

TAP ROCK RESOURCES, LLC

523 PARK POINT DRIVE, SUITE 200 - GOLDEN, COLORADO 80401



July 7, 2023

Engineering Bureau
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Application for Lease Commingling of Oil and Gas Production.

Tap Rock Operating, LLC (“Tap Rock”) (OGRID No. 372043) seeks administrative approval for lease commingling of oil and gas production for twenty (20) wells located in Sections 21 and 28, Township 21 South, Range 33 East, Lea County, New Mexico (the “Wells”) and any additional infill wells that produce from the same pool within the subject lands with notice provided only to the interest owners within these future spacing units pursuant to 19.15.12.10.C(4)(g) NMAC. Please find the following attachments enclosed hereto:

Exhibit A:	Administrative Application Checklist.
Exhibit B:	Completed Application for Surface Commingling (Form C-107-B).
Exhibit C:	Statement from Jeff Trlica, Regulatory Analyst with Tap Rock, identifying each of the Wells, the central tank battery, the facilities, and the measurement devices to be utilized.
Exhibit D:	Tract map identifying the locations of the wellbores, tracts, and approved participating areas.
Exhibit E:	Schematic of the surface facilities.
Exhibit F:	State Communitization Agreements associated with the subject lands.

Thank you for your attention to this matter. If you have any questions or need further information, please reach out to me at mdrodriguez@taprk.com or 720-245-2606.

Respectfully,

TAP ROCK OPERATING, LLC

Michael Rodriguez
Staff Attorney

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

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Applicant:	<u>Tap Rock Operating, LLC</u>	OGRID Number:	<u>372043</u>
Well Name(s):	<u>Queen Keely State Com wells</u>	API:	<u>30-015-51577, 78-79, 32-33, 16-19, 80-90</u>
Pool(s):	<u>WC-025 G-08 S213304D; Bone Spring</u>	Pool Code:	<u>97895</u>

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

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

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

FOR OCD ONLY

Notice Complete

Application Content Complete

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

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

Michael Rodriguez
 Print or Type Name

Signature

07/06/2023
 Date

720-772-5092
 Phone Number

mdrodriguez@taprk.com
 Email Address

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Tap Rock Operating
OPERATOR ADDRESS: 523 Park Point Dr. Suite 200. Golden, CO 80401
APPLICATION TYPE:

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

LEASE TYPE: Fee State Federal

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

(A) POOL COMMINGLING
Please attach sheets with the following information

Table with 5 columns: (1) Pool Names and Codes, Gravities / BTU of Non-Commingled Production, Calculated Gravities / BTU of Commingled Production, Calculated Value of Commingled Production, Volumes

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

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: [Signature] TITLE: Regulatory Specialist DATE: 6/28/2023

TYPE OR PRINT NAME Jeff Trlica TELEPHONE NO.: 720-772-5910

E-MAIL ADDRESS: jtrlica@taprk.com

TAP ROCK RESOURCES, LLC

523 PARK POINT DRIVE, SUITE 200 - GOLDEN, COLORADO 80401



June 28, 2023

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

Re: Application of Tap Rock Operating, LLC for administrative approval to surface commingle (lease commingle) oil and gas production from the spacing units comprised of Section 21 and Section 28, Township 21S, Range 33E, Lea County, New Mexico (the "Lands")

To Whom This May Concern,

Tap Rock Operating, LLC ("Tap Rock"), OGRID No. 372043, requests to commingle oil and gas production from twenty (20) distinct wells located on the Lands and future production from the Lands as described herein. The wells will be metered through individual liquid coriolis flow meters for oil and orifice meters for gas. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the gas gathering line. Each well on the Lands will have its own test separator with a coriolis flow meter for oil and orifice meter for gas manufactured and assembled in accordance with the American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third-party measurement company in accordance with industry specifications.

Gas samples are obtained at the time of the meter testing and calibration and the composition and heating value are determined by a laboratory in accordance with the American Petroleum Institute (API) specifications to ensure accurate volume and energy (MMBTU) determinations.

The oil is measured via the coriolis flow meter in accordance with API Chapter 5.6 on each individual well and is calibrated periodically by a third-party measurement company for accuracy. After the oil is individually metered by coriolis flow meters at each well it can be comingled into a heater treater then into the stock tanks or, each well can be isolated into its own individual tank for testing purposes. The gas is measured on a volume and MMBTU basis by an orifice meter on each individual well and supporting EFM equipment in accordance with API Chapter 21.1. The gas is then sent into a gathering line where it is comingled with each of the other well's metered gas. The gathering line is then metered by another orifice meter at the tank battery check meter to show the total volume of gas leaving the tank battery. The tank battery meter is tested and calibrated in accordance with industry specifications and volume and energy and determined on an hourly, daily and monthly basis. Once the gas exits the final tank battery sales check it travels directly into a third-party sales connect meter. The third-party gas gatherer has its

own meter that measures the gas for custody transfer and that meter is also calibrated periodically to ensure measurement accuracy.

