

Revised March 23, 2017

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

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

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

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

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ 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.

 Print or Type Name

 Signature

 Date

 Phone Number

 e-mail Address



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

June 18, 2025

VIA ONLINE FILING

Gerasimos Razatos, Acting Division Director
 Oil Conservation Division
 New Mexico Department of Energy,
 Minerals and Natural Resources
 1220 South Saint Francis Drive
 Santa Fe, New Mexico 87505

Re: Application of Enduring Resources, LLC for administrative approval to surface commingle (pool and lease) oil and gas production from Participating Areas (“PA”) covering the North Escavada Unit (“NEU”) and Alamos Canyon Unit (“ACU”) collectively comprised of the S/2 of Section 3, the S/2 and NW/4 of Section 4, the S/2 of Sections 5 and 6, All of Sections 7-9, the NW/4 of Section 10, the N/2 of Sections 17 and 18, Township 22 North, Range 6 West, and the S/2 of Sections 3 and 4, the SE/4 of Section 5, the NE/4 of Section 8, All of Sections 9-12, the N/2 and SW/4 of Section 13, the N/2 and SE/4 of Section 14, and the N/2 of Section 15, Township 22 North, Range 7 West, NMPM, Sandoval County, New Mexico (the “Lands”)

Dear Mr. Razatos:

Enduring Resources, LLC (OGRID No. 372286) (“Enduring”) seeks administrative approval to surface commingle (pool and lease) diversely owned oil and gas production at the **N Escavada 311 Pad** *insofar as all existing and future wells committed to following participating areas:*

a) The 3,040.00-acre, more or less, North Escavada Unit (NMNM NMNM135217X) comprised of the S/2 of Sections 3 and 4, the SE/4 of Section 5, the NE/4 of Section 8, All of Sections 9 and 10, the W/2 of Section 11, NW/4 of Section 14, and the N/2 of Section 15, Township 22 North, Range 7 West, which includes production from the:

Wells ¹	Pool
N Escavada Unit 311H (API No. 30-043-21302)	Escavada N; Mancos [98172]
N Escavada Unit 312H (API No. 30-043-21294)	

b) The 5,927.62-acre, more or less, Alamos Canyon Unit (PENDING) comprised of the S/2 of Section 3, the S/2 and NW/4 of Section 4, the S/2 of Sections 5

¹ These are all existing wells.



Paula M. Vance
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and 6, All of Sections 7-9, the NW/4 of Section 10, the N/2 of Sections 17 and 18, Township 22 North, Range 6 West, and the E/2 of Section 11, All of Section 12, the N/2 and SW/4 of Section 13, and the E/2 of Section 14, Township 22 North, Range 7 West, which includes production from the:

Wells ²	Pool
Alamos Canyon Unit 222H (API No. 30-043-PENDING)	Rusty Gallup Oil Pool [52860]
Alamos Canyon Unit 224H (API No. 30-043-PENDING)	
Alamos Canyon Unit 226H (API No. 30-043-PENDING)	

c) Pursuant to 19.15.12.10.C(4)(g), *from all future additions of pools, leases or leases and pools to the N Escavada 311 Pad* with notice provided only to the interest owners whose interest in the production is to be added.

Oil and gas production from these spacing units will be commingled and sold at the **N Escavada 311 Pad** located in the SW/4 SE/4 (Unit O) of Section 11, Township 22 North, Range 7 West. Gas production from the separators will be individually metered with a calibrated orifice meter that is manufactured to AGA specifications. Oil production from the separators will be separately metered using a Coriolis meter or turbine meter.

Exhibit 1 is a land plat showing Enduring's current development plan, flow lines, well pads, and facility pad in the subject area. The plat also identifies the wellbore, and outlines the Unit boundaries.

Exhibit 2 is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Bobby McCracken, Facilities Engineer with Enduring, with all of the required C-107-B information (signed by Alex Campbell, VP Land with Enduring), including a description of the facilities and measurement devices to be utilized, and a detailed schematic of the surface facilities (attachment A to the statement).

Exhibit 3 is a well list and C-102 for each of the wells currently permitted or drilled, as well as the proposed wells.

Exhibit 4 includes the Unit agreement for the NEU (approved) and ACU (pending approval), as well as the relevant federal serial register page authorizing each PA.

