34 owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest,
35 by the owner of such interest also subscribing to the unit operating agreement. After operations are
36 commenced hereunder, the right of subsequent joinder, as provided in this section, by a working
37 interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as
38 may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-
39 working interest owner must be consented to in writing by the working interest owner committed
40 hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such
41 non-working interest. A non-working interest may not be committed to this unit agreement unless
42 the corresponding working interest is committed hereto. Joinder to the unit agreement by a working
43 interest owner, at any time, must be accompanied by appropriate joinder to the unit operating
44 agreement, in order for the interest to be regarded as committed to this agreement. Except as may
45 otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date
46 of the filing with the AO of duly executed counterparts of all or any papers necessary to establish
47 effective commitment of any interest and/or tract to this agreement.

48
49 **29. COUNTERPARTS.** This agreement may be executed in any number of counterparts,
50 no one of which needs to be executed by all parties, or may be ratified or consented to by separate
51 instrument in writing specifically referring hereto and shall be binding upon all those parties who
52 have executed such a counterpart, ratification, or consent hereto with the same force and effect as if
53 all such parties had signed the same document, and regardless of whether or not it is executed by all
54 other parties owning or claiming an interest in the lands within the above-described unit area.

55
56 **30. SPECIAL SURFACE STIPULATIONS.** Nothing in this agreement shall modify the
57 special Federal lease stipulations attached to the individual Federal oil and gas leases.

58
59 **31. SURRENDER.** Nothing in this Agreement shall prohibit the exercise by any working
60 interest owner of the right to surrender vested in such party by any lease, sublease, or operating
61 agreement as to all or any part of the lands covered thereby, provided that each party who will or

EXHIBIT 1

1 might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is
2 bound by the terms of this Agreement.

3
4 If as a result of any surrender, the working interest rights as to such lands become vested in
5 any party other than the fee owner of the Unitized Substances, said party may forfeit such rights and
6 further benefits from operations hereunder as to said land to the party next in the chain of title who
7 shall be and become the owner of such working interest.

8
9 If as the result of any such surrender of forfeiture working interest rights become vested in
10 the fee owner of the Unitized Substances, such owner may:

11
12 (a) Accept those working interest rights subject to this Agreement and the Unit
13 Operating Agreement; or

14
15 (b) Lease the portion of such land as is included in a participating area established
16 hereunder subject to this Agreement and the Unit Operating Agreement; or

17
18 (c) Provide for the independent operation of any part of such land that is not then
19 included within a participating area established hereunder.

20
21 If the fee owner of the Unitized Substances does not accept the working interest rights
22 subject to this Agreement and the Unit Operating Agreement or lease such lands as above provided
23 within 6 months after the surrendered or forfeited, working interest rights become vested in the fee
24 owner; the benefits and obligations of operations accruing to such lands under this Agreement be
25 shared by the remaining owners of the unitized working interests in accordance with their respective
26 working interest ownerships, and such owners of working interests shall compensate the fee owner
27 of Unitized Substances in such lands by paying sums equal to the rentals, minimum royalties, and
28 royalties applicable to such lands under the lease in effect when the lands were unitized.

29
30 An appropriate accounting and settlement shall be made for all benefits accruing to or
31 payments and expenditures made or incurred on behalf of such surrendered or forfeited working
32 interests subsequent to the date of surrender of forfeiture, and payment of any moneys found to be
33 owing by such an accounting shall be made as between the parties within 30 days.

34
35 The exercise of any right vested in a working interest owner to reassign such working
36 interest to the party from whom obtained shall be subject to the same conditions as set forth in this
37 section in regard to the exercise of a right to surrender.

38
39 **32. TAXES.** The working interest owners shall render and pay for their account and the
40 account of the royalty owners all valid taxes on or measured by the Unitized Substances in and
41 under or that may be produced, gathered and sold from the land covered by this Agreement after its
42 effective date, or upon the proceeds derived therefrom. The working interest owners on each tract
43 shall and may charge the proper proportion of said taxes to royalty owners having interests in said
44 tract, and may currently retain and deduct a sufficient amount of the Unitized Substances or
45 derivative products, or net proceeds thereof, from the allocated share of each royalty owner to
46 secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or
47 the State of New Mexico or to any lessor who has a contract with his lessee which requires the
48 lessee to pay such taxes.

49
50 **33. NO PARTNERSHIP.** It is expressly agreed that the relation of the parties hereto is that
51 of independent contractors and nothing contained in this Agreement, expressed or implied, nor any
52 operations conducted hereunder, shall create or be deemed to have created a partnership or
53 association between the parties hereto or any of them.

54
55 **34. FOREST LAND STIPULATION.** Notwithstanding any other terms and conditions
56 contained in this agreement, all of the stipulations and conditions of the individual leases, and all
57 amendments thereto, between the United States and its lessees, or their successors or assigns,
58 embracing lands within the Unit Area, included for the protection of lands or functions under the
59 jurisdiction of the Secretary of Agriculture, shall remain in full force and effect the same as though
60 this agreement had not been entered into, and no modification thereof is authorized except with the
61 prior consent, in writing, of the Carson National Forest, Jicarilla Ranger District, 1110 Rio Vista
62 Lane, Unit #2, Bloomfield, NM 87413.

EXHIBIT 1

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(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

UNIT OPERATOR

SAN JUAN RESOURCES, INC.