In conclusion, all the oil and gas produced on the Lands is and will be metered separately at each wellhead and allocated using accurate measurement equipment according to API specifications.

Regards,

TAP ROCK OPERATING, LLC

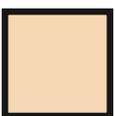
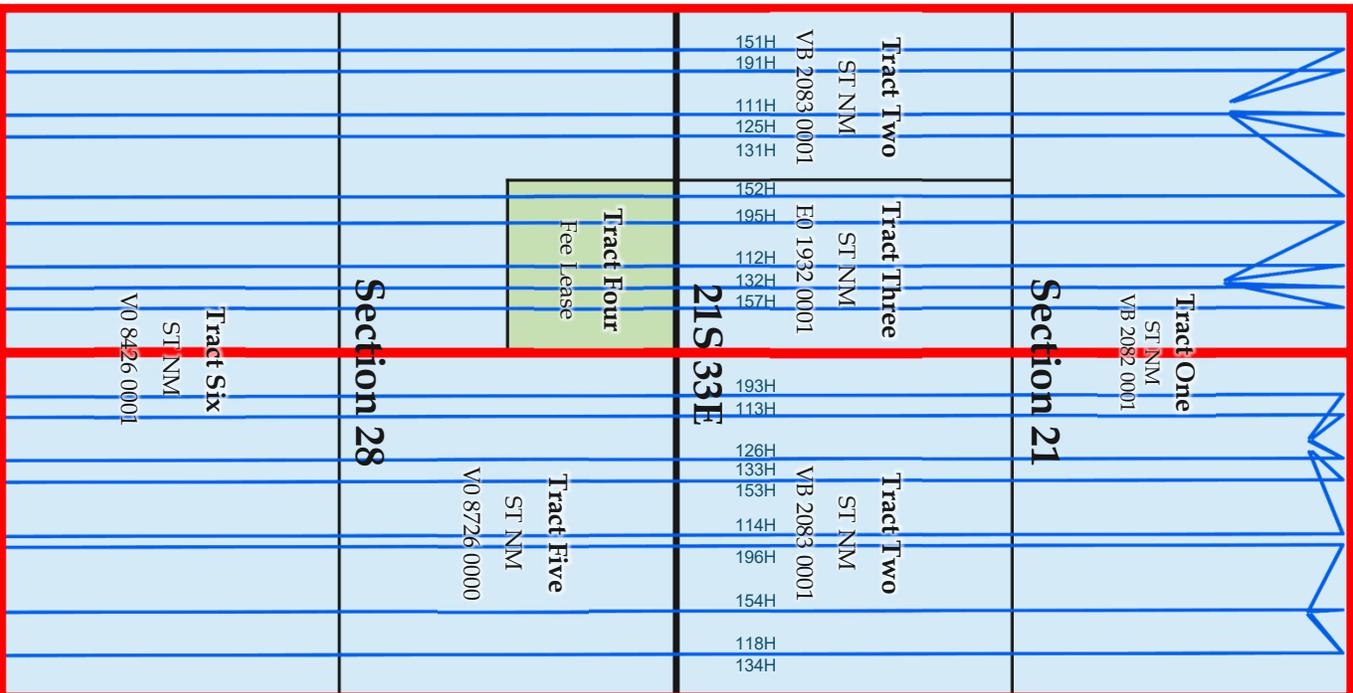
A handwritten signature in blue ink, appearing to read 'JEFF TRLICA', with a stylized flourish at the end.