Ownership is diverse between the above-described Units, each of which are either subject to a pooling agreement or a pooling order and are therefore considered "leases" as defined by 19.15.12.7(C) NMAC. Any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this

² These are all future wells. APDs have been submitted and are pending BLM approval.



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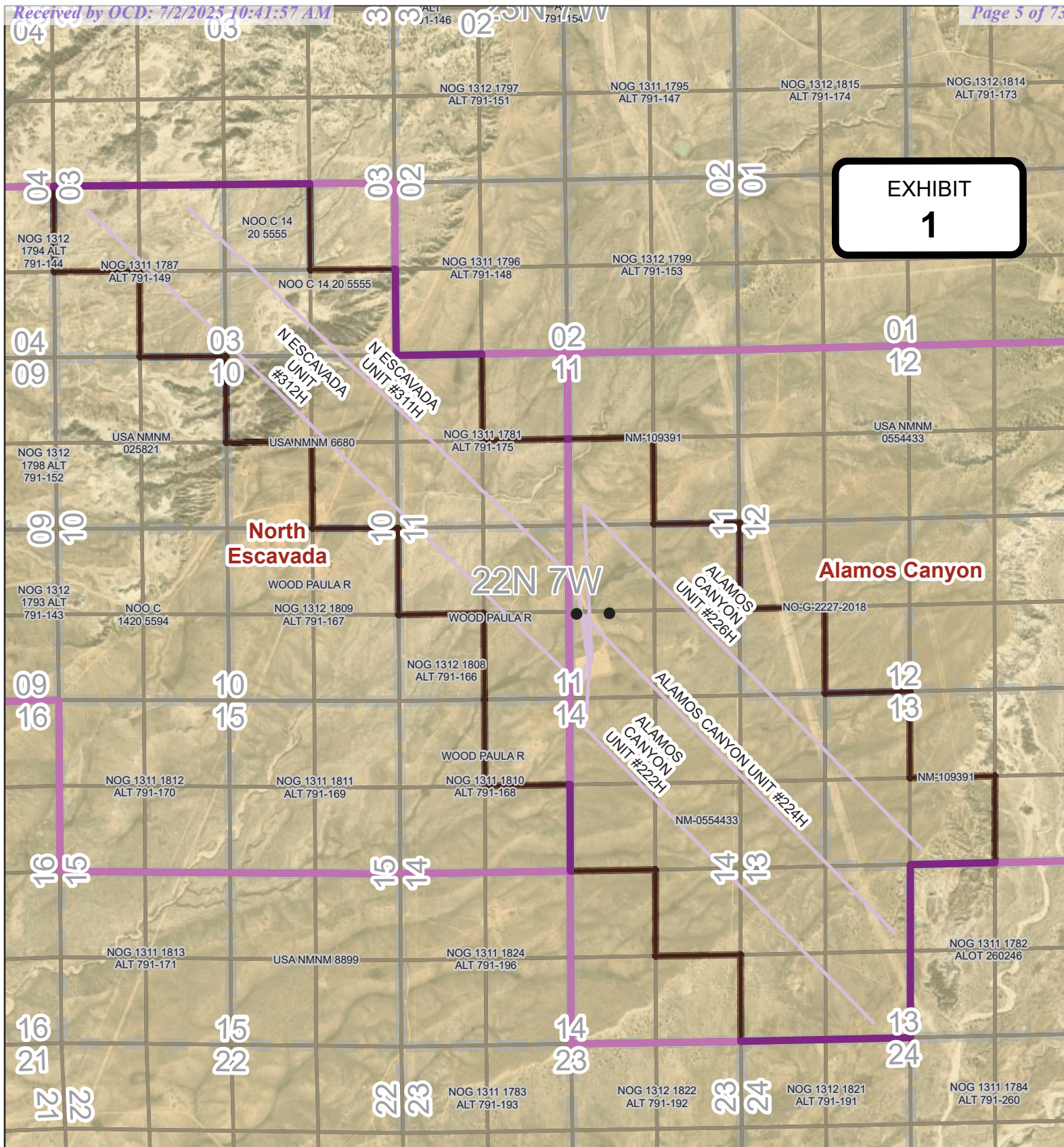
application has been provided to the Bureau of Land Management ("BLM") and the Federal Indian Minerals Office ("FIMO") since federal and allottee lands are involved.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. Vance", written over a horizontal line.

