



CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.
ASHLEY BEAL LAFEVERS

BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

November 3, 2020

GULF COAST DISTRICT
TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

Certified Return Receipt

7020 0090 0000 7047 6329

In re: Federal Communitization Agreements

North Ridge 8040 Federal Com #1H - API #30-025-46957

North Ridge 8040 Federal Com #2H - API #30-025-46958

North Ridge 8040 Federal Com #3H - API #30-025-46959

North Ridge 8040 Federal Com #4H - API #30-025-46960

All of Section 35, T22S, R34E, and Lots 1-4 & S/2 N/2 Section 2,
T23S, R34E, Lea County, NM

BTA 8040 North Ridge Venture, Tr. I, II, III, IV

RECEIVED

NOV 19 2020

**BLM, NMSO
SANTA FE**

NMNM 142932

Bureau of Land Management
New Mexico State Office
301 Dinosaur Trail
Santa Fe, NM 87508

Attn: Ms. Elizabeth Rivera
Land Law Examiner

Dear Lisa:

Transmitted herein for your review and approval, find enclosed our fully executed Communitization Agreements for the North Ridge 8040 Federal Com #1H, 2H, 3H and 4H Wells, each agreement submitted in triplicate, each agreement effective August 1, 2020 and each agreement covering crude oil and associated natural gas from the Bone Spring Formation.

If you have any questions or require further information, please let me know.

Sincerely,

Rex D. Barker

Landman

rbarker@btaoil.com

Enclosures

C:\Users\ebolger\Documents\Monas Documents\Land\Letters\Rex Barker\Transmittal Letter - Com Agmt (Fed) 8040 North Ridge.docx

RECEIVED

NOV 19 2020

BLM, NMSO
SANTA FEFederal Communitization AgreementContract No. NMNM 142932

THIS AGREEMENT entered into as of the 1st day of August, 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

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

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

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

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

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

Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico
Section 35: E/2 E/2

Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico
Section 2: Lot 1 & SE/4 NE/4

Containing 240.22 acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the crude oil and associated natural gas

hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be BTA Oil Producers, LLC, 104 South Pecos Street, Midland, TX 79701. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and

- separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
 8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
 10. The date of this agreement is August 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

OPERATOR

WORKING INTEREST OWNER - (NMNM 26396, STATE OF NEW MEXICO L-5113):

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT
WORKING INTEREST**

I, the undersigned, hereby certify, on behalf of BTA Oil Producers, LLC, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

BTA OIL PRODUCERS, LLC

10/5/2020

Date

[Signature]

By: Barry Beal, Jr.

Title: Managing Member

[Signature]
wbp

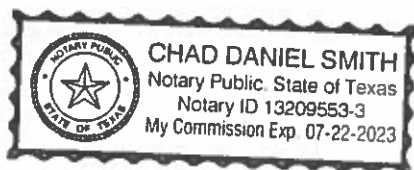
ACKNOWLEDGEMENT

STATE OF TEXAS §

§

COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 5th day of October, 2020 by Barry Beal, Jr. as Managing Member of BTA Oil Producers, LLC, a Texas limited liability company.



Chad D. Smith
Notary Public in and for the State of Texas

**RECORD TITLE OWNER AND WORKING INTEREST OWNER -
(NMNM 26396):**

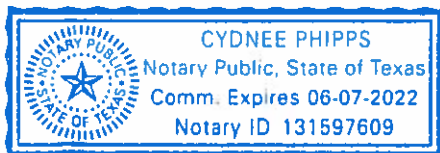
**RIDGE RUNNER RESOURCES
AGENT, INC.**

10/01/2020
Date

[Signature]
By: Scott H. Germann
Title: CEO

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on October 1st,
2020, by Scott H. Germann, as CEO
of Ridge Runner Resources Agent, Inc., a Delaware corporation, on behalf of said
corporation.



Cydnee Phipps
Notary Public in and for the State of Texas

WORKING INTEREST OWNER - (NMNM 26396):

BEXP I, LP

Date

By:
Title:

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____,
2020, by _____, as _____
of BEXP I, LP, a Delaware Limited Partnership, on behalf of said partnership.