Jeff Trlica
Regulatory Analyst

APPLICATION TO POOL COMMINGLE, STORAGE AND SALES FOR OIL AND GAS PRODUCTION AT QUEEN KEELY CTB

	Pool	API	Well Name	Well Number	Type	Unit Letter	Section	Township	Range
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51577	QUEEN KEELY STATE COM	#111H	Oil	D	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51578	QUEEN KEELY STATE COM	#112H	Oil	C	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51579	QUEEN KEELY STATE COM	#113H	Oil	B	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51532	QUEEN KEELY STATE COM	#114H	Oil	B	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51516	QUEEN KEELY STATE COM	#118H	Oil	A	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51580	QUEEN KEELY STATE COM	#125H	Oil	D	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51581	QUEEN KEELY STATE COM	#126H	Oil	B	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51582	QUEEN KEELY STATE COM	#131H	Oil	D	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51583	QUEEN KEELY STATE COM	#132H	Oil	C	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51584	QUEEN KEELY STATE COM	#133H	Oil	B	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51585	QUEEN KEELY STATE COM	#134H	Oil	A	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51517	QUEEN KEELY STATE COM	#151H	Oil	D	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51533	QUEEN KEELY STATE COM	#152H	Oil	D	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51586	QUEEN KEELY STATE COM	#153H	Oil	B	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51587	QUEEN KEELY STATE COM	#154H	Oil	A	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51588	QUEEN KEELY STATE COM	#157H	Oil	C	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51589	QUEEN KEELY STATE COM	#191H	Oil	D	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51518	QUEEN KEELY STATE COM	#193H	Oil	B	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51519	QUEEN KEELY STATE COM	#195H	Oil	C	21	21S	33E
[97895]	WC-025 G-08 S213304D; BONE SPRING	30-025-51590	QUEEN KEELY STATE COM	#196H	Oil	A	21	21S	33E