Paula M. Vance
ATTORNEY FOR ENDURING RESOURCES, LLC



N Escavada/ Alamos Canyon Unit Area Lease Map



ENDURING
RESOURCES, LLC

Data Source Statement:
BLM-FFO, Enduring Resources GIS, ESRI Inc.,
NCE Surveys, USGS

Author: drogers

Date: 3/20/2025

Released to Imaging: 2/23/2026 1:21:54 PM 1

EXHIBIT

2

Form C-107-B

Revised August 1, 2011

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 IV1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico

Energy, Minerals and Natural Resources Department

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: Enduring Resources, LLC

OPERATOR ADDRESS: 6300 S. Syracuse Way, Suite 525, Centennial, CO 80111

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)LEASE TYPE: ☐ Fee ☐ State ☒ FederalIs this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

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

(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: Alex CampbellTITLE: Vice PresidentDATE: June 12, 2025TYPE OR PRINT NAME Alex CampbellTELEPHONE NO.: 303-350-5107

E-MAIL ADDRESS: acampbell@enduringresources.com

Well Name	Location	API #	Pool	Total Pooled Oil BPD	Calculated Gravity	Calculated Value Oil*	Total Pooled MSCFD	Calculated BTU	Calculated Value Gas*
N Escavada Unit 311H	O-11-22N-07W	30-043-21302	(98172) Escavada N; Mancos (Oil)	67.41	40.16	\$5,325.39	396.77	1394	\$765.77
N Escavada Unit 312H	O-11-22N-07W	30-043-21294	(98172) Escavada N; Mancos (Oil)						
Alamos Canyon Unit 222H	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Alamos Canyon Unit 224H	TBD	TBD	TBD						
Alamos Canyon Unit 226H	TBD	TBD	TBD						

*Oil and Gas Prices from COB 5/1



Enduring Resources, LLC
6300 S. Syracuse Way, Suite 525
Centennial, CO 80111
(303) 573-1222

APPLICATION FOR SURFACE POOL/LEASE COMMINGLING

Enduring Resources, LLC. ("Enduring") respectfully requests approval to surface pool/lease commingle oil & gas from all existing wells in Section 11 in Township 22 N, Range 7 West NORTH ESCAVADA UNIT HZ (Oil) pools listed below, for the below Leases:

<u>Lease Name</u>	<u>Legal</u>	<u>Associated Wells in Commingling App</u>
NO-G-1312-1808	22N 7W Sec 11: E2SW, NWSW	N Escavada Unit 311H N Escavada Unit 312H
NO-G-1311-1781	22N 7W Sec 11: S2NW, NWNW	N Escavada Unit 311H N Escavada Unit 312H
NMNM-6680	22N 7W Sec 10: E2NE, NWNE	N Escavada Unit 311H N Escavada Unit 312H
NOOC-1420-5555	22N 7W Sec 3: S2SE, NWSE	N Escavada Unit 311H N Escavada Unit 312H
NOG-1311-1787	22N 7W Sec 3: E2SW, NWSW	N Escavada Unit 311H N Escavada Unit 312H
NMNM-0554433	22N 7W Sec 11: SE 22N 7W Sec 14: NE, NESE 22N 7W Sec 13: SW, W2NW	Alamos Canyon Unit 222H Alamos Canyon Unit 224H Alamos Canyon Unit 226H
NMNM-109391	22N 7W Sec 13: E2NW, SWNE 22N 7W Sec 11: SWNE	Alamos Canyon Unit 224H Alamos Canyon Unit 226H
NO-G-2227-2018	22N 7W Sec 12: SWSW	Alamos Canyon Unit 226H

These spacing units are initially dedicated to the following wells:

- Site Name: N Escavada 311 PAD
- Existing Wells: N Escavada Unit 311H, 312H
- Future Wells: Alamos Canyon Unit 222H, 224H, 226H
- API: 30-043-21302, 21294, TBD, TBD, TBD
- Site Location: 22N 7W Sec 11: SWSE
- Sandoval County, New Mexico
- Lease: NMNM-0554433 / NMNM-135217X, TBD (Alamos Canyon)
- Lat: 36.147919°, Long: -107.543721°



Enduring Resources, LLC
6300 S. Syracuse Way, Suite 525
Centennial, CO 80111
(303) 573-1222

