



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

New Mexico State Office

301 Dinosaur Trail

Santa Fe, New Mexico 87508

<https://www.blm.gov/new-mexico>

MAR 3 1 2021

In Reply Refer To:

NMNM139002

3105.2 (NM920)

Reference:

Communitization Agreement

Norris Thornton Com #204H

Section 23: S2

T. 23 S., R. 27 E., N.M.P.M.

Eddy County, NM

Matador Production Company

5400 LBJ Freeway, Suite 1500

Dallas, TX 75240

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM139002 involving 40 acres of Federal land in lease NMNM139351 and 280 acres of fee land, Eddy County, New Mexico, which comprise a 320 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath the S2 of Sec. 23, T. 23 S., R. 27 E., NMPM, Eddy County, NM, and is effective June 1, 2018. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.


Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Elizabeth Rivera at (505) 954-2162.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,


Sheila Mallory
Deputy State Director
Division of Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NMSO (NM925, File)

NM STATE LAND COMM.

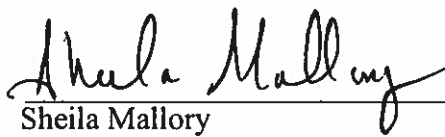
Determination - Approval - Certification

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

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering the S2 of Sec. 23, T. 23 S., R. 27 E., NMPM, as to all producible hydrocarbons from the Wolfcamp formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met. Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:

MAR 31 2021



Sheila Mallory
Deputy State Director
Division of Minerals

Effective: June 1, 2018

Contract No.: Com. Agr. NMNM139002



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
www.blm.gov/new-mexico



In Reply Refer To:

NMNM139002
3105.2 (NM925)

Reference:

Communitization Agreement
Norris Thornton Com #204H
Section 23: S2
T. 23 S., R. 27 E., N.M.P.M.
Eddy County, NM

Matador Production Company
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

To Whom It May Concern:

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Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

It is recognized that modifications to the Federal communitization agreement form to include State of New Mexico Lands and references to the Land Commissioner in the language of this agreement have been submitted voluntarily by **MATADOR PRODUCTION COMPANY** and that such language shall not adversely affect Federal lands or limit or alter the jurisdiction and responsibilities of the BLM Authorized Officer established by the Mineral Leasing Act of 1920,

as amended, and regulations promulgated at 43 CFR 3100, 43 CFR 3160, or 43 CFR 3170.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, contact Idu Opral C. Ijeoma (505) 954-2152.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

James Glover
Supervisory Geologist
Branch of Reservoir Management
Division of Minerals

1 Enclosure:

1 - Communitization Agreement

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Approved:

James Glover
Supervisory Geologist
Branch of Reservoir Management
Division of Minerals

Effective: June 1, 2018

Contract No.: Com. Agr. NMNM139002

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

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

RECEIVED

MAR 15 2019

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-44659	Pool Code 98220	Pool Name PURPLE SAGE; WOLFCAMP(GAS)
Property Code 320070	Property Name NORRIS THORNTON COM RB	Well Number #204H
OGRID No. 228937	Operator Name MATADOR PRODUCTION COMPANY	Elevation 3135'

10 Surface Location

UL or lot no. P	Section 23	Township 23-S	Range 27-E	Lot Idn -	Feet from the 189'	North/South line SOUTH	Feet from the 393'	East/West line EAST	County EDDY
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11 Bottom Hole Location If Different From Surface

UL or lot no. M	Section 23	Township 23-S	Range 27-E	Lot Idn -	Feet from the 336'	North/South line SOUTH	Feet from the 241'	East/West line WEST	County EDDY
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=551022 Y=467150 LAT.: N 32.2842045 LONG.: W 104.1682335 NAD 1983 X=592204 Y=467209 LAT.: N 32.2843240 LONG.: W 104.1687315 MD = 14497'	LAST TAKE POINT NEW MEXICO EAST NAD 1927 X=551185 Y=467165 LAT.: N 32.2842460 LONG.: W 104.1677695 NAD 1983 X=592347 Y=467224 LAT.: N 32.2843858 LONG.: W 104.1682675 MD = 14351'	FIRST TAKE POINT NEW MEXICO EAST NAD 1927 X=555704 Y=467236 LAT.: N 32.2844205 LONG.: W 104.1530827 NAD 1983 X=596886 Y=467295 LAT.: N 32.2845403 LONG.: W 104.1535801 MD = 9800'	PENRATION POINT NEW MEXICO EAST NAD 1927 X=556167 Y=467135 LAT.: N 32.2841403 LONG.: W 104.1515834 NAD 1983 X=597350 Y=467194 LAT.: N 32.2842602 LONG.: W 104.1520808 MD = 9307'	KICK OFF POINT NEW MEXICO EAST NAD 1927 X=556390 Y=467088 LAT.: N 32.2840043 LONG.: W 104.1508625 NAD 1983 X=597573 Y=467145 LAT.: N 32.2841241 LONG.: W 104.1513598 MD = 8840'
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DETAIL VIEW
SCALE: 1" = 300'

SURFACE LOCATION
NEW MEXICO EAST
NAD 1927
X=553664
Y=467013
LAT.: N 32.2838083
LONG.: W 104.1532105
NAD 1983
X=596847
Y=467072
LAT.: N 32.2839280
LONG.: W 104.1537079