Township 21 South, Range 33 East, Lea
County New Mexico



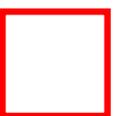
Federal Lease



State Lease



Fee Lease

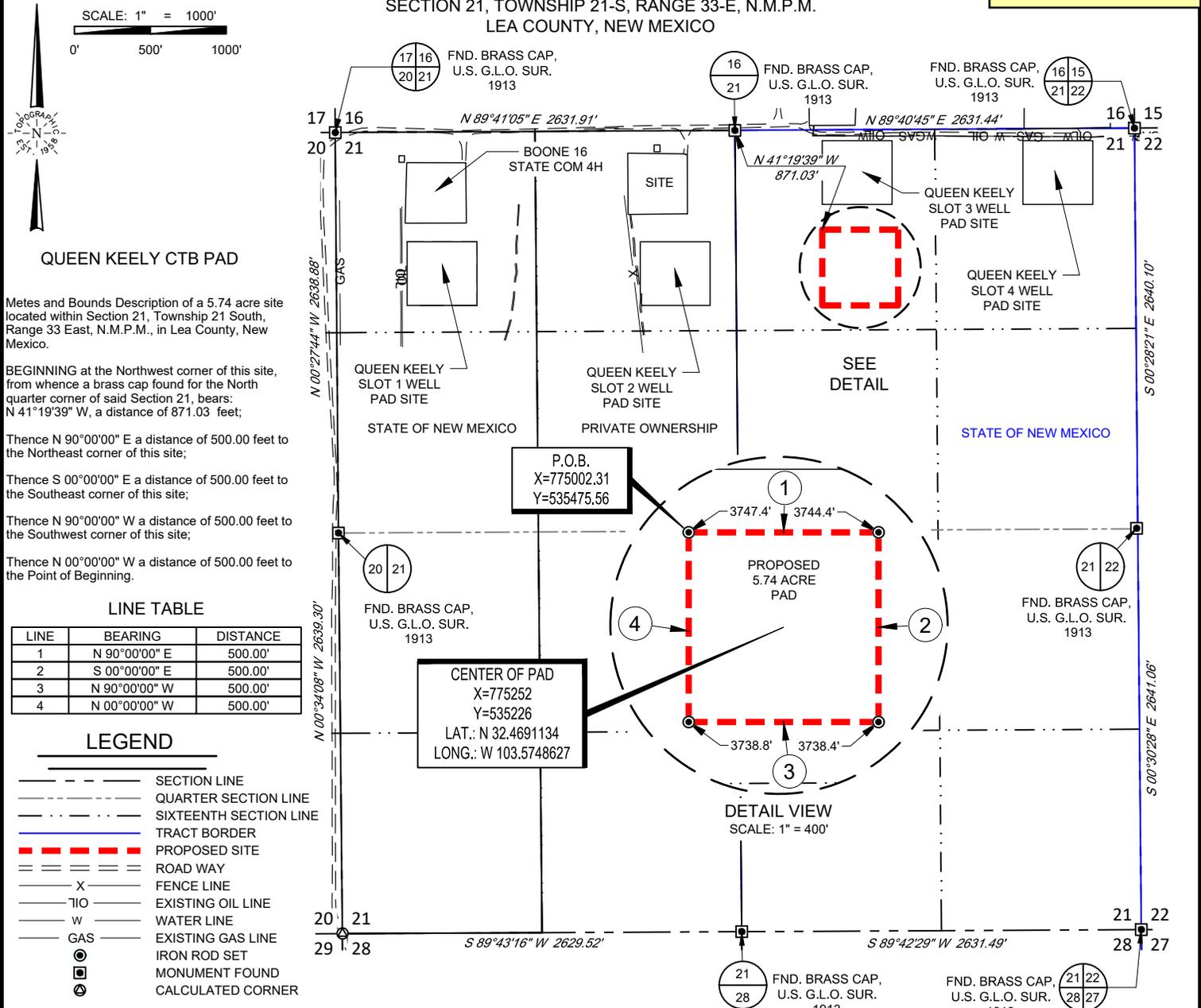


Queen Keeley DSUs



Queen Keeley Wellbores

SECTION 21, TOWNSHIP 21-S, RANGE 33-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



SCALE: 1" = 1000'

0' 500' 1000'

QUEEN KEELY CTB PAD

Metes and Bounds Description of a 5.74 acre site located within Section 21, Township 21 South, Range 33 East, N.M.P.M., in Lea County, New Mexico.

BEGINNING at the Northwest corner of this site, from whence a brass cap found for the North quarter corner of said Section 21, bears: N 41°19'39" W, a distance of 871.03 feet;

Thence N 90°00'00" E a distance of 500.00 feet to the Northeast corner of this site;

Thence S 00°00'00" E a distance of 500.00 feet to the Southeast corner of this site;

Thence N 90°00'00" W a distance of 500.00 feet to the Southwest corner of this site;

Thence N 00°00'00" W a distance of 500.00 feet to the Point of Beginning.

LINE TABLE

LINE	BEARING	DISTANCE
1	N 90°00'00" E	500.00'
2	S 00°00'00" E	500.00'
3	N 90°00'00" W	500.00'
4	N 00°00'00" W	500.00'

LEGEND

- SECTION LINE
- QUARTER SECTION LINE
- SIXTEENTH SECTION LINE
- TRACT BORDER
- PROPOSED SITE
- ROAD WAY
- FENCE LINE
- EXISTING OIL LINE
- WATER LINE
- EXISTING GAS LINE
- IRON ROD SET
- MONUMENT FOUND
- CALCULATED CORNER

P.O.B.
X=775002.31
Y=535475.56

CENTER OF PAD
X=775252
Y=535226
LAT.: N 32.4691134
LONG.: W 103.5748627

DETAIL VIEW
SCALE: 1" = 400'