By 

Address: 1499 Blake Street
Suite 10C
Denver, Colorado 80202

Date of Execution
1/27/2025

EXHIBIT 1

1 STATE OF Colorado)
2) ss.
3 COUNTY OF Denver)
4

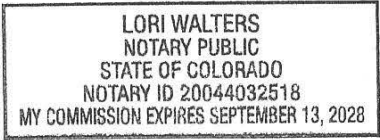
5 The foregoing instrument was acknowledged before me by Jerome P McHugh, Jr
6
7 _____ as President
8
9 of Sam Juan Resources, Inc.
10

11 This 21st day of January, 2025.
12

13 WITNESS my hand and official seal.
14

15 My Commission Expires:
16 9/13/2028
17

[Signature]
Notary Public



31 UNIT OPERATOR SIGNATURE PAGE FOR THE
32 MCSIMMS (MANCOS) UNIT AGREEMENT
33 RIO ARriba COUNTY, NEW MEXICO
34

EXHIBIT 1

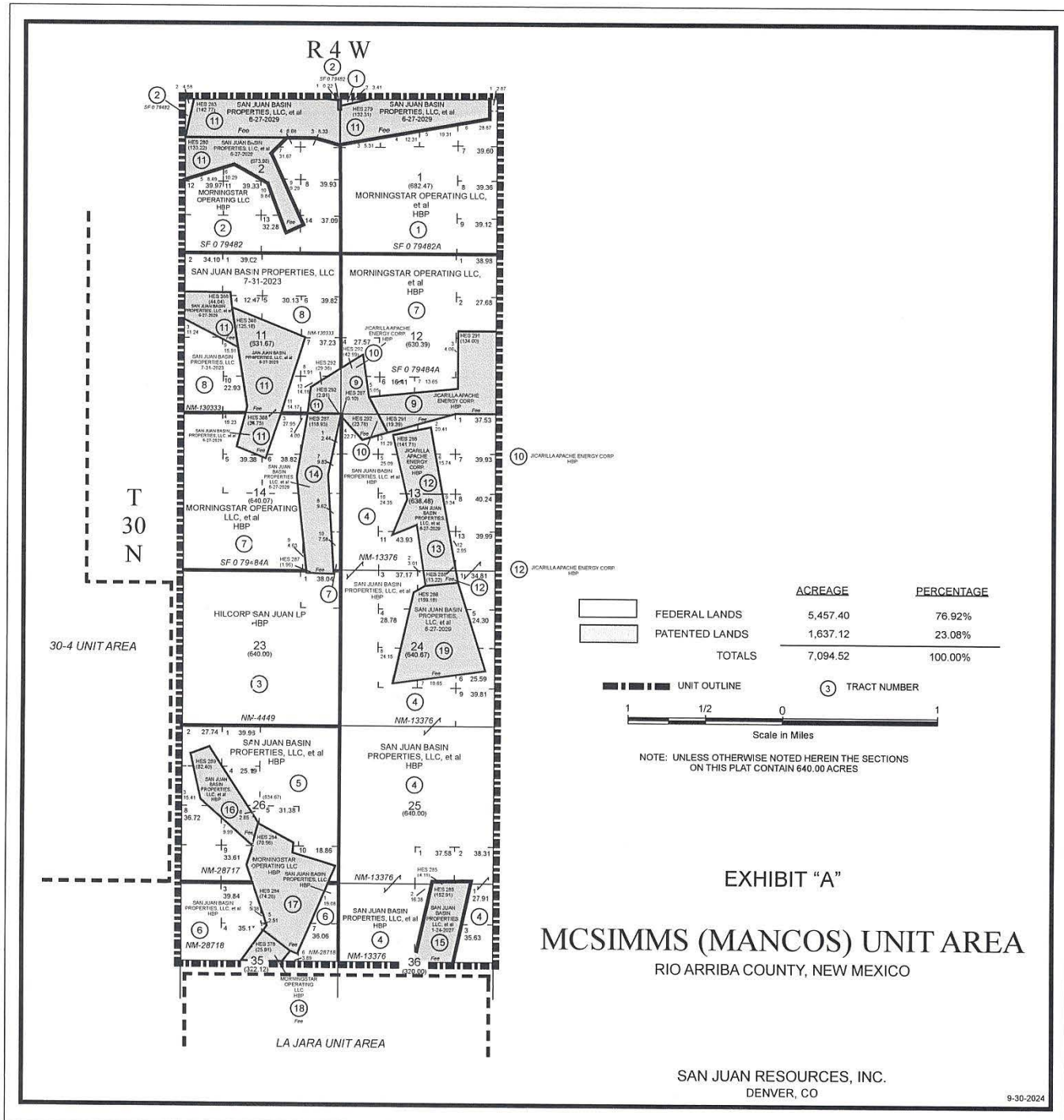


EXHIBIT 1

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
McSIMMS (MANCOS) UNIT AREA
RIO ARriba COUNTY, NEW MEXICO

Ownership reflected herein covers those formations lying below the stratigraphic equivalent of the top of the Mancos Formation at a measured depth of 6.927 feet down to the stratigraphic equivalent of the base of the Mancos Formation at a measured depth of 8.636 feet as encountered in the Carson #1 SWD well in the NW/4 of Section 26, Township 30 North, Range 4 West, N.M.P.M. API #30-039-26868

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
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FEDERAL LANDS:

1.	<u>T30N-R4W N.M.P.M</u> Sec. 1: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9 W/2SE/4, SW/4, SW/4NE/4 S/2NW/4	550.16	NMSF 0079482A NMNM105368414 Effective 7-1-1949 HBP	U.S.A. - All (12.5% royalty)	5 Morningstar Operating LLC	100%	5 Morningstar Operating LLC 3 Hilcorp San Juan LP Navatex Energy LP MAR Oil & Gas Corporation Aribagas, Ltd, a Texas LP Thomas Dugan and Mary Dugan Providence Minerals, LLC JABCO LLP, a Connecticut Limited Liability Partnership J & M Raymond, Ltd. Ruth Zimmerman Trust c/o Mrs. Xan Williams, Trustee The Tinmil, a NM LLC Tinnin Family Properties X, LLC TOTAL	84.9531% 3.5000% 0.9844% 3.1250% 1.6406% 1.3125% 1.3125% 1.3125% 1.0938% 0.4375% 0.1641% 0.1641% 100.0000%
2.	<u>T30N-R4W N.M.P.M</u> Sec. 2: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, SE/4NE/4 S/2SW/4	397.99	NMSF 0079482 NMNM105553575 Effective 7-1-1949 HBP	U.S.A. - All (12.5% royalty)	5 Morningstar Operating LLC	100.0000%	5 Morningstar Operating LLC	100.0000%
3.	<u>T30N-R4W N.M.P.M</u> Sec. 23: Lot 1, NW/4NE/4, S/2NE/4, NW/4, S/2	638.04	NMNM 004449 NMNM105554514 Effective 4-1-1968 HBP	U.S.A. - All (12.5% - 25% royalty Sch B)	3 Hilcorp San Juan LP	100.0000%	3 Hilcorp San Juan LP	100.0000%

MCSIMMS (MANCOS) UNIT AREA

1

1/22/2025

EXHIBIT 1

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SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
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RIO ARriba COUNTY, NEW MEXICO

Ownership reflected herein covers those formations lying below the stratigraphic equivalent of the top of the Mancos Formation at a measured depth of 6,927 feet down to the stratigraphic equivalent of the base of the Mancos Formation at a measured depth of 8,636 feet as encountered in the Carson #1 SWD well in the NW/4 of Section 26, Township 30 North, Range 4 West, N.M.P.M. API #30-039-26868

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
4.	<u>T30N-R4W N.M.P.M.</u> Sec. 13: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, SW/4NW/4, W/2SW/4 Sec. 24: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, W/2W/2, SE/4SW/4, SW/4SE/4 Sec. 25: Lots 1, 2, N/2, SW/4, N/2SE/4 Sec. 36: Lots 1, 2, 3, NW/4	1,797.58	NMNM 013376 NMNM105315534 Effective 7-1-1971 HBP	U.S.A. - All (12.5% royalty)	1 San Juan Basin Properties LLC	100.0000% <u>As to the W/2 Sec. 25:</u> Dominion Energy 0.8250% Penroc Oil Corporation 7.4250% TOTAL 8.2500% <u>As to Sec. 25: Lots 1, 2, N/2SE/4, NE/4:</u> Dominion Energy 1.4000% Classical Gas and Oil LLC 1.5600% Gypsum Springs, LLC 0.1500% Petroleum Resource Management Corp. 0.1500% TOTAL 3.2600% <u>As to Sec. 24: Lots 1-5, W/2NW/4:</u> Dominion Energy 2.8000% Classical Gas and Oil LLC 2.4400% Gypsum Springs, LLC 0.3000% Petroleum Resource Management Corp. 0.3000% TOTAL 5.8400% <u>As to the balance of the lands:</u> Dominion Energy 2.8000% Classical Gas and Oil LLC 0.4000% Gypsum Springs, LLC 0.3000% Petroleum Resource Management Corp. 0.3000% TOTAL 3.8000%	<u>As to Sec. 13: Lots 1-13, SW/4NW/4, W/2SW/4; Sec. 24: Lots 1-9, W/2W/2, SE/4SW/4, SW/4SE/4:</u> 4 Jicarilla Apache Energy Corp. 60.0000% 1 San Juan Basin Properties LLC 38.0000% 2 Rio Arriba Holdings LLC 2.0000% TOTAL 100.00000% <u>As to Sec. 25: Lots 1, 2, N/2SE/4, NE/4:</u> 7 Schalk Development Company 35.0000% 5 Morningstar Operating LLC 30.0000% 1 San Juan Basin Properties, LLC 19.0000% 2 Rio Arriba Holdings LLC 1.0000% 6 One Bar Eleven, LLC (John E. Rouse) 15.0000% TOTAL 100.00000% <u>As to Sec. 25: W/2:</u> 7 Schalk Development Company 70.0000% 6 One Bar Eleven, LLC (John E. Rouse) 30.0000% TOTAL 100.0000% <u>As to Sec. 36: Lots 4-10, NW/4SW/4:</u> 5 Morningstar Operating LLC 60.0000% 1 San Juan Basin Properties LLC 38.0000% 2 Rio Arriba Holdings LLC 2.0000% TOTAL 100.00000%

EXHIBIT 1

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
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RIO ARriba COUNTY, NEW MEXICO

Ownership reflected herein covers those formations lying below the stratigraphic equivalent of the top of the Mancos Formation at a measured depth of 6,927 feet down to the stratigraphic equivalent of the base of the Mancos Formation at a measured depth of 8,636 feet as encountered in the Carson #1 SWD well in the NW/4 of Section 26, Township 30 North, Range 4 West, N.M.P.M. API #30-039-26868