SEE DETAIL

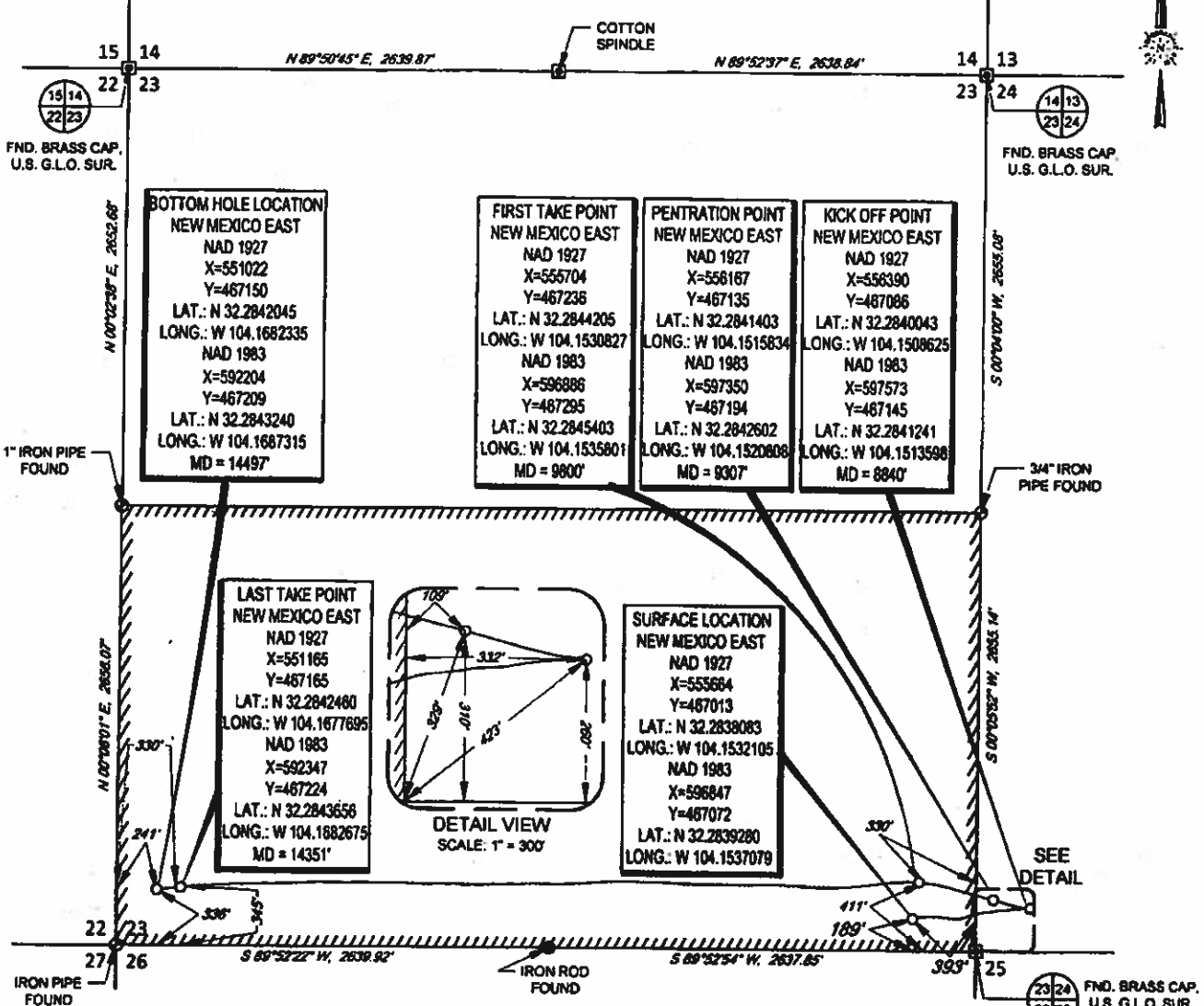
17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
Signature: Sara Hartsfield
Printed Name: Sara Hartsfield
E-mail Address: shartsfield@matadorresources.com

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.
Date of Survey: 11/22/2018
Signature: MICHAEL BROWN
Professional Surveyor
Certificate Number: 18329

SCALE: 1" = 1000'

0 500' 1000'

SECTION 23, TOWNSHIP 23-S, RANGE 27-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO



TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 148 - FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 - FAX (817) 744-7554
2903 NORTH BIG SPRING - MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 787-1853 - FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM



Michael Blake Brown, P.S. No. 18329
OCTOBER 19, 2018

NORRIS THORNTON COM RB #204H AS-#204H	REVISION:		NOTES:
	INT	DATE	
DATE: 10/19/18			<p>1. ORIGINAL DOCUMENT SIZE: 8.5" X 11"</p> <p>2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.</p> <p>3. THIS WELL LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.</p>
FILE:AD_NORRIS_THORNTON_COM_RB_204H			
DRAWN BY: AMD			
SHEET: 1 OF 1			

RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

MAR 15 2019

Form C-104
Revised August 1, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