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

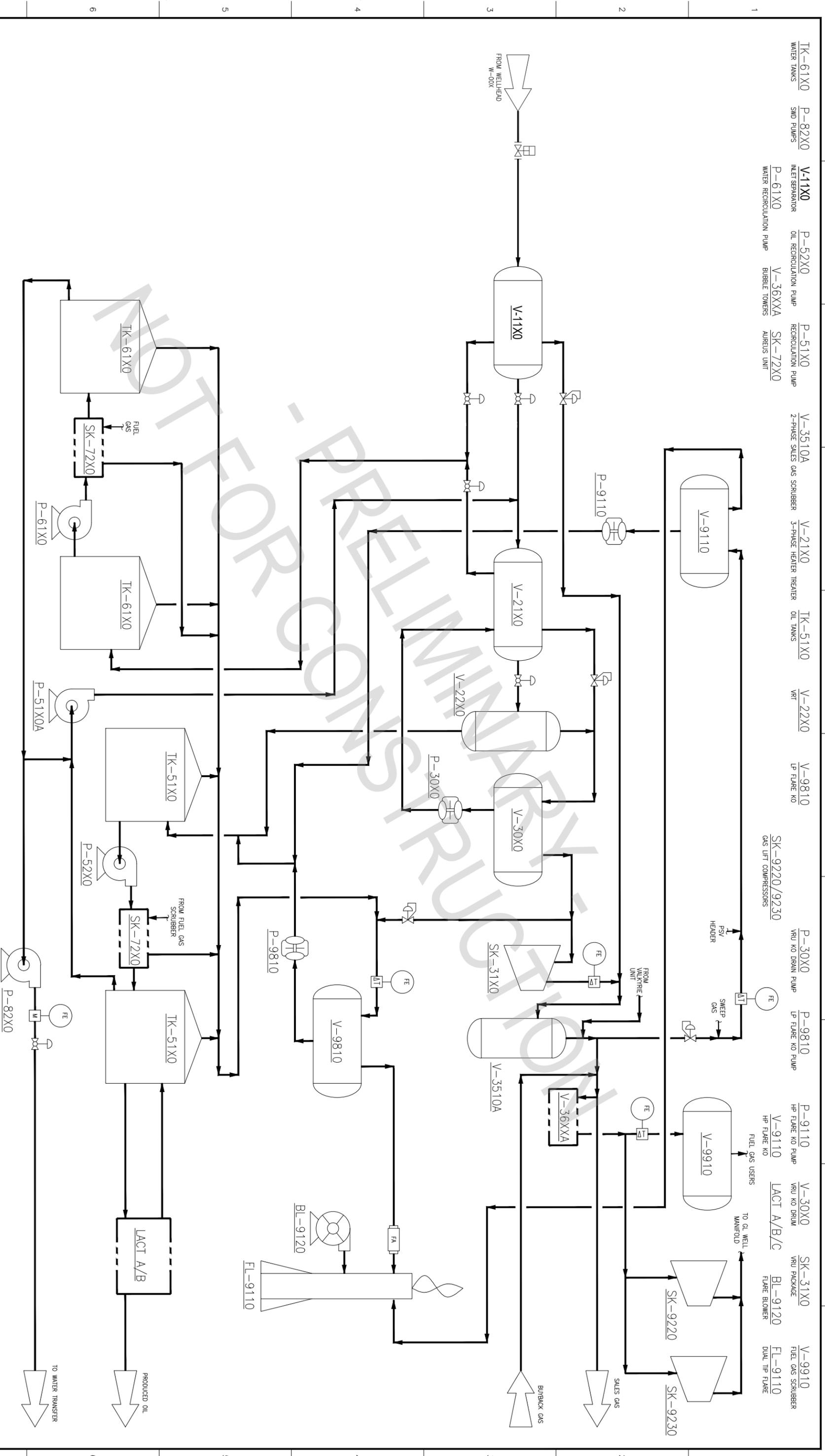
481 WINSOTT ROAD, Ste. 200 • BENBROOK, TEXAS 76126
TELEPHONE: (817) 744-7512 • FAX (817) 744-7554
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

Ramon A. Dominguez, P.S. No. 24508

QUEEN KEELY CTB PAD	REVISION:	
	INT	DATE
DATE: 05/04/2023		
FILE:BO_QUEEN_KEELY_CTБ_PAD		
DRAWN BY: DO		
SHEET: 1 OF 1		

NOTES:

- ORIGINAL DOCUMENT SIZE: 8.5" X 11"
- 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.
- CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY TAP ROCK OPERATING, LLC. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
- P.O.B. = POINT OF BEGINNING
- ADJOINER INFORMATION FOR INFORMATIONAL PURPOSES ONLY.



TK-61X0	P-82X0	V-11X0	P-52X0	P-51X0	V-3510A	V-21X0	TK-51X0	V-22X0	V-9810	P-30X0	P-9810	P-9110	V-30X0	SK-31X0	V-9910
WATER TANKS	SMD PUMPS	INLET SEPARATOR	OIL RECIRCULATION PUMP	RECIRCULATION PUMP	2-PHASE SALES GAS SCRUBBER	3-PHASE HEATER TREATER	OIL TANKS	VAT	LP FLARE KO	VRU KO DRAIN PUMP	LP FLARE KO PUMP	HP FLARE KO PUMP	VRU KO DRAIN	FLARE PACKAGE	FUEL GAS SCRUBBER
P-61X0		WATER RECIRCULATION PUMP	BUBBLE TOWERS	SK-72X0			AUREUS UNIT		SK-9220/9230					BL-9120	FL-9110
															DUAL TIP FLARE

NOTES:

REFERENCE DRAWINGS

REVISIONS

REV	DESCRIPTION	DATE	BY	CHK	ENG	APP
1	ISSUED FOR REVIEW - PRELIMINARY, NOT FOR CONSTRUCTION	04/03/2023	MRC	NR	MRC	NR
2						
3						
4						
5						
6						
7						



TAP ROCK RESOURCES
 QUEEN KEELY
 PROCESS FLOW DIAGRAM
 WELL PAD FACILITY

SCALE: (FORMATTED 22x34)
 NONE

DRAWING NO. -21-03000

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

**STATE/STATE OR
STATE/FEE**
Revised December 2021

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL PERSONS BY THESE PRESENTS: API #: 30-0 25 - 51532