Well Name	Location	API #	Pool	Oil BPD	Gravities	MSCFD	BTU
N Escavada Unit 311H	O-11-22N-07W	30-043-21302	(98172) Escavada N; Mancos (Oil)	29.91	40.16	71.66	1394
N Escavada Unit 312H	O-11-22N-07W	30-043-21294	(98172) Escavada N; Mancos (Oil)	37.5	40.16	325.11	1394
Alamos Canyon Unit 222H	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Alamos Canyon Unit 224H	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Alamos Canyon Unit 226H	TBD	TBD	TBD	TBD	TBD	TBD	TBD

Well Name	Location	API #	Pool	Total Pooled Oil BPD	Calculated Gravity	Calculated Value Oil*	Total Pooled MSCFD	Calculated BTU	Calculated Value Gas*
N Escavada Unit 311H	O-11-22N-07W	30-043-21302	(98172) Escavada N; Mancos (Oil)	67.41	40.16	\$5,325.39	396.77	1394	\$765.77
N Escavada Unit 312H	O-11-22N-07W	30-043-21294	(98172) Escavada N; Mancos (Oil)						
Alamos Canyon Unit 222H	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Alamos Canyon Unit 224H	TBD	TBD	TBD						
Alamos Canyon Unit 226H	TBD	TBD	TBD						

*Oil and Gas Prices from COB 5/1

PROCESS AND FLOW DESCRIPTIONS:

Existing production from the N. Escavada 311 and 312 wells flow into dedicated 3-phase separator located on the North Escavada 329 Pad. Enduring plans to drill three new wells in the Alamos Canyon Unit on the N. Escavada 311 pad. A new facility is planned on the NEU 311 pad to handle the N. Escavada 311 and 312 wells in conjunction with the Alamos Canyon newly drilled wells.

The 3-phase separators will: accept the mixture of oil/gas/water and separate fluid into three independent streams (oil, gas, and water). The streams exiting the separator are measured via the following meter types:

N. ESCAVADA UNIT #311H gas allocation meter is an orifice meter (S/N 541962**)

N. ESCAVADA UNIT #312H gas allocation meter is an orifice meter (S/N 534234**)

ALAMOS CANYON UNIT #222H gas allocation meter will be an orifice meter (TBD*)

ALAMOS CANYON UNIT #224H gas allocation meter will be an orifice meter (TBD*)

ALAMOS CANYON UNIT #226H gas allocation meter will be an orifice meter (TBD*)



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N. ESCAVADA UNIT #311H oil allocation meter is a Turbine meter (S/N 25546-93**)
N. ESCAVADA UNIT #312H oil allocation meter is a Turbine meter (S/N 83596-43**)
ALAMOS CANYON UNIT #222H oil allocation meter will be a Coriolis or Turbine meter (S/N TBD*)
ALAMOS CANYON UNIT #224H oil allocation meter will be a Coriolis or Turbine meter (S/N TBD*)
ALAMOS CANYON UNIT #226H oil allocation meter will be a Coriolis or Turbine meter (S/N TBD*)

*Equipment for future wells are not installed at this time. Enduring is to follow up with serial numbers once equipment is installed in the field.

**Enduring plans to re-use existing meters for NEU 311/312 wells at the new proposed facility at the NEU 311 pad.

Water is measured via a turbine meter after each separator. For future wells, a turbine or mag meter will measure water rates.

After gas is measured from each separator, it combines into a single header on the North Escavada 329 Pad and routes to three locations: compression, sales, and fuel gas. After oil is measured from each separator at the North Escavada 329 Pad, it combines into a single header and currently flows to a flash tank before flowing to oil tanks. After water is measured from each separator, it combines into a single header and flows to water tanks. Flash gas from the tanks combine into a vent header routed to vapor recover unit (VRU).

The oil combines from each tank and routes to a charge pump. Once enough oil accumulates, oil is pumped to the LACT unit via the charge pump. From the water tank, water routes to the water pump within the LACT unit. Once enough water accumulates, the water pump activates and boosts the water into the Midstream Gather's line and facilities.