DISTRICT II-ARTESIA O.C.D. Appropriate District Office

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

1 Operator name and Address Matador Production Company 5400 LBJ Freeway, Ste. 1500, Dallas, TX 75240		2 OGRID Number 228837
4 API Number 30 - 015-44859		5 Pool Name PURPLE SAGE; WOLFCAMP (GAS)
3 Property Code 320070	6 Property Name NORRIS THORNTON COM	7 Well Number 204H

II. Surface Location

U/I or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West line	County
P	23	23S	27E		189	S	393	E	EDDY

Bottom Hole Location

U/I or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	23	23S	27E		336	S	241	W	EDDY

12 Loc Code P	13 Producing Method Code F	14 Gas Connection Date 09/13/18	15 C-129 Permit Number	16 C-129 Effective Date	17 C-129 Expiration Date
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III. Oil and Gas Transporters

18 Transporter OGRID	19 Transporter Name and Address	20 O/G/W
371242	LONGWOOD RB PIPELINE, LLC 5400 LBJ FREEWAY, STE. 1500 DALLAS, TX 75240	G
311333	BRIDGER TRANSPORTATION, LLC 2009 CHENAULT DR., #100 CARROLLTON, TX 75006	O

RECEIVED
MAR 15 2019
DISTRICT II-ARTESIA O.C.D.

*Cement in hole 14497' - 14462'

IV. Well Completion Data

21 Spud Date 07/04/18	22 Ready Date 09/13/18	23 TD 9147' - 14497'	24 PBDT 14462'	25 Perforations 9800' - 14351'	26 DHC, MC
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27 Hole Size	28 Casing & Tubing Size	29 Depth Set	30 Sacks Cement
17 1/2	13 3/8 J55 54.5#	514'	815/C 1.34 - <i>arc</i>
12 1/4	9 5/8 J55 40.0#	2485'	860/C 1.33 - <i>arc</i>
8 3/4	7 5/8 P110 29.7#	0 - 1994'	761/C 1.37 - <i>arc</i>
8 3/4	7 5/8 P110 29.7#	1994 - 8573'	
8 3/4	7 P110 28#	8573 - 9524'	
6 1/8	5 1/2 P110 20#	0 - 8500'	535/H 1.17
6 1/8	4 1/2 P110 13.5#	8500 - 14497'	Est TOG 8190'

V. Well Test Data

31 Date New Oil 09/13/18	32 Gas Delivery Date 09/13/18	33 Test Date 09/23/18	34 Test Length 24 hrs.	35 Tbg. Pressure —	36 Csg. Pressure 1475
37 Choke Size 40/64	38 Oil 1059	39 Water 3616	40 Gas 2989	41 Test Method Flowing	

42 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Ava Monroe

Printed name:

Ava Monroe

Title:

Sr. Regulatory Analyst

E-mail Address:

amonroe@matadorresources.com

Date:

03/13/19

Phone:

972-371-5218

OIL CONSERVATION DIVISION

Approved by:

Buster Kley
Business Ops SDC A

Title:

Approval Date:

3-18-2019

Submit To Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised April 3, 2017 1. WELL API NO. 30-015-44659 2. Type of Lease <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> FED/INDIAN 3. State Oil & Gas Lease No.																																																						
WELL COMPLETION OR RECOMPLETION REPORT AND LOG																																																								
4. Reason for filing: <input checked="" type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input type="checkbox"/> C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)		5. Lease Name or Unit Agreement Name NORRIS THORNTON COM 6. Well Number: 204H <div style="text-align: right; font-weight: bold;">MAR 15 2019</div>																																																						
7. Type of Completion: <input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER		9. OGRID 228937 DISTRICT II-ARTESIA O.G.D.																																																						
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26. Perforation record (Interval, size, and number) 9800' - 14351'; 22 stages, 6 clusters/5 holes per @ 0.33"																																																								
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>DEPTH INTERVAL</th> <th>AMOUNT AND KIND MATERIAL USED</th> </tr> <tr> <td>9800' - 14351'</td> <td>12,358,000 lbs sand; fracture treated</td> </tr> </table>			DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED	9800' - 14351'	12,358,000 lbs sand; fracture treated																																																		
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Date First Production 09/13/18		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing																																																						
Date of Test 09/23/18		Well Status (Prod. or Shut-In) Prod.																																																						
Hours Tested 24	Choke Size 40/64	Prod'n For Test Period																																																						
Flow Tubing Press. ---	Casing Pressure 1475	Oil - Bbl 1059																																																						
Calculated 24-Hour Rate	Oil - Bbl. 1059	Gas - MCF 2989																																																						
Water - Bbl. 3616	Gas - MCF 2989	Water - Bbl. 3616																																																						
Oil Gravity - API - (Corr.) 47.3	Gas - Oil Ratio 2822	Gas - Oil Ratio 2822																																																						
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold		30. Test Witnessed By Mark Villanueva																																																						
31. List Attachments C-102, Plat, DS, Logs																																																								
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.		33. Rig Release Date:																																																						
34. If an on-site burial was used at the well, report the exact location of the on-site burial:																																																								
Latitude _____ Longitude _____ NAD83																																																								
I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief																																																								
Signature 	Printed Name Ava Monroe	Title Sr. Regulatory Analyst																																																						
E-mail Address amonroe@matadorresources.com	Date 03/13/19																																																							