STATE OF NEW MEXICO) Well Name: QUEEN KEELY STATE COM #114H
 SS)

COUNTY OF Lea)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of (date before 1st production) June 1st, 2023, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

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, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Bone Spring formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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

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

Subdivisions: E2

Of Sect(s): 21 & 28 Twp: 21S Rng: 33E NMPM Lea County, NM

Containing 640 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

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

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

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

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

4. Tap Rock Operating, LLC shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by Tap Rock Operating, LLC.

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

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

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

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

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

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

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

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

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

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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

OPERATOR: Tap Rock Operating, LLC

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated June 1st, 2023
 by and between Tap Rock Operating, LLC, (Operator) CIMAREX ENERGY CO.,
ADVANCE ENERGY PARTNERS HAT MESA, LLC, THE ALLAR COMPANY
 (Record Title Holders/Lesseees of Record) covering the Subdivisions : E2
 Sect(s): 21 & 28, Twnshp 21S, Rnge: 33E, NMPM Lea County, NM
 Limited in depth to the Bone Spring Formation
 OPERATOR of Communitized Area: Tap Rock Operating, LLC

DESCRIPTION OF LEASES COMMITTED:

TRACT NO. 1

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands
 Lessee of Record: CIMAREX ENERGY CO.
 Serial No. of Lease: VB-2082 Date of Lease: August 1, 2011
 Description of Lands Committed:
Insofar and only insofar as said lease covers:
 Subdivisions: NE
 Sect(s): 21 Twnshp: 21S, Rng: 33E NMPM Lea County NM
 No. of Acres: 160.00

TRACT NO. 2

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands
 Lessee of Record: CIMAREX ENERGY CO.
 Serial No. of Lease: VB-2083 Date of Lease: August 1, 2011
 Description of Lands Committed:
Insofar and only insofar as said lease covers:
 Subdivisions: SE
 Sect(s): 21 Twnshp: 21S Rng: 33E NMPM Lea County, NM
 No. of Acres: 160.00

TRACT NO. 3

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: ADVANCE ENERGY PARTNERS HAT MESA, LLC

Serial No. of Lease: V0-8426 Date of Lease: January 1, 2009

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: SE

Sect(s): 28 Twnshp: 21S Rng: 33E NMPM Lea County, NM

No. of Acres: 160.00

TRACT NO. 4

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: THE ALLAR COMPANY

Serial No. of Lease: V0-8726 Date of Lease: April 1, 2010

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: NE

Sect(s): 28 Twnshp: 21S Rng: 33E NMPM Lea County, NM

No. of Acres: 160.00

RECAPITULATION

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area (Must equal 100%)
No. 1	<u>160.00</u>	<u>25.00%</u>
No. 2	<u>160.00</u>	<u>25.00%</u>
No. 3	<u>160.00</u>	<u>25.00%</u>
No. 4	<u>160.00</u>	<u>25.00%</u>
TOTALS	<u>640.00</u>	<u>100.00%</u>

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

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

Subdivisions: W2

Of Sect(s): 21 & 28 Twp: 21S Rng: 33E NMPM Lea County, NM

Containing 640 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

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

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

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

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

4. Tap Rock Operating, LLC shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by Tap Rock Operating, LLC.

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

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

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

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

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

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

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

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

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

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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

OPERATOR: Tap Rock Operating, LLC

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated June 1st, 2023

by and between Tap Rock Operating, LLC, (Operator) Tap Rock Resources II, LLC, CIMAREX ENERGY CO., ADVANCE ENERGY PARTNERS HAT MESA, LLC, THE ALLAR COMPANY

(Record Title Holders/Lessees of Record) covering the Subdivisions : W2

Sect(s): 21 & 28, Twnshp 21S, Rnge: 33E, NMPM Lea County, NM

Limited in depth to the Bone Spring Formation

OPERATOR of Communitized Area: Tap Rock Operating, LLC

DESCRIPTION OF LEASES COMMITTED:

TRACT NO. 1

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Tap Rock Resources II, LLC

Serial No. of Lease: E0-1932 Date of Lease: June 10, 1948

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: E2SW

Sect(s): 21 Twnshp: 21S, Rng: 33E NMPM Lea County NM

No. of Acres: 80.00

TRACT NO. 2

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: CIMAREX ENERGY CO.

Serial No. of Lease: VB-2082 Date of Lease: August 1, 2011

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: NW

Sect(s): 21 Twnshp: 21S Rng: 33E NMPM Lea County, NM

No. of Acres: 160.00

TRACT NO. 3

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: CIMAREX ENERGY CO.