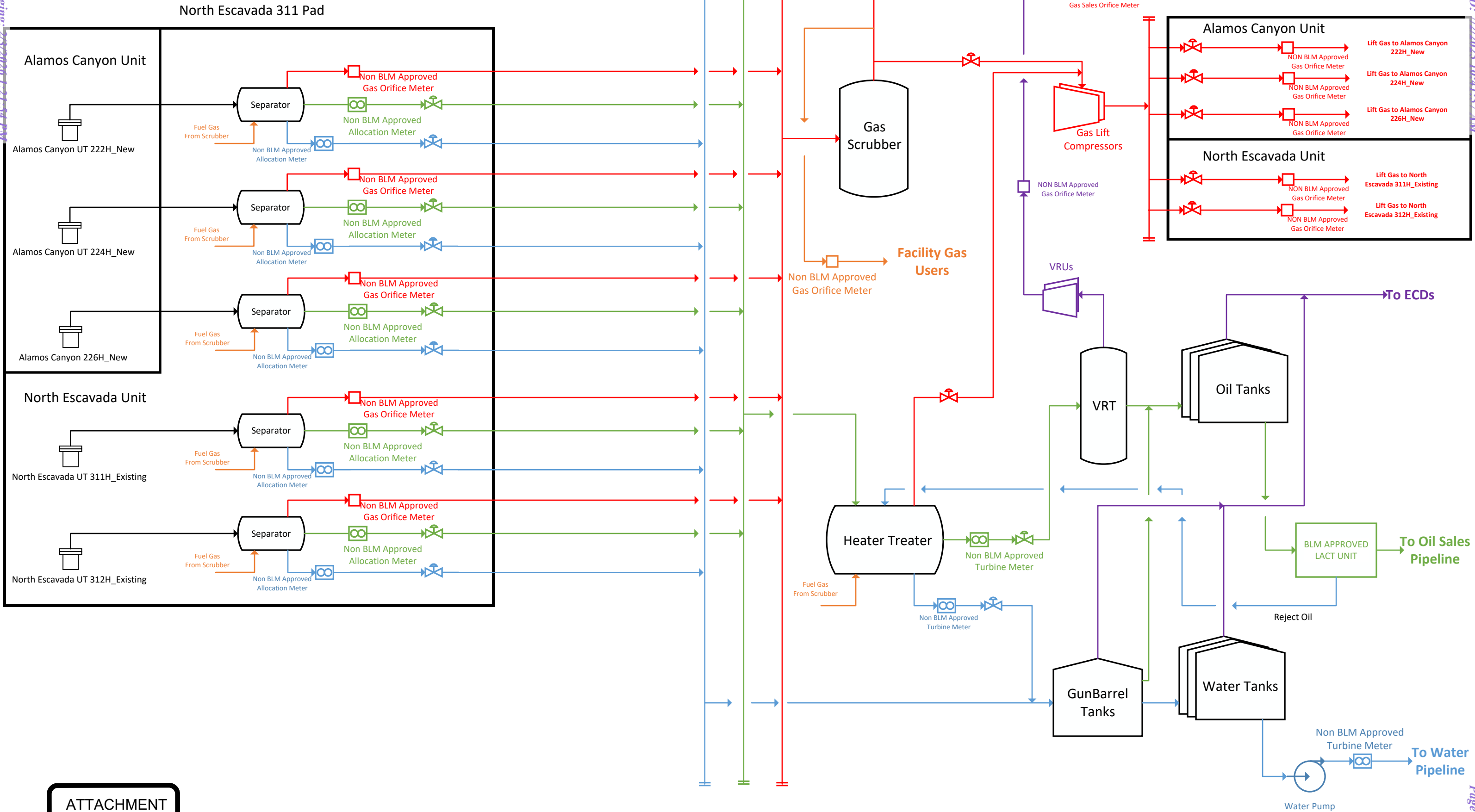
Enduring Resources, LLC
6300 S. Syracuse Way, Suite 525
Centennial, CO 80111
(303) 573-1222

Sundry Notice Of Intent

Procedure Description: Enduring Resources IV, LLC plans to drill three additional wells on the N. Escavada 311 pad and install new facility to accommodate the N. Escavada 311 and 312 wells and new production from the Alamos Canyon Unit. The new facility on the N. Escavada 311 pad will contain: (5) separators, (1) heater treater, (1-2) VRT(s), (3) 750 BBL oil tanks, (1) gunbarrel tank, (1) 750 BBL water tank, up to (3) VRUs, (1-2) gas lift compressor(s), (1) fuel gas separator, up to (5) ECDs, (1-2) LACT unit(s), and (1) Air compressor system. The new flow for the facility will have each well go to its individual separator. Oil, Gas, and Water will be measured downstream of each separator – these volumes will be utilized for allocation based on sales volumes. From the separator: gas will be directed to the 2-phase separator and then to sales or compression; oil will be directed to the heater treater, then the VRT, and then the oil tanks; water will be directed to the gunbarrel tank before flowing to the water tanks. From the oil and water tanks, each product will flow to the oil pumps or water pumps located in each LACT and shipped to the 3rd party gathering company. An updated facilities diagram will be submitted to the BLM within 60 days of installation. Please refer to the attached Plan of Development Plats, and Reclamation Plan for additional project details.