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
5.	<u>T30N-R4W N.M.P.M</u> Sec. 26: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, NE/4, SW/4SW/4, NE/4SE/4	481.71	NMNM 028717 NMNM105361891 Effective 11-1-1976 HBP	U S A - All (12.5% - 25% royalty Sch B)	1 San Juan Basin Properties LLC	100.0000% DJR Nominee Corp 3.5500% Classical Gas and Oil LLC 3.4500% Gypsum Springs, LLC 0.5000% Petroleum Resource Management Corp. 0.5000% TOTAL 8.0000%	1 San Juan Basin Properties LLC 95.0000% 2 Rio Arriba Holdings LLC 5.0000% TOTAL 100.00000%
6.	<u>T30N-R4W N.M.P.M</u> Sec. 35: Lots 1, 2, 3, 4, 5, 6, 7, W/2NW/4	221.93	NMNM 028718 NMNM105468109 Effective 11-1-1976 HBP	U.S.A. - All (12.5% - 25% royalty Sch B)	1 San Juan Basin Properties LLC	100.0000% Dominion Energy 7.0000% Classical Gas and Oil LLC 1.00% Gypsum Springs, LLC 0.7500% Petroleum Resource Management Corp. 0.7500% TOTAL 9.5000%	1 San Juan Basin Properties LLC 95.0000% 2 Rio Arriba Holdings LLC 5.0000% TOTAL 100.00000%
7.	<u>T30N-R4W N.M.P.M</u> Sec. 12: Lots 1, 2, 3, 4, 5, 6, 7, W/2NE/4, NW/4 NE/4SW/4, NW/4SE/4 Sec. 14: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, W/2NW/4, SW/4, W/2SE/4	936.88	NMSF 0079484A NMNM105558010 Effective 7-1-1949 HBP	U.S.A. - All (12.5% royalty)	5 Morningstar Operating LLC	100.0000% <u>As to oil:</u> Jno W. Nichols BPO 6.2500% Jno W. Nichols APO 12.5000% Robert L. Bayless, Producer 4.5756% McMoran Oil and Gas Co. 3.6907% TH McElvain Oil and Gas LP 1.0609% Hilcorp San Juan LP 0.7639% JABCO LLP 0.2546% Trust UW0 Evelyn G Brown 0.0753% FBO Evelyn B Wallace Richter 0.1794% Trust UW0 Algernon W Brown 0.1794% FBO Evelyn B Wallace Richter 0.4244% Morningstar Operating LLC 0.0849% Rio Arriba LP 0.0849% Roy G. Barton Sr. and Opal Barton Rev. Trust TOTAL BPO 17.4446% TOTAL APO 23.6946%	<u>As to Sec. 12: Lots 1-7, W/2NE/4, NE/4SW/4, NW/4SE/4</u> 4 Jicarilla Apache Energy Corp 100.0000% <u>As to remainder of the lease</u> 5 Morningstar Operating LLC 100.0000%

EXHIBIT 1

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
McSIMMS (MANCOS) UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

Ownership reflected herein covers those formations lying below the stratigraphic equivalent of the top of the Mancos Formation at a measured depth of 6,927 feet down to the stratigraphic equivalent of the base of the Mancos Formation at a measured depth of 8,636 feet as encountered in the Carson #1 SWD well in the NW/4 of Section 26, Township 30 North, Range 4 West, N.M.P.M. API #30-039-26868

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7. continued.

As to gas:	
Jno W. Nichols *	
Robert L Bayless, Producer	4.5756%
McMoran Oil and Gas Co.	3.6907%
TH McElvain Oil and Gas LP	1.0609%
Hilcorp San Juan LP	0.7639%
JABCO LLP	0.2546%
Trust UWO Evelyn G Brown	0.0753%
FBO Evelyn B Wallace Richter	
Trust UWO Algernon W Brown	0.1794%
FBO Evelyn B Wallace Richter	
Morningstar Operating LLC	0.4244%
Rio Arriba LP	0.0849%
Roy G. Barton Sr. and Opal Barton Rev. Trust	0.0849%
TOTAL	11.1946%

* \$0.10/mcf gas, 33 1/3% ORRI on liquids

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8.	T30N-R4W N.M.P.M. Sec. 11: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, N/2NE/4, W/2SW/4	433.11	NMNM 130333 NMNM105380586 Effective 8-1-13 Expiration 7/31/23	U.S.A. - All (12.5% royalty)	1 San Juan Basin Properties LLC	100.0000% Philip L White 6.0000% Austin M. White 2.0000% Rachel E. White 2.0000% Lucas S. White 2.0000% TOTAL 12.0000%	1 San Juan Basin Properties LLC 100.0000%
8	FEDERAL TRACTS	TOTALING	5,457.40	ACRES	OR	76.92%	OF UNIT AREA

PATENTED LANDS:

9.	T30N-R4W N.M.P.M. Sec. 12: HES 291--134.00 ac Sec. 13: HES 291--19.39 ac Sec. 13: HES 287 - in so far as it lies in Section 13--.10 ac	153.49	HBP	8 Donald & Mary Schutz Trust	50.00000%	4 Jicarilla Apache Energy Corp	100.0000%	None	4 Jicarilla Apache Energy Corp	50.00000%
			HBP	9 Simms Investments, LLC	50.00000%	4 Jicarilla Apache Energy Corp	100.0000%	None	4 Jicarilla Apache Energy Corp	50.00000%
				TOTAL	100.00000%				TOTAL	100.00000%
10.	T30N-R4W N.M.P.M. Sec. 12: HES 292--42.99 ac Sec. 13: HES 292--23.78 ac	66.7700	HBP	8 Donald & Mary Schutz Trust	50.00000%	4 Jicarilla Apache Energy Corp	100.0000%	None	4 Jicarilla Apache Energy Corp	50.00000%
			HBP	9 Simms Investments, LLC	50.00000%	4 Jicarilla Apache Energy Corp	100.0000%	None	4 Jicarilla Apache Energy Corp	50.00000%
				TOTAL	100.00000%				TOTAL	100.00000%