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn A"
T. Salt	T. Strawn	T. Kirtland	T. Penn. "B"
B. Salt 2316'/2330'	T. Atoka	T. Fruitland	T. Penn. "C"
T. Yates	T. Miss	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers	T. Devonian	T. Cliff House	T. Leadville
T. Queen	T. Silurian	T. Menefee	T. Madison
T. Grayburg	T. Montoya	T. Point Lookout	T. Elbert
T. San Andres	T. Simpson	T. Mancos	T. McCracken
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzte
T. Paddock	T. Ellenburger	Base Greenhorn	T. Granite
T. Blinobry	T. Gr. Wash	T. Dakota	
T. Tubb	T. Delaware Sand 2365'/2379'	T. Morrison	
T. Drinkard	T. Bone Springs 5792'/5840'	T. Todilto	
T. Abo	T.	T. Entrada	
T. Wolfcamp 9176'/9307'	T.	T. Wingate	
T. Penn	T.	T. Chinle	
T. Cisco (Bough C)	T.	T. Permian	

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
No. 2, from.....to.....
No. 3, from.....to.....
No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology

From	To	Thickness In Feet	Lithology

COMMUNITIZATION AGREEMENT

Contract No. 1 NMNM 139002

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

WITNESSETH:

WHEREAS, the act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorized 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and 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 agreement 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, and as depicted on "Exhibit "A".

S/2 of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico

containing **320.00 acres**, more or less, and this agreement shall include the **Wolfcamp Formation** underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons, hereinafter referred to as "communitized substances," producible from such formations.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit B, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commission.

4. Operator shall furnish the Secretary of the Interior, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas regulations.

5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage committed to this agreement.

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

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

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operations, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as a commencement, completion, continued operations, 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. This agreement is effective **June 1, 2018**, upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioners, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period. As to lands owned by the State of New Mexico, there shall be no cessation of more than twenty (20) consecutive days; provided, however, that as to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal

lands shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.

13. 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 of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

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

I, the undersigned, hereby certify, on behalf of Matador Production Company, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e., lessees of record and operating right owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of the Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

OPERATOR:

Matador Production Company

Date: 6/27/18

By: 

Name: Craig N. Adams 

Title: Executive Vice President

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS

§

COUNTY OF DALLAS

§

§

The foregoing instrument was acknowledged before me this 27 day of June, 2018, by Craig N. Adams, Executive Vice President of **Matador Production Company**, a Texas corporation, on behalf of said corporation.



My Commission Expires:

2/12/20

Rachel Edwards
Notary Public, State of Texas

WORKING

INTEREST

OWNER/RECORD

TITLE

OWNER:

MRC Permian Company

Date:

6/27/18

By:

CN

Name: Craig N. Adams

Title: Executive Vice President

*smth
pdc*

MRC Permian LKE Company

Date:

6/27/18

By:

CN

Name: Craig N. Adams

Title: Executive Vice President

*smth
pdc*

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS

§

§

COUNTY OF DALLAS

§

The foregoing instrument was acknowledged before me this 21 day of June, 2018, by **Craig N. Adams, Executive Vice President** of MRC Permian Company, a Texas corporation, on behalf of said corporation.

My Commission Expires:

2/12/20

Rachel Edwards
Notary Public, State of Texas

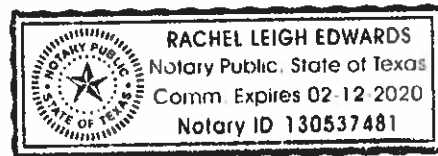
STATE OF TEXAS

§

§

COUNTY OF DALLAS

§



The foregoing instrument was acknowledged before me this 21 day of June, 2018, by **Craig N. Adams, Executive Vice President** of MRC Permian LKE Company, a Texas corporation, on behalf of said corporation.

My Commission Expires:

2/12/20

Rachel Edwards
Notary Public, State of Texas



EXHIBIT "A"