Notary Public in and for the State of Texas

**RECORD TITLE OWNER AND WORKING INTEREST OWNER - LESSEE
(NMNM 26396):**

**RIDGE RUNNER RESOURCES
AGENT, INC.**

Date

By:
Title:

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on _____,
2020, by _____, as _____
of Ridge Runner Resources Agent, Inc., a Delaware corporation, on behalf of said
corporation.

Notary Public in and for the State of Texas

WORKING INTEREST OWNER - (NMNM 26396):

BEXP I, LP

10/20/20
Date

By: Keith P. Lillie
Title: CEO

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on October 20,
2020, by Keith P. Lillie, as CEO
of BEXP I, LP, a Delaware Limited Partnership, on behalf of said partnership.



Notary Public in and for the State of Texas

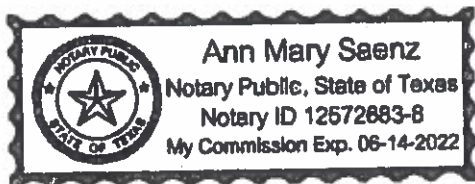
RECORD TITLE OWNER - (STATE OF NEW MEXICO L-5113):**V-F PETROLEUM, INC.**

10/5/20
Date

Sandra K. Lawlis
By: Sandra K. Lawlis
Title: Vice President

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on October 5,
2020, by Sandra K. Lawlis, as Vice President
of V-F Petroleum, Inc, a Texas corporation, on behalf of said corporation.



Ann Mary Saenz
Notary Public in and for the State of Texas

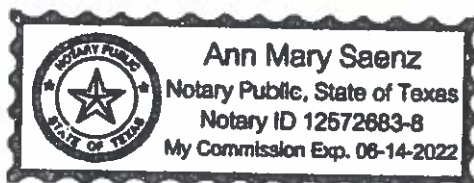
WORKING INTEREST OWNER - (STATE OF NEW MEXICO L-5113):**GAHR ENERGY COMPANY**

10/5/20
Date

Sandra K. Lawlis
By: Sandra K. Lawlis
Title: Vice President

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on October 5,
2020, by Sandra K. Lawlis, as Vice President
of Gahr Energy Company, a Texas corporation, on behalf of said corporation.



Ann Mary Saenz
Notary Public in and for the State of Texas

EXHIBIT "A"

Attached to Communitization Agreement dated August 1, 2020 by BTA Oil Producers, LLC, et al, covering the E/2 E/2 of Section 35, T22S, R34E, and Lot 1 and the SE/4 NE/4 of Section 2, T-23-S, R-34-E, N.M.P.M., Lea County, New Mexico.