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11.	T30N-R4W N.M.P.M. Sec. 1: HES 279--132.31 ac Sec. 2: HES 280--133.22 ac Sec. 2: HES 283--142.77 ac Sec. 11: HES 292--29.36 ac Sec. 14: HES 292--2.91 ac Sec. 11: HES 368--125.16 ac Sec. 14: HES 368--34.75 ac Sec. 11: HES 388--44.04 ac	644.5200	6-27-2024 Expiration 6-27-2029	8 Donald & Mary Schutz Trust	50.00000% 1 San Juan Basin Properties LLC	100.0000% Classical Gas and Oil LLC Gypsum Springs, LLC Petroleum Resource Management Corp. TOTAL	6.5000% 1 San Juan Basin Properties LLC 1.0000% 2 Rio Arriba Holdings LLC 1.0000% 8.5000% 47.5000% 2.5000% 100.00000%
12.	T30N-R4W N.M.P.M. Sec. 13: A portion of HES 288 located in the N/2--66.22 ac Sec. 24: A portion of HES 288-13.22 ac	79.44	HBP HBP	8 Donald & Mary Schutz Trust	50.00000% 4 Jicarilla Apache Energy Corp	100.0000% None	4 Jicarilla Apache Energy Corp 50.00000%
				9 Simms Investments, LLC TOTAL	50.00000% 4 Jicarilla Apache Energy Corp 100.00000%	100.0000% None	4 Jicarilla Apache Energy Corp TOTAL 50.00000% 100.00000%
13.	T30N-R4W N.M.P.M. Sec. 13: That portion of HES 288 located in the S/2	75.49	6-27-2024 Expiration 6-27-2029	8 Donald & Mary Schutz Trust	50.00000% 1 San Juan Basin Properties LLC	100.0000% Classical Gas and Oil LLC Gypsum Springs, LLC Petroleum Resource Management Corp. TOTAL	6.5000% 1 San Juan Basin Properties LLC 1.0000% 2 Rio Arriba Holdings LLC 1.0000% 8.5000% 47.5000% 2.5000% 100.00000%
			6-27-2024 Expiration 6-27-2029	9 Simms Investments, LLC TOTAL	50.00000% 1 San Juan Basin Properties LLC 100.00000%	100.0000%	1 San Juan Basin Properties LLC 2 Rio Arriba Holdings LLC TOTAL 47.5000% 2.5000% 100.00000%

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14.	T30N-R4W N.M.P.M. Sec. 14: HES 287--118.93 Sec. 23: HES 287--1.96 ac	120.89	6-27-2024 Expiration 6-27-2029	8 Donald & Mary Schutz Trust	50.00000% 1 San Juan Basin Properties LLC	100.0000% Classical Gas and Oil LLC Gypsum Springs, LLC Petroleum Resource Management Corp. TOTAL	6.5000% 1 San Juan Basin Properties LLC 1.0000% 2 Rio Arriba Holdings LLC 1.0000% TOTAL 8.5000%
			6-27-2024 Expiration 6-27-2029	9 Simms Investments, LLC TOTAL	50.00000% 1 San Juan Basin Properties LLC 100.00000% LLC		1 San Juan Basin Properties LLC 47.5000% 2 Rio Arriba Holdings LLC 2.5000% TOTAL 100.00000%

EXHIBIT 1

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RIO ARriba COUNTY, NEW MEXICO

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15.	T30N-R4W N.M.P.M. Sec. 25: HES 285--4.11 ac Sec. 36: Part of HES 285--80.08 ac	84.19	1-25-22 Expiration 1-24-27	8 Donald & Mary Schutz Trust	50.00000% 1 San Juan Basin Properties LLC	100.0000% Classical Gas and Oil LLC Gypsum Springs, LLC Duncan Shepherd TOTAL	6.5000% 1 San Juan Basin Properties LLC 1.0000% 2 Rio Arriba Holdings LLC 1.0000% TOTAL 8.5000%
				9 Simms Investments, LLC TOTAL	50.00000% 1 San Juan Basin Properties LLC 100.00000% LLC	100.0000% Classical Gas and Oil LLC Gypsum Springs, LLC Duncan Shepherd TOTAL	6.5000% 1 San Juan Basin Properties LLC 1.0000% 2 Rio Arriba Holdings LLC 1.0000% 8.5000% TOTAL 50.00000%
16.	T30N-R4W N.M.P.M. Sec. 26: HES 289	82.40	HBP	10 McKay Oil and Gas	50.00000% 1 San Juan Basin Properties LLC	100.0000% Classical Gas and Oil LLC Gypsum Springs, LLC Petroleum Resource Management Corp. TOTAL	3.2500% 1 San Juan Basin Properties LLC 0.5000% 2 Rio Arriba Holdings LLC 0.5000% TOTAL 4.2500%
			HBP	3 Hilcorp San Juan LP	50.00000% 3 Hilcorp San Juan LP	100.0000% None	3 Hilcorp San Juan LP 50.00000%
				TOTAL	100.00000%		TOTAL 100.00000%
17.	T30N-R4W N.M.P.M. Sec. 26: HES 284--70.56 ac Sec. 35: HES 284--74.28 ac	144.84	HBP	Bixler Family	89.64000% 5 Morningstar Operating LLC	100.0000% None	5 Morningstar Operating LLC 89.64000%
			HBP	11 Carlos D. Bloomfield	10.36000% 5 Morningstar Operating LLC	100.0000% None	5 Morningstar Operating LLC 10.36000%
				TOTAL	100.00000%		TOTAL 100.0000%

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18.	T30N-R4W N.M.P.M. Sec. 35; Part of HES 378	25.91	HBP	Ripley Living Revocable Trust	50.00000% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	50.00000%
			HBP	Andrea T. Lucero Trust	13.88890% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	13.88890%
			HBP	18 G. Eleanor Trujillo	2.77780% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	2.77780%
			HBP	17 Genevieve A. Rinerson	2.77780% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	2.77780%
			HBP	Manual F. Ferran	2.77780% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	2.77780%
			HBP	Arlie V. Walker	4.62950% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	4.62950%
			HBP	20 Rachel A. Walker	4.62950% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	4.62950%
			HBP	19 Karen F. Walker	4.62950% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	4.62950%
			HBP	12 Carroll D. Myer Revocable Living Trust	2.08340% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	2.08340%
			HBP	13 Devere C. Myer	2.95150% 5 Morningstar Operating LLC	100.0000%	None	5 Morningstar Operating LLC	2.95150%

EXHIBIT 1

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SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
McSIMMS (MANCOS) UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