**PLAT OF COMMUNITIZED AREA COVERING THE S/2 OF SECTION 23,
TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO**

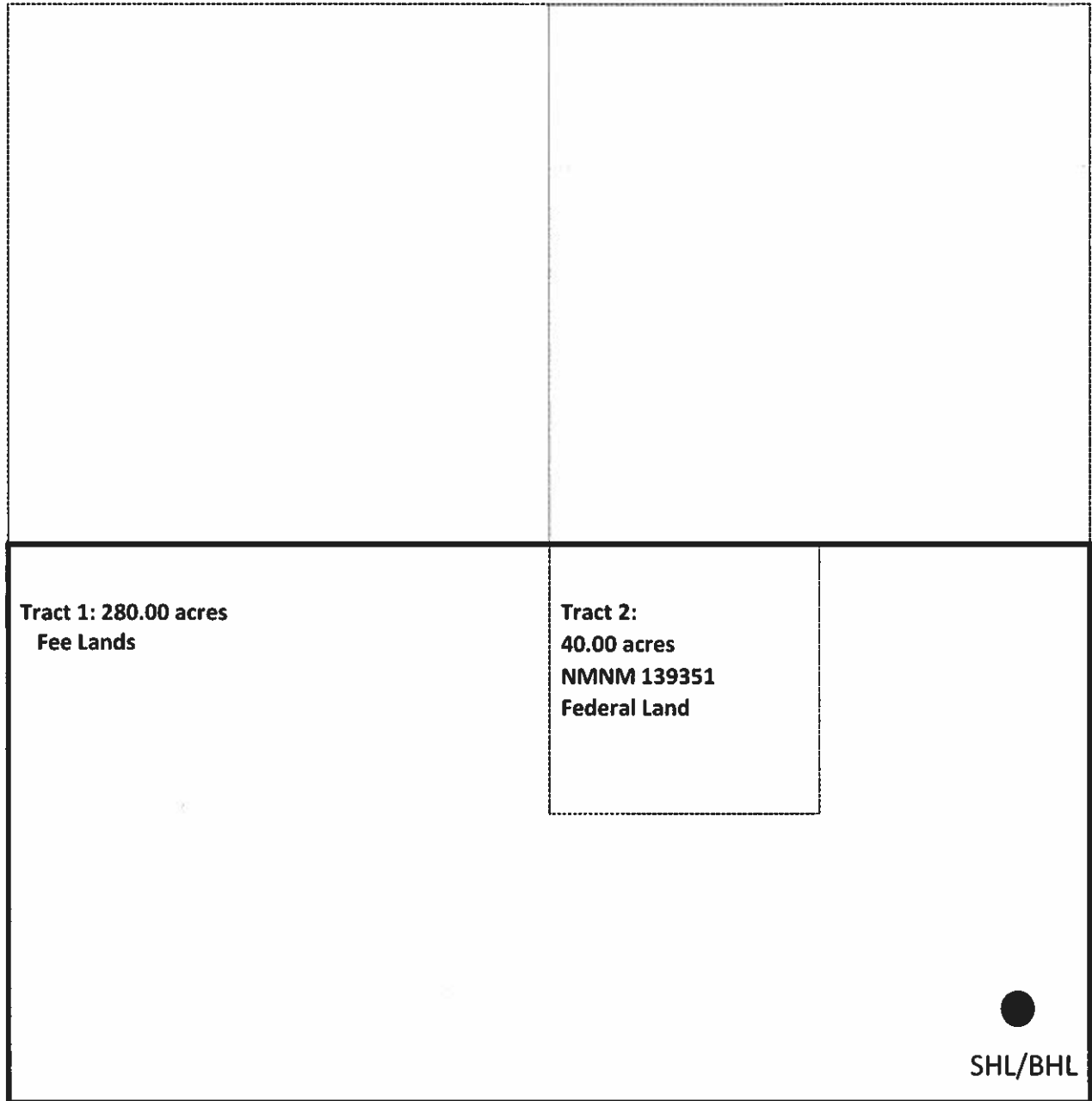


EXHIBIT "B"

**ATTACHED TO AND MADE A PART OF THAT CERTAIN COMMUNITIZATION
AGREEMENT DATED JUNE 01, 2018, COVERING THE S/2 OF SECTION 23,
TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO**

DESCRIPTION OF LEASES COMMITTED:

Tract No. 1:

Lessor: Fee Mineral Owners
Lessee of Record: MRC Permian Company and MRC Permian LKE Company
Description of Township 23 South, Range 27 East, N.M.P.M.
Lands Committed: Section 23: SW/4, S/2SE/4 and NE/4SE/4
Number of Acres: 280.00

Tract No. 1 Working Interest Owner:

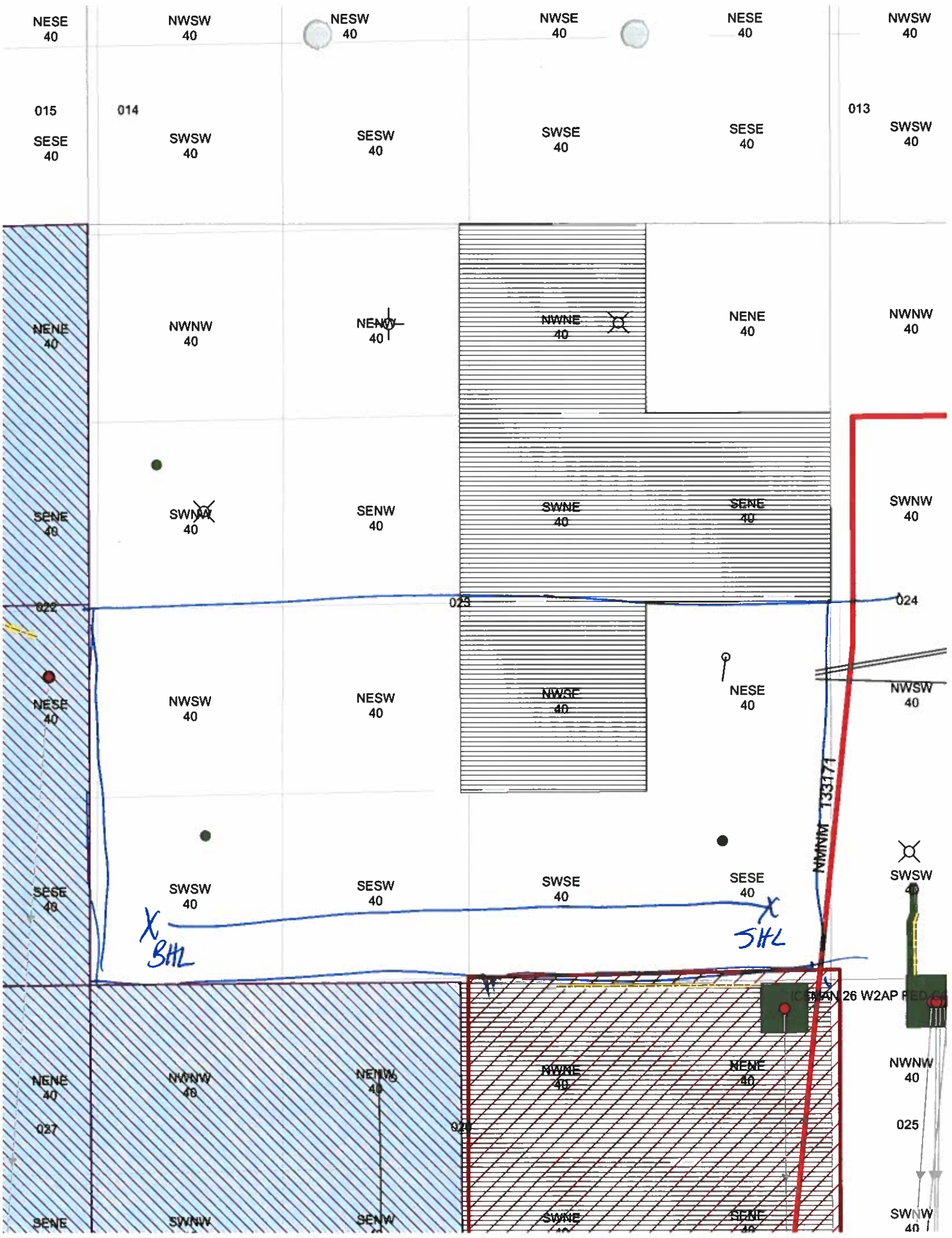
MRC Permian Company	42.59246%
MRC Permian LKE Company	<u>57.40754%</u>
	100.0000%