Serial No. of Lease: VB-2083 Date of Lease: August 1, 2011

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: W2SW

Sect(s): 21 Twnshp: 21S Rng: 33E NMPM Lea County, NM

No. of Acres: 80.00

TRACT NO. 4

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: ADVANCE ENERGY PARTNERS HAT MESA, LLC

Serial No. of Lease: V0-8426 Date of Lease: January 1, 2009

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: SW

Sect(s): 28 Twnshp: 21S Rng: 33E NMPM Lea County, NM

No. of Acres: 160.00

TRACT NO. 5

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: THE ALLAR COMPANY

Serial No. of Lease: V0-8726 Date of Lease: April 1, 2010

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: W2NW, SENW

Sect(s): 28 Twnshp: 21S Rng: 33E NMPM Lea County, NM

No. of Acres: 120.00

TRACT NO. 6

Lease Date: Fee Leases

Lease Term: Fee Leases

Lessor: Fee Leases

Original Lessee: COG OPERATING LLC

Present Lessees: Tap Rock Resources II, LLC

Serial No. of Lease: Fee Leases Date of Lease: Fee Leases

Description of Lands Committed:

Insofar and only insofar as said lease covers:

Subdivisions: NENW

Sect(s): 28 Twnshp: 21S Rng: 33E NMPM Lea County, NM

No. of Acres: 40.00

RECAPITULATION

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area (Must equal 100%)
No. 1	<u>80.00</u>	<u>12.50%</u>
No. 2	<u>160.00</u>	<u>25.00%</u>
No. 3	<u>80.00</u>	<u>12.50%</u>
No. 4	<u>160.00</u>	<u>25.00%</u>
No. 5	<u>120.00</u>	<u>18.75%</u>
No. 6	<u>40.00</u>	<u>6.25%</u>
TOTALS	<u>640.00</u>	<u>100.00%</u>

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D	08/14/2023 23:15:38	NO	159444	31557
D	08/11/2023 23:19:25	NO	159444	31557
D	08/10/2023 23:22:23	NO	159444	31557
D	08/11/2023 23:19:26	NO	159444	31557
D	08/10/2023 23:22:23	NO	159444	31557

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

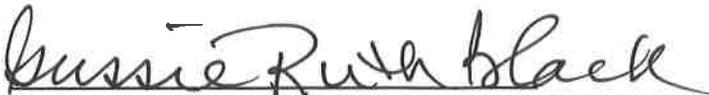
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
July 27, 2023
and ending with the issue dated
July 27, 2023.



Publisher

Sworn and subscribed to before me this
27th day of July 2023.



Business Manager

My commission expires

January 29, 2027

(Seal) **STATE OF NEW MEXICO**
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087528
COMMISSION EXPIRES 01/29/2027

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

LEGAL **LEGAL**

LEGAL NOTICE
July 27, 2023

To all interested parties subject to notice including the following parties and their successors or assigns: The Allar Company, Source Energy Permian II LLC, Commissioner Of Public Lands, The Merchant Livestock Company, Karen Kerney Westall, Ray Westall, John E Bosserman, EG3 Inc., and Nestegg Energy Corporation. On July 7, 2023, Tap Rock Operating, LLC ("Tap Rock") (OGRID No. 372043) submitted an application requesting administrative approval for lease commingling of oil and gas production for twenty (20) of its Queen Keely wells located in Sections 21 and 28, Township 21 South, Range 33 East, Lea County, New Mexico and any additional infill wells that produce from the same pool within the subject lands with notice provided only to the interest owners within these future spacing units pursuant to 19.15.12.10.C(4)(g) NMAC (the "Wells"). Prior to commingling, the Wells will be metered through individual liquid coriolis flow meters for oil and orifice meters for gas. The production from the Wells will be allocated using accurate measurement equipment according to API specifications. Any objection to this application must be filed in writing within twenty days from the date of publication with the applicant and the New Mexico Oil Conservation Division located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty- day period, this application may be approved administratively by the Division. If you have any questions about this application, please contact Jeff Trlica at (720) 772-5910.

#00281030

67117307

00281030

MICHAEL RODRIGUEZ
TAP ROCK OPERATING LLC
523 PARK POINT DR
GOLDEN, CO 80401

From: [McClure, Dean, EMNRD](#)
To: [Jeff Trlica](#)
Subject: FW: Approved Administrative Order CTB-1112
Date: Tuesday, February 13, 2024 5:06:00 PM
Attachments: [CTB1112 Order.pdf](#)

Jeff,

Please forward this message on to Michael. It seems that Tap Rock’s email security does not appreciate the email.