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18.	continued.		HBP	16 Nathan D. Myer	2.95150% 5 Morningstar Operating LLC	100.0000%	None 5 Morningstar Operating LLC 2.95150%
			HBP	15 Joan E. Myer	2.95140% 5 Morningstar Operating LLC	100.0000%	None 5 Morningstar Operating LLC 2.95140%
			HBP	14 Gregory F. Myer TOTAL	2.95140% 5 Morningstar Operating LLC 100.00000%	100.0000%	None 5 Morningstar Operating LLC TOTAL 2.95140% 100.00000%
19.	T30N-R4W N.M.P.M. Sec. 24: HES 286	159.18	6-27-2024 Expiration 6-27-2029	8 Donald & Mary Schutz Trust	50.00000% 1 San Juan Basin Properties LLC	100.0000%	Classical Gas and Oil LLC 6.50000% 1 San Juan Basin Properties LLC 47.50000% Gypsum Springs, LLC 1.00000% 2 Rio Arriba Holdings LLC 2.50000% Duncan Shepherd 1.00000% TOTAL 8.50000% 50.00000%
			6-27-2024 Expiration 6-27-2029	9 Simms Investments, LLC TOTAL	50.00000% 1 San Juan Basin Properties LLC 100.00000%	100.0000%	Classical Gas and Oil LLC 6.50000% 1 San Juan Basin Properties LLC 47.50000% Gypsum Springs, LLC 1.00000% 2 Rio Arriba Holdings LLC 2.50000% Duncan Shepherd 1.00000% TOTAL 8.50000% 50.00000%

11	PATENTED TRACTS	TOTALING	1,637.12	ACRES	OR	23.08%	OF	UNIT	AREA
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19	TRACTS	TOTALING	7,094.52	ACRES	IN	UNIT	AREA
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EXHIBIT 1