North Ridge 8040 Federal Com #4H

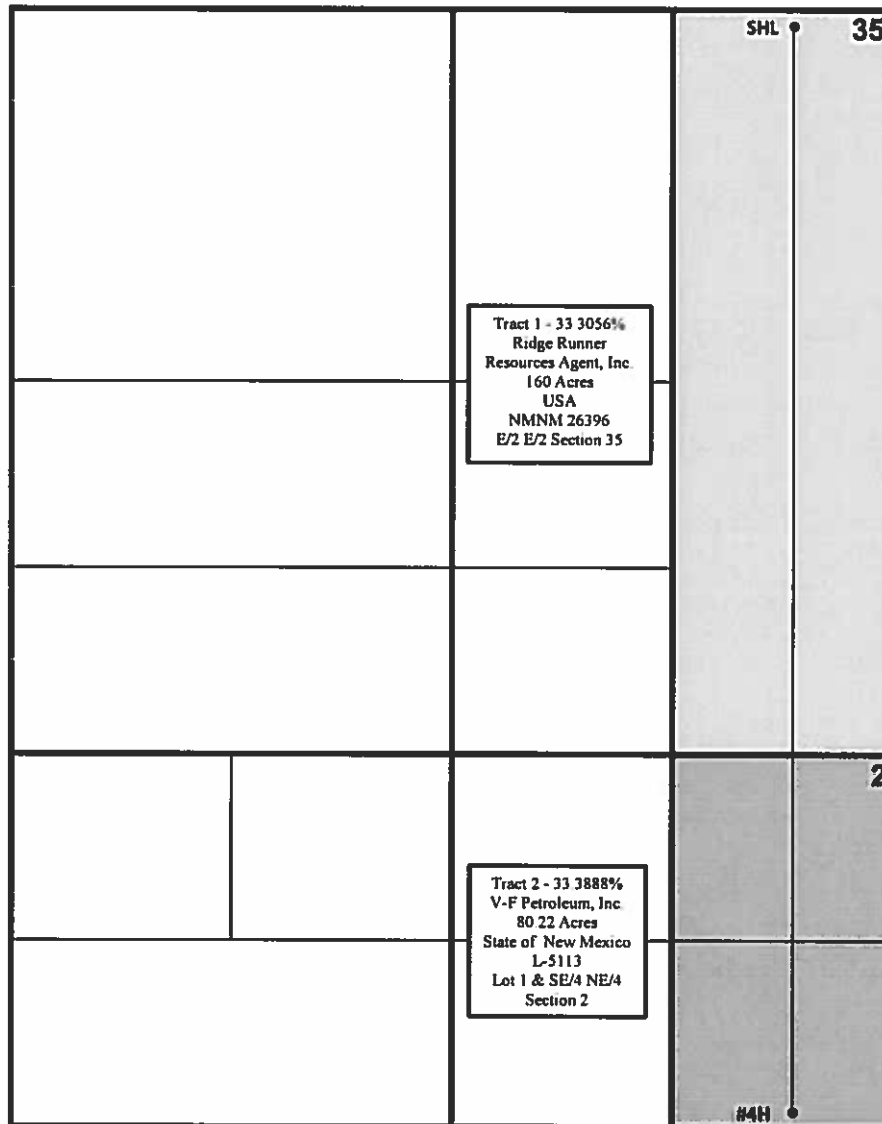


EXHIBIT "B"

To Communitization Agreement dated August 1, 2020 embracing the following described land in the E/2 E/2 of Section 35, T-22-S, R-34-E, and Lot 1 and SE/4 NE/4 of Section 2, T-23-S, R-34-E, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: BTA Oil Producers, LLC

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number:	NMNM 26396	
Lease Date:	October 1, 1975	
Recorded:	N/A	
Lease Term:	Ten (10) years	
Lessor:	The United States of America	
Original Lessee:	Adah G. Macauley	
Description of Land Committed:	Township 22 South, Range 34 East, NMPM, Lea County, NM Section 35: E/2 E/2	
Number of Acres:	160.00	
Royalty Rate:	12.50%	
Record Title Owner – Lessee:	Ridge Runner Resources Agent, Inc.	
Name and Percent of ORRI Owners:	Of Record	
Name and Percent of WI Owners:	BTA Oil Producers, LLC	66.67%
	Ridge Runner Resources Agent, Inc.	12.14%
	BEXP I, LP	21.19%

Tract No. 2

Lease Serial Number:	L-5113	
Lease Date:	December 15, 1970	
Recorded:	N/A	
Lease Term:	Ten (10) years	
Lessor:	The State of New Mexico	
Original Lessee:	Phillips Petroleum Company	
Description of Land Committed:	Township 23 South, Range 34 East, NMPM, Lea County, NM Section 2: Lot 1, SE/4 NE/4	
Number of Acres:	80.22	
Royalty Rate:	12.50%	
Record Title Owner – Lessee:	V-F Petroleum, Inc.	
Name and Percent of ORRI Owners:	None	
Name and Percent of WI Owners:	BTA Oil Producers, LLC	75.00%
	Gahr Energy Company	25.00%

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	160.00	66.6056%
2	<u>80.22</u>	<u>33.3944%</u>
Total	240.22	100.0000%

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

COMMENTS

Action 171354

COMMENTS

Operator: BTA OIL PRODUCERS, LLC 104 S Pecos Midland, TX 79701	OGRID: 260297
	Action Number: 171354
	Action Type: [IM-SD] Well File Support Doc (ENG) (IM-AWF)

COMMENTS

Created By	Comment	Comment Date
dmcclure	NMNM 142932	12/30/2022

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

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

CONDITIONS

Action 171354

CONDITIONS

Operator: BTA OIL PRODUCERS, LLC 104 S Pecos Midland, TX 79701	OGRID: 260297
	Action Number: 171354
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CONDITIONS

Created By	Condition	Condition Date
dmcclure	None	12/30/2022