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

From: McClure, Dean, EMNRD
Sent: Tuesday, February 13, 2024 5:01 PM
To: Michael Rodriguez <mdrodriguez@taprk.com>; Jeff Trlica <jtrlica@taprk.com>
Subject: FW: Approved Administrative Order CTB-1112

Please see the attached and email below. Tap Rock’s system had sent an error message when the message below was sent.

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

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov> **On Behalf Of** Engineer, OCD, EMNRD
Sent: Tuesday, February 13, 2024 4:59 PM
To: Michael Rodriguez <mdrodriguez@taprk.com>
Cc: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Kautz, Paul, EMNRD <paul.kautz@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrd.nm.gov>; Powell, Brandon, EMNRD <Brandon.Powell@emnrd.nm.gov>; Lamkin, Baylen L. <blamkin@slo.state.nm.us>
Subject: Approved Administrative Order CTB-1112

NMOCD has issued Administrative Order CTB-1112 which authorizes Tap Rock Operating, LLC (372043) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-51577	Queen Keely State Com #111H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51578	Queen Keely State Com #112H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51579	Queen Keely State Com #113H	E/2	21-21S-33E	97895
		E/2	28-21S-33E	
		E/2	21-21S-33E	

30-025-51532	Queen Keely State Com #114H	E/2	28-21S-33E	97895
30-025-51516	Queen Keely State Com #118H	E/2	21-21S-33E	97895
30-025-51580	Queen Keely State Com #125H	E/2	28-21S-33E	97895
30-025-51581	Queen Keely State Com #126H	W/2	21-21S-33E	97895
30-025-51582	Queen Keely State Com #131H	W/2	28-21S-33E	97895
30-025-51583	Queen Keely State Com #132H	E/2	21-21S-33E	97895
30-025-51584	Queen Keely State Com #133H	W/2	28-21S-33E	97895
30-025-51585	Queen Keely State Com #134H	E/2	21-21S-33E	97895
30-025-51517	Queen Keely State Com #151H	E/2	28-21S-33E	97895
30-025-51533	Queen Keely State Com #152H	W/2	21-21S-33E	97895
30-025-51586	Queen Keely State Com #153H	W/2	28-21S-33E	97895
30-025-51587	Queen Keely State Com #154H	E/2	21-21S-33E	97895
30-025-51588	Queen Keely State Com #157H	E/2	28-21S-33E	97895
30-025-51589	Queen Keely State Com #191H	W/2	21-21S-33E	97895
30-025-51518	Queen Keely State Com #193H	W/2	28-21S-33E	97895
30-025-51519	Queen Keely State Com #195H	E/2	21-21S-33E	97895
30-025-51590	Queen Keely State Com #196H	E/2	28-21S-33E	97895

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

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

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY TAP ROCK OPERATING, LLC**

ORDER NO. CTB-1112

ORDER

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

FINDINGS OF FACT

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

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
9. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.

10. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
11. Applicant's defined parameters to prospectively include additional pools, leases, and wells do not comply with 19.15.12.10.C.(4)(g) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

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

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

2. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
3. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
4. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
6. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. Applicant's request for authorization to add pools, leases, and wells prospectively pursuant to 19.15.12.10.C.(4)(g) NMAC is denied.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



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

DATE: 2/13/24

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1112
Operator: Tap Rock Operating, LLC (372043)
Central Tank Battery: Queen Keely Central Tank Battery
Central Tank Battery Location: UL B, Section 21, Township 21 South, Range 33 East
Gas Title Transfer Meter Location: UL B, Section 21, Township 21 South, Range 33 East

Pools

Pool Name	Pool Code
WC-025 G-08 S213304D; BONE SPRING	97895

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Bone Spring NMSLO 204621 PUN 1399693	W/2	21-21S-33E
	W/2	28-21S-33E
CA Bone Spring NMSLO 204605 PUN 1399584	E/2	21-21S-33E
	E/2	28-21S-33E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-51577	Queen Keely State Com #111H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51578	Queen Keely State Com #112H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51579	Queen Keely State Com #113H	E/2	21-21S-33E	97895
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30-025-51590	Queen Keely State Com #196H	E/2 E/2	21-21S-33E 28-21S-33E	97895

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

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

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

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 237332

CONDITIONS

Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401	OGRID: 372043
	Action Number: 237332
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	2/13/2024