North Escavada 311 Pad Simplified Process Flow Diagram

Rev: 0
Date: 5/28/2024



ATTACHMENT
A

API	Well Name & Number	UL or Q/Q	S-T-R	Pool Code	Operator
30-043-21302	N Escavada Unit 311H	NE/4 SW/4 W/2 SE/4 SE/4 SE/4 NE/4 NE/4 NW/4 NW/4 S/2 NW/4 NE/4 SW/4	3-22N-7W 3-22N-7W 3-22N-7W 10-22N-7W 11-22N-7W 11-22N-7W 11-22N-7W	Escavada N; Mancos [98172]	Enduring Resources, LLC
30-043-21294	N Escavada Unit 312H	N/2 SW/4 SE/4 SW/4 SW/4 SE/4 N/2 NE/4 SE/4 NE/4 SW/4 NW/4 N/2 SW/2 SE/4 SW/4	3-22N-7W 3-22N-7W 3-22N-7W 10-22N-7W 10-22N-7W 11-22N-7W 11-22N-7W 11-22N-7W	Escavada N; Mancos [98172]	Enduring Resources, LLC
30-043-PENDING	Alamos Canyon Unit 222H	SW/4 NW/4 SW/4 NE/4 NE/4 SE/4	13-22N-7W 13-22N-7W 14-22N-7W 14-22N-7W	Rusty Gallup Oil Pool [52860]	Enduring Resources, LLC
30-043-PENDING	Alamos Canyon Unit 224H	NW/4 SE/4 S/2 SE/4 N/2 SW/4 S/2 NW/4 NW/4 NW/4 SE/4 NE/4 N/2 NE/4	11-22N-7W 11-22N-7W 13-22N-7W 13-22N-7W 13-22N-7W 14-22N-7W 14-22N-7W	Rusty Gallup Oil Pool [52860]	Enduring Resources, LLC
30-043-PENDING	Alamos Canyon Unit 226H	SW/4 NE/4 N/2 SE/4 SE/4 SE/4 SW/4 SW/4 NW/4 SW/4 NE/4	11-22N-7W 11-22N-7W 11-22N-7W 12-22N-7W 13-22N-7W 13-22N-7W	Rusty Gallup Oil Pool [52860]	Enduring Resources, LLC

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

District II
811 S. First Street, 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 Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21302		*Pool Code 98172	*Pool Name ESCAVADA N; MANCOS	
*Property Code 316006	*Property Name N ESCAVADA UNIT			*Well Number 311H
*OGRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC			*Elevation 6961'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	11	22N	7W		524	SOUTH	2339	EAST	SANDOVAL

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	3	22N	7W		2308	SOUTH	2054	WEST	SANDOVAL

<div> <div>12</div> <div>Dedicated Acres</div> <div>360.0</div> <div>NE/4 SW/4, W/2 SE/4 SE/4 SE/4 - Section 3 NE/4 NE/4 - Section 10 NW/4 NW/4, S/2 NW/4 NE/4 SW/4 - Section 11</div> </div>	<div> <div>13</div> <div>Joint or Infill</div> </div>	<div> <div>14</div> <div>Consolidation Code</div> </div>	<div> <div>15</div> <div>Order No.</div> <div>R-14080</div> </div>
<div>NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL</div>			

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

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 unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral working interest, or has entered into a pooling agreement or a compulsory pooling order heretofore entered by the division.

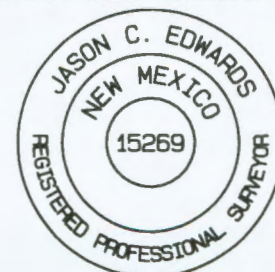
Signature _____ Date _____
Lacey Granillo
Printed Name _____
lacey.granillo@wpxenergy.com
E-mail Address _____

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 and correct to the best of my belief.