Exhibit C
McSimms (Mancos) Unit
Rio Arriba, New Mexico

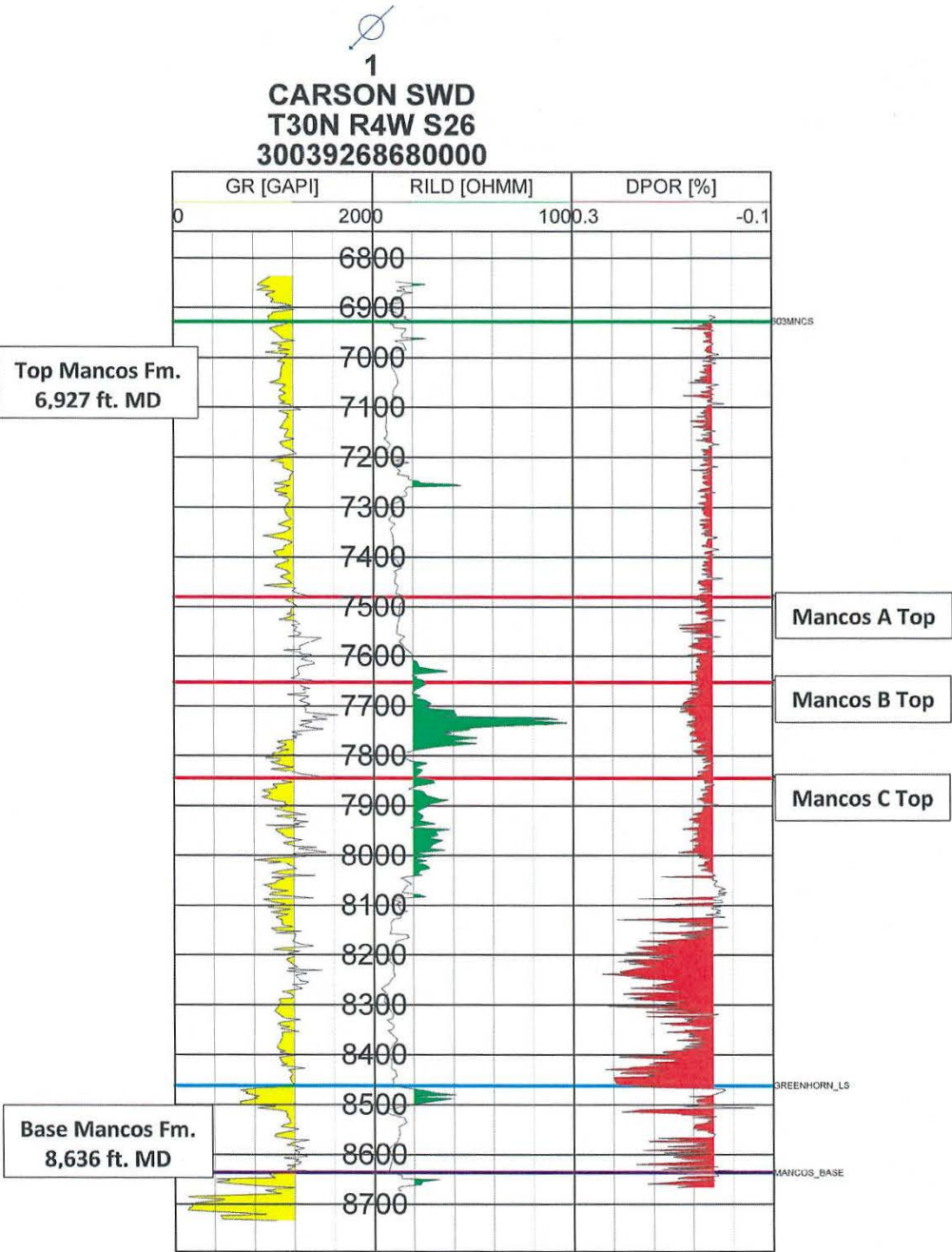


EXHIBIT 1**EXHIBIT D****UNIT PLAN OF DEVELOPMENT AND OPERATION**

1. The Unit Operator shall be required to drill two (2) Obligation Wells. The initial Obligation Well (#1) shall be drilled in 2026. The initial Obligation Well (or both Obligation Wells) shall be used to validate the Unit acreage as “HBP”, and in order to do so, the well must be drilled and on production in order to meet the public interest requirement of this agreement, subject to extension as a result of force majeure or as otherwise agreed to by the AO. Permissible extensions will be given for scheduling difficulties with third parties due to current economic climate and inability to receive regulatory approval to drill obligation wells. However, to qualify for an extension, the operator must show that, taken as a whole, they have exercised reasonable diligence to getting the well/wells on production.
2. The Unit Operator agrees to drill the remaining one (1) or more Obligation Well(s) in the calendar year 2027, thus a total of two (2) Obligation Wells will be producing (connected to a pipeline) on or before December 31, 2027, subject to POD revisions or extensions and force majeure.
3. The Unit Operator will have the option to revise the Plan of Development (POD) as necessary due to substantial change in economic conditions, force majeure, or Unavoidable Delays relating to the Unit Operator's then-existing plan. All of these changes and revisions will be evaluated by the AO. The AO can recommend additional changes, approval or denied the POD. The intent here is to work with the operator to identify obstacles and provide extension is necessary.
4. Plan meetings will be required whenever it is needed at a mutually agreeable time and location.
5. Unit Operator shall provide to the AO the following information upon request:
 - Geological structure maps of the proposed target formation
 - Any cross section of wells in the area
 - A geological write-up
 - A Reservoir Engineering review with estimated reserves and economics
 - Map of the area showing the proposed surface locations and Federal leases
 - Timeline when work is expected to get started, APDs, drilling, pipeline infrastructure, etc.
 - The surface location should include if the surface is Fee, Federal, or Forest Service
 - Summary of operations and detailed well status list
 - Additional information as deemed necessary by the AO
 - Projected facilities write up and map, (Facility Plan—5-yr Outlook) highlighting gathering lines, tank batteries, CDP's, necessary facilities needed for the production and operations of the Unit Operated wells.
6. In order for Unit Operator to produce, operate, and maintain the Unit, Facilities which will be utilized, constructed, or installed. As shown on our POD timeline and shown on Facility Plan 5-yr Outlook (Map) we'll describe chronological order of said plan. There is an existing gathering line across the Unit, Cabresto Gathering, a 12" 125 mmcf/d line, operated by Black Hawk Energy.

EXHIBIT 1

Prior to drilling the McSimms (Mancos) Unit 26-25 #001H, (initial obligation well) a tap/valve will be installed on the Cabresto line with R/W coming from C Pad on blue solid line. Unit operator will have a CDP on the C Pad installed after well is drilled, 07/26. Tank battery for water gathering will be added at this time for anticipated water production. Hook up into C Pad Unit R/W after completion of this well, 09/26. Second obligation well, MMU 35-36 #001H, will be drilled 04/27, hooked up into C Pad R/W after completion, 09/27. Unit Operator will set gathering line connect on Pad 12-11 with connection into the Cabresto line on 08/26 and CDP will be installed on each Pad 12-11 on 07/27. In addition, water tank batteries will be installed on each pad for formation water. B Pad R/W will be installed as shown on the blue solid line in 08/28. There will be additional CDP and water tank battery installed on B Pad location prior drilling development wells in 7/28.

7. Pads B and C are located in the Carson National Forest. The pads have been reviewed by the Jicarilla Ranger District and a decision was issued on 5/15/2019 (PALS # 55539). Archeological clearance was issued on 5/8/2019 and Wildlife Report was issued on 4/29/2019. Upon approval of the Unit Agreement and a finalized gathering agreement for the Cabresto pipeline, the Carson NF can take additional action and issue the special unit permits for Pads B and C. The other proposed pad in Section 12 is on private surface.

EXHIBIT 1**McSimms (Mancos) Unit - Plan of Development Timeline
Plan of Development Timeline - List of Laterals**

WELL PAD	WELL NAME	SPUD DATE	COMPLETION DATE
PAD C (CARSON NF)	MCSIMMS MANCOS UNIT 26-25 #001H (OBLIGATION WELL)	4/2026	9/2026
	MCSIMMS MANCOS UNIT 35-36 #001H (OBLIGATION WELL)	4/2027	9/2027
	MCSIMMS MANCOS UNIT 26-25 #002H	4/2028	7/2028
	MCSIMMS MANCOS UNIT 35-36 #002H	6/2028	9/2028
	PAD C WOULD SUPPORT AN ADDITIONAL 11 WELLS TO BE PROPOSED TO DRILLED AFTER YEAR 5		
PAD B (CARSON NF)	MCSIMMS MANCOS UNIT 23-24 #001H	4/2029	7/2029
	MCSIMMS MANCOS UNIT 23-24 #002H	5/2029	8/2029
	MCSIMMS MANCOS UNIT 26-25 #004H	6/2029	9/2029
	PAD B WOULD SUPPORT AN ADDITIONAL 17 WELLS TO BE PROPOSED TO DRILLED AFTER YEAR 5		
PAD A (PRIVATE)	MCSIMMS MANCOS UNIT 12-11 #001H	5/2027	8/2027
	MCSIMMS MANCOS UNIT 12-11 #002H	4/2030	7/2030
	MCSIMMS MANCOS UNIT 13-14 #001H	5/2030	8/2030

EXHIBIT 1

McSimms (Mancos) Unit - Plan of Development Timeline
2025

January	February	March	April	May	June	July	August	September	October	November	December
Submit Final Unit Agreement with Ratification & Joinders to BLM. Receive approval by BLM.		Finalize Special Use Permit with Carson National Forest, Decision Date 5/15/2019, PALS#55539 (Pad B and Pad C)								No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)	
		File Unit Agreement with NMOCD			Finalize two(2) APDs for the wells on the NEPA approved "C" pad in Section 27 SE/4; Submit APD for 1 well on 12-11 Pad						
Initiate surface use on private acreage for Pad SE Sec 12											