Tract No. 2:

Lessor: United States of America (NMNM-139351)
Lessee of Record: Flat Creek Resources
Description of Township 23 South, Range 27 East, N.M.P.M.
Lands Committed: Section 23: NW/4SE/4
Number of Acres: 40.00

RECAPITULATION

<u>Tract No.</u>	<u>Acreage Committed</u>	<u>Percentage of Interest</u>
Tract 1	280.00	87.50%
<u>Tract 2</u>	<u>40.00</u>	<u>12.50%</u>
Total:	320.00 acres	100.00%



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

Form C-101
August 1, 2011
Permit 247749

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240		2. OGRID Number 228937
4. Property Code 320070		3. API Number 30-015-44659
5. Property Name NORRIS THORNTON COM		6. Well No. 204H

7. Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	23	23S	27E	P	189	S	393	E	Eddy

8. Proposed Bottom Hole Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	23	23S	27E	M	330	S	240	W	Eddy

9. Pool Information	
PURPLE SAGE WOLFCAMP (GAS)	98220

Additional Well Information				
11. Work Type New Well	12. Well Type GAS	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3135
16. Multiple N	17. Proposed Depth 15000	18. Formation Wolfcamp	19. Contractor	20. Spud Date 7/5/2018
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program						
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	550	500	0
Int1	12.25	9.625	40	2500	800	0
Int2	8.75	7.625	29.7	8850	900	1000
Int2	8.75	7	29	9650	900	1000
Prod	6.125	5.5	20	8750	550	8700
Prod	6.125	4.5	13.5	14200	550	8700

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program			
Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	3000	Cameron
Double Ram	10000	5000	Cameron
Pipe	10000	5000	Cameron

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature: _____ Printed Name: Electronically filed by Ava Monroe Title: Engineering Tech Email Address: amonroe@matadorresources.com Date: 1/29/2018	OIL CONSERVATION DIVISION Approved By: Raymond Podany Title: Geologist Approved Date: 2/2/2018 Expiration Date: 2/2/2020 Conditions of Approval Attached
Phone: 972-371-5218	

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	Form C-103 August 1, 2011 Permit 254479 WELL API NUMBER 30-015-44659 5. Indicate Type of Lease P 6. State Oil & Gas Lease No. 7. Lease Name or Unit Agreement Name NORRIS THORNTON COM 8. Well Number 204H 9. OGRID Number 228937 10. Pool name or Wildcat			
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)					
1. Type of Well: G					
2. Name of Operator MATADOR PRODUCTION COMPANY					
3. Address of Operator One Lincoln Centre, 5400 Lbj Freeway Ste 1500, Dallas, TX 75240					
4. Well Location Unit Letter <u>P</u> : <u>189</u> feet from the <u>S</u> line and feet <u>393</u> from the <u>E</u> line Section <u>23</u> Township <u>23S</u> Range <u>27E</u> NMPM _____ County <u>Eddy</u>					
11. Elevation (Show whether DR, KB, BT, GR, etc.) 3135 GR					
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____					
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data <table style="width: 100%;"> <tr> <td colspan="2"> NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> Other: _____ </td> <td> SUBSEQUENT REPORT OF: <input type="checkbox"/> REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> CASING/CEMENT JOB Other Spud <input checked="" type="checkbox"/> </td> </tr> </table>			NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> Other: _____		SUBSEQUENT REPORT OF: <input type="checkbox"/> REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> CASING/CEMENT JOB Other Spud <input checked="" type="checkbox"/>
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> Other: _____		SUBSEQUENT REPORT OF: <input type="checkbox"/> REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> CASING/CEMENT JOB Other Spud <input checked="" type="checkbox"/>			
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work.) SEE RULE 1103. For Multiple Completions Attach wellbore diagram of proposed completion or recompletion. 7/4/2018 Spudded well. Drilling a horizontal well in the Wolfcamp formation.					
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/>					
SIGNATURE <u>Electronically Signed</u> TITLE <u>Engineering Tech</u> DATE <u>7/6/2018</u> Type or print name <u>Ava Monroe</u> E-mail address <u>amonroe@maladorresources.com</u> Telephone No. <u>972-371-5218</u>					
For State Use Only: APPROVED BY: <u>Raymond Podany</u> TITLE <u>Geologist</u> DATE <u>7/9/2018</u>					