Date Revised: OCTOBER 23, 2017
Date of Survey: MARCH 16, 2016

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

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

District II
811 S. First Street, 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 Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-043-21294		² Pool Code 98172	³ Pool Name ESCAVADA N; MANCOS
⁴ Property Code 316006	⁵ Property Name N ESCAVADA UNIT		⁶ Well Number 312H
⁷ GRID No. 120782	⁸ Operator Name WPX ENERGY PRODUCTION, LLC		⁹ Elevation 6961'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	11	22N	7W		515	SOUTH	2378	EAST	SANDOVAL

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	3	22N	7W		2290	SOUTH	476	WEST	SANDOVAL

¹² Dedicated Acres 440.0 N/2 SW/4, SE/4 SW/4 SW/4 SE/4 - Section 3 N/2 NE/4, SE/4 NE/4 - Section 10 SW/4 NW/4, N/2 SW/4 SE/4 SW/4 - Section 11	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-14080
	NO ALLOWABLE WILL BE ASSIGN TO THIS COMPLETION UNTIL A		

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

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 unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address

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 and correct to the best of my belief.

Date Revised: OCTOBER 23, 2017
Date of Survey: MARCH 16, 2016

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type	<input checked="" type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
		<input type="checkbox"/> As Drilled	

WELL LOCATION INFORMATION

API Number	Pool Code 52860	Pool Name RUSTY GALLUP OIL POOL
Property Code	Property Name ALAMOS CANYON UNIT	Well Number 222H
OGRID No. 372286	Operator Name ENDURING RESOURCES, LLC	Ground Level Elevation 6962'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL 0	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 528' SOUTH	Feet from E/W Line 2320' EAST	Latitude 36.147931 °N	Longitude -107.543655 °W	County SANDOVAL
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Bottom Hole Location

UL N	Section 13	Township 22N	Range 7W	Lot	Feet from N/S Line 226' SOUTH	Feet from E/W Line 2064' WEST	Latitude 36.132465 °N	Longitude -107.529164 °W	County SANDOVAL
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Penetrated Spacing Unit:

Dedicated Acres 400.00	SW/4 NW/4, SW/4 - Section 13, T22N, R7W NW/4, NE/4 SE/4 - Section 14, T22N, R7W	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit <input type="checkbox"/> Yes <input type="checkbox"/> No	Consolidation Code
Order Numbers			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No		

Kick Off Point (KOP)

UL 0	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 528' SOUTH	Feet from E/W Line 2320' EAST	Latitude 36.147931 °N	Longitude -107.543655 °W	County SANDOVAL
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First Take Point (FTP)

UL B	Section 14	Township 22N	Range 7W	Lot	Feet from N/S Line 467' NORTH	Feet from E/W Line 2386' EAST	Latitude 36.145199 °N	Longitude -107.543937 °W	County SANDOVAL
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Last Take Point (LTP)

UL N	Section 13	Township 22N	Range 7W	Lot	Feet from N/S Line 226' SOUTH	Feet from E/W Line 2064' WEST	Latitude 36.132465 °N	Longitude -107.529164 °W	County SANDOVAL
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical <input type="checkbox"/> Directional	Ground Floor Elevation
---	--	------------------------

<p>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, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	<p>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 and correct to the best of my belief.</p> <div></div> <p>JASON C. EDWARDS</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number 15269 Date of Survey APRIL 30, 2024</p>
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SURFACE LOCATION (SHL)
528' FSL 2320' FEL
SECTION 11, T22N, R7W