2026

January	February	March	April	May	June	July	August	September	October	November	December
Submit two (2) APDs for wells drilled on C Pad			Schedule, drill, and complete one (1) obligation well off Pad C, Sec 27, SE/4; Pad C CDP Installation 7/2026 (Carson NF)							Plan on meeting with BLM to discuss status of POD	
								Construct gathering line interconnect for Pad 12-11 (Private Surface)			
No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)										No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)	

2027

January	February	March	April	May	June	July	August	September	October	November	December
Submit three (3) APDs for wells drilled on B Pad Sections 23-24			Schedule, drill, and complete the second (2) obligation well off Pad C and one(1) well off pad A ; Pad A CDP Installation 7/2027							Plan on meeting with BLM to discuss status of POD	
No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)										No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)	

2028

January	February	March	April	May	June	July	August	September	October	November	December
Submit two (2) APDs for wells drilled on SE Sec 12 Pad, Sec 12-11			Schedule, drill, and complete two (2) Pad C							Plan on meeting with BLM to discuss status of POD	
								Pad B R/W Installation (Carson NF)			
No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)										No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)	

2029

January	February	March	April	May	June	July	August	September	October	November	December
Submit two (2) APDs for wells drilled on pads B or C			Schedule, drill, and complete three (3) Pad B Sections 23-24; Pad B CDP Installation 7/2029							Plan on meeting with BLM to discuss status of POD	
No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)										No surface use allowed during 11/1-3/31 per Record of Decision for Surface Management of Gas Leasing & Development; Jicarilla Ranger District, Carson NF (does not apply to operations & maintenance)	

EXHIBIT 1

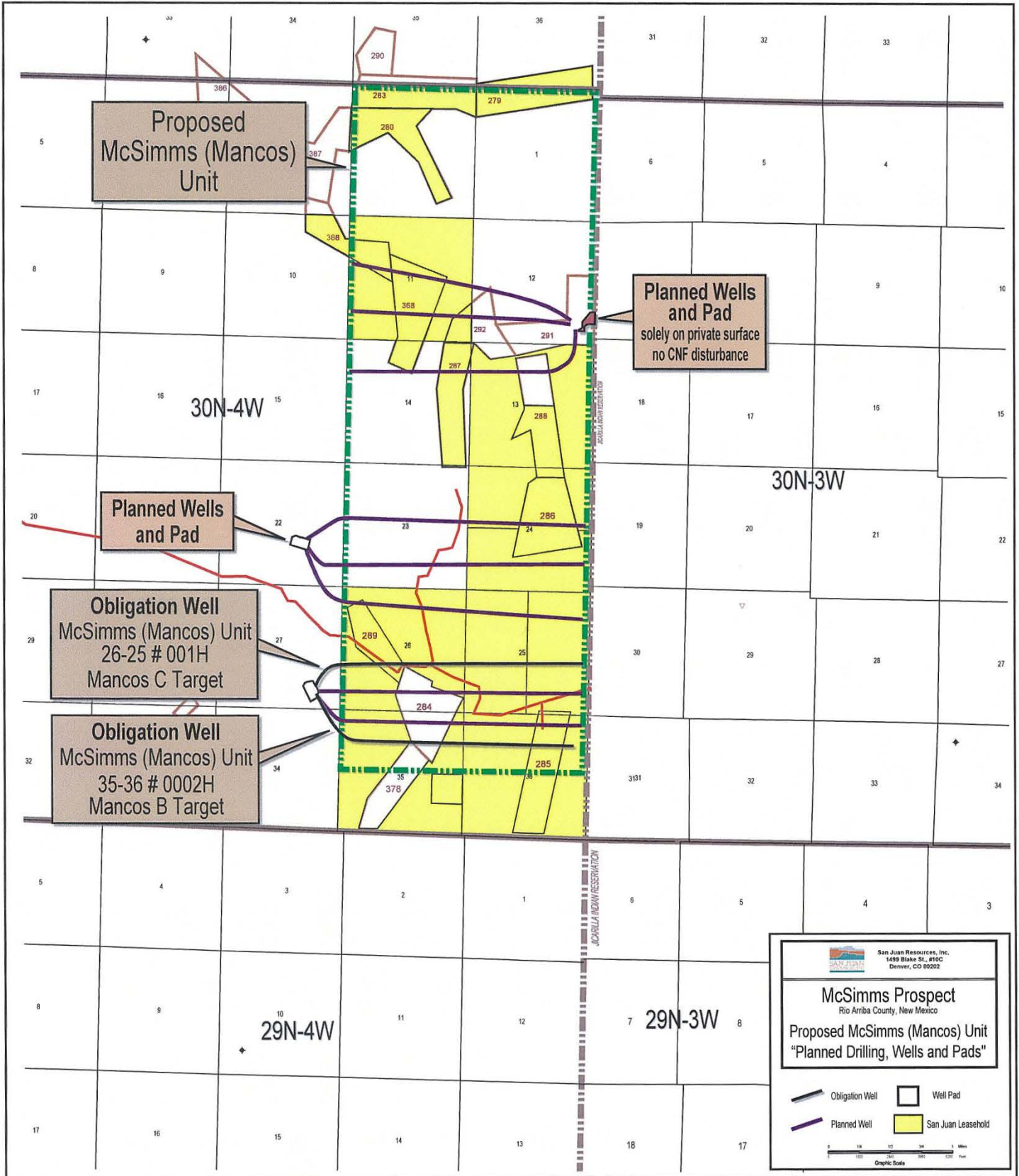


EXHIBIT 1