Agreement Maintenance

Case Serial Num NMNM139002		Case Type Code 318310		Case Name NORRIS THORNTON COM #204H	
FEE NMNM139351	Lease Number NMNM139351	Code FEE 312021	PRIVATE LAND	Lease Name	Status code H
Status code I	Helium? No	Mineral Interest Percent 12.50	MMS IID NMNM139002	Reduced Royalty Rate F	Reduced Roy Rt Eff Date
Status Date 06/01/2018	Indian Contract Number	Royalty Rate Code Reservation	Extension Approved Date	Termination Effective Date	
Effective Date 06/01/2018	Expiration Date				

9-Apr-2019 10:58

MRC Delaware Resources, LLC

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.371.5409 • Fax 972.371.5201

jgrainger@matadorresources.com

NM 139002

7/3

Jaime Grainger
Operations Land Tech

June 28, 2018

VIA FEDERAL EXPRESS (772585817580)

Bureau of Land Management

Attn: Deborah Ham

620 E. Greene St.

Carlsbad, NM 88220

Median Cave forest

Re: *Fee well*
S/2S/2 Norris Thornton #204H -DRG
Section 23-23S-27E, Eddy County, New Mexico

*unleased land within
will be allocated production.*

Dear Ms. Ham,

Enclosed please find two originals and two copies of the S/2S/2 Norris Thornton #204H in Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico, Communitization Agreement.

Believe acreage is wrong.

Please let me know if you have any questions!

(972) 371-5409

I serialized for a 320.00

Sincerely,

Jaime Grainger

Jaime Grainger

Enclosure(s)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-6120
District II
811 S. First St., Artesia, NM 88210
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District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 98220		Pool Name PURPLE SAGE WOLFCAMP (GAS)	
Property Code		Property Name NORRIS THORNTON COM			Well Number #204H
OGRID No. 228937		Operator Name MATADOR PRODUCTION COMPANY			Elevation 3135'

Surface Location									
UT. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	23	23-S	27-E	-	189'	SOUTH	393'	EAST	EDDY

UT. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	23	23-S	27-E	-	330'	SOUTH	240'	WEST	EDDY

Dedicated Acres 321.74	Joint or Infill	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sara Hartfield 12-8-17</i> Signature Date</p> <p>Sara Hartfield Printed Name</p> <p>shartfield@matadorresources.com E-mail Address</p>		
<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>12/22/2017 Date of Survey Signature of Surveyor NEW MEXICO 19642 PROFESSIONAL SURVEYOR <i>Stanley Lloyd</i> Certificate Number</p>		

FIRST PERFORATION POINT
NEW MEXICO EAST
NAD 1927
X=555728
Y=467155
LAT.: N 32.2841964
LONG.: W 104.1530040
NAD 1983
X=598911
Y=467214
LAT.: N 32.2843162
LONG.: W 104.1535014

BOTTOM HOLE LOCATION
NEW MEXICO EAST
NAD 1927
X=551020
Y=467145
LAT.: N 32.2841897
LONG.: W 104.1682274
NAD 1983
X=592203
Y=467203
LAT.: N 32.2843092
LONG.: W 104.1687354

LAST PERFORATION POINT
NEW MEXICO EAST
NAD 1927
X=551110
Y=467145
LAT.: N 32.2841898
LONG.: W 104.1679462
NAD 1983
X=592293
Y=467204
LAT.: N 32.2843094
LONG.: W 104.1684442

SURFACE LOCATION
NEW MEXICO EAST
NAD 1927
X=555864
Y=467013
LAT.: N 32.2838083
LONG.: W 104.1532105
NAD 1983
X=598847
Y=467072
LAT.: N 32.2839280
LONG.: W 104.1537079

AZ = 269.88° 90.0°
AZ = 269.88° 4817.8°
AZ = 24.21° 155.0°
330' 240'
330' 330'
330' 189'

COMMUNITIZATION AGREEMENT

Contract No. _____

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

WITNESSETH:

WHEREAS, the act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorized 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and 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 agreement 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, and as depicted on "Exhibit "A".

S/2 of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico

containing **321.74 acres**, more or less, and this agreement shall include the **Wolfcamp Formation** underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons, hereinafter referred to as "communitized substances," producible from such formations.

EXHIBIT "A"

**PLAT OF COMMUNITIZED AREA COVERING THE S/2 OF SECTION 23,
TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO**

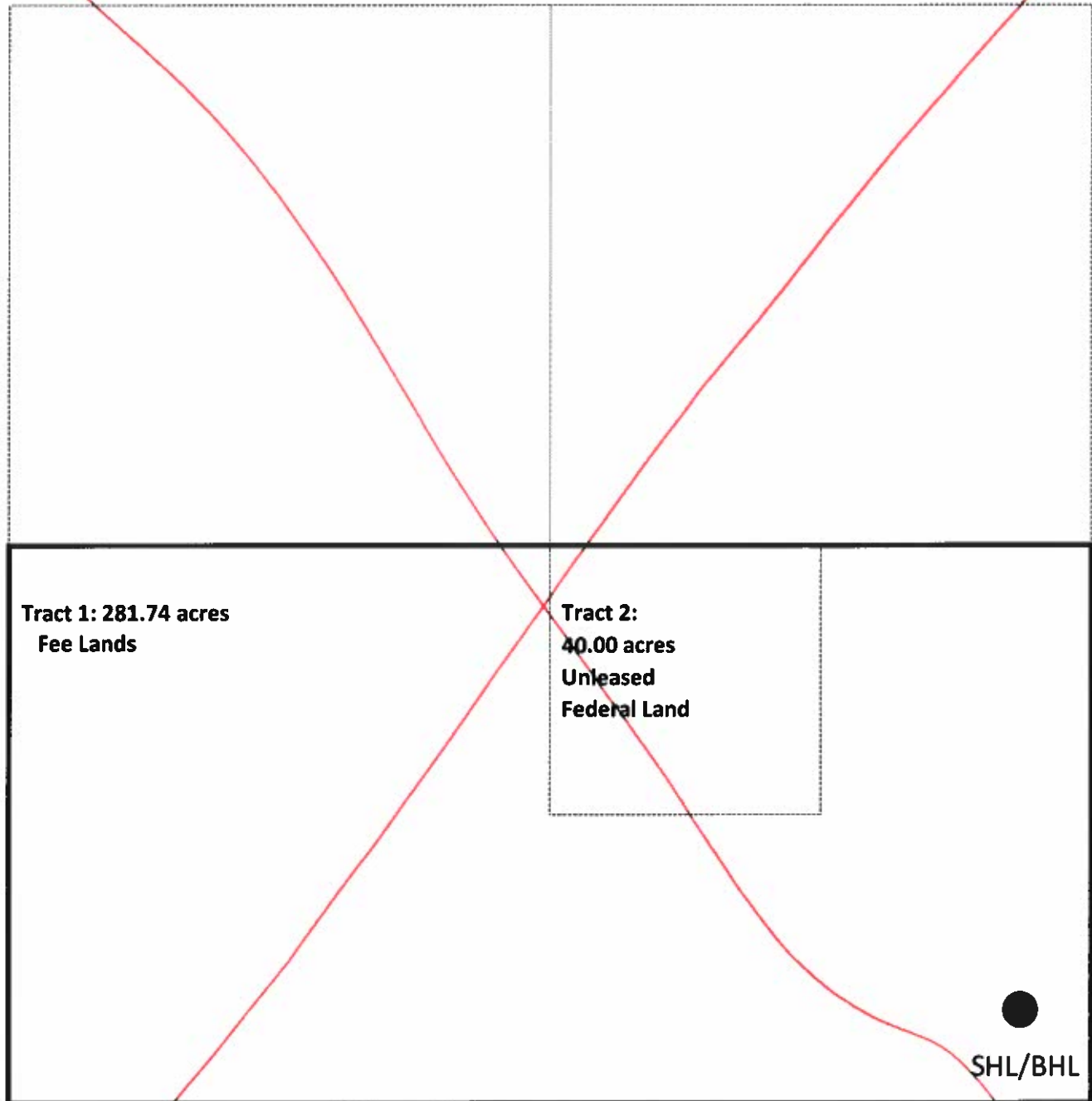


EXHIBIT "B"

**ATTACHED TO AND MADE A PART OF THAT CERTAIN COMMUNITIZATION
AGREEMENT DATED JUNE 26, 2018, COVERING THE S/2 OF SECTION 23,
TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO**

DESCRIPTION OF LEASES COMMITTED:

Tract No. 1:

Lessor: Fee Mineral Owners
Lessee of Record: MRC Permian Company and MRC Permian LKE Company
Description of Township 23 South, Range 27 East, N.M.P.M.
Lands Committed: Section 23: SW/4, S/2SE/4 and NE/4SE/4
Number of Acres: 281.74

Tract No. 1 Working Interest Owner:

MRC Permian Company	42.59246%
MRC Permian LKE Company	57.40754%
	100.0000%

Tract No. 2:

Lessor: United States of America
Lessee of Record: UNLEASED
Description of Township 23 South, Range 27 East, N.M.P.M.
Lands Committed: Section 23: NW/4SE/4
Number of Acres: 40.00

RECAPITULATION

<u>Tract No.</u>	<u>Acreage Committed</u>	<u>Percentage of Interest</u>
Tract 1	281.74	87.5676%
Tract 2	40.00	12.4324%
Total:	321.74 acres	100.0000%