KICK OFF POINT (KOP)
528' FSL 2320' FEL
SECTION 11, T22N, R7W

FIRST TAKE POINT (FTP)
467' FNL 2386' FEL
SECTION 14, T22N, R7W

LAST TAKE POINT (LTP)
226' FSL 2064' FWL
SECTION 13, T22N, R7W

BOTTOM HOLE LOCATION (BHL)
226' FSL 2064' FWL
SECTION 13, T22N, R7W

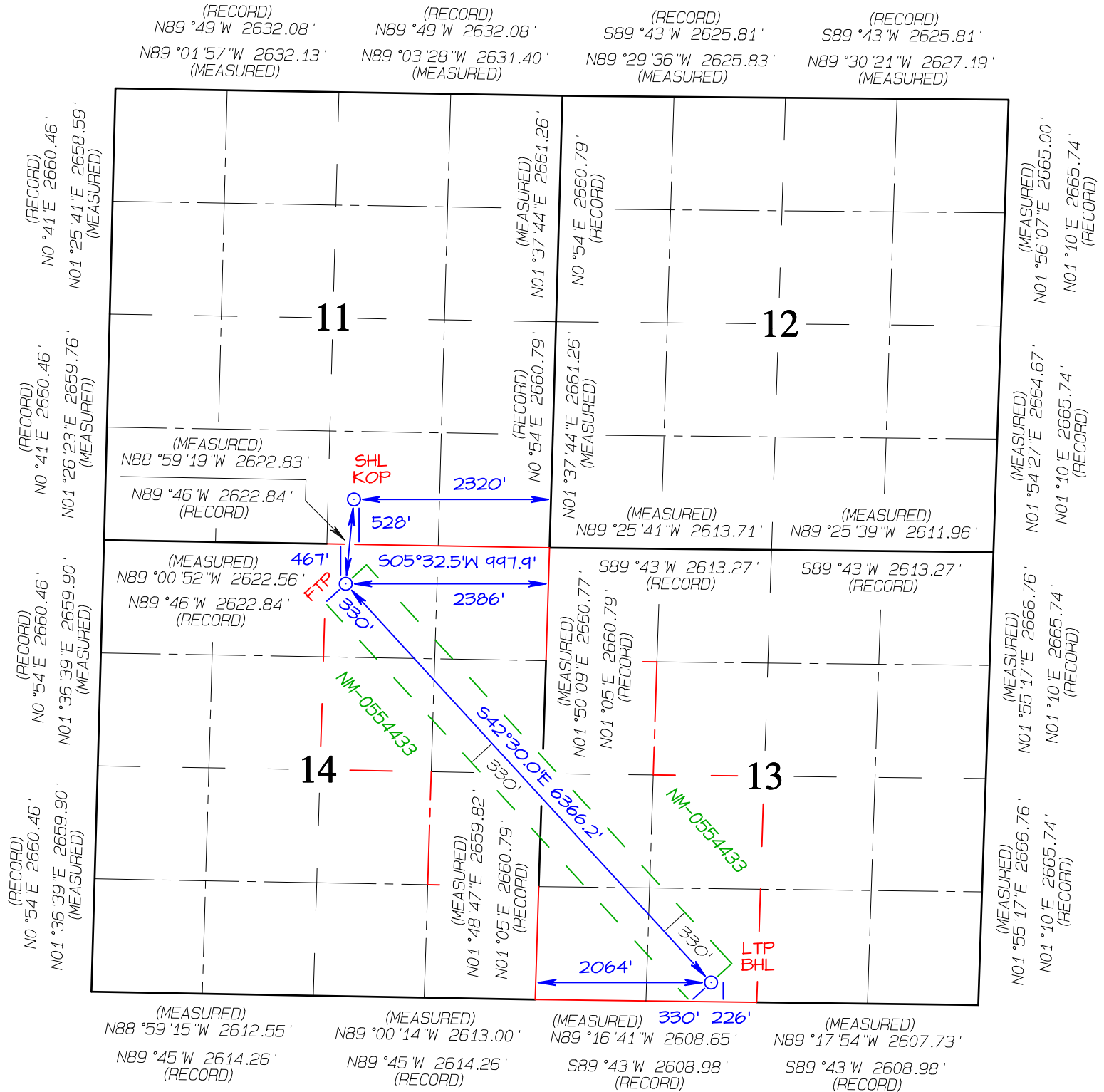
LAT 36.147931°N
LONG -107.543655°W
DATUM: NAD1983

LAT 36.147931 °N
LONG -107.543655 °W
DATUM: NAD1983

LAT 36.145199 °N
LONG -107.543937 °W
DATUM: NAD1983

LAT 36.132465 °N
LONG -107.529164 °W
DATUM: NAD1983

LAT 36.132465°N
LONG -107.529164°W
DATUM: NAD1983



C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type	<input checked="" type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
		<input type="checkbox"/> As Drilled	

WELL LOCATION INFORMATION

API Number	Pool Code 52860	Pool Name RUSTY GALLUP OIL POOL
Property Code	Property Name ALAMOS CANYON UNIT	Well Number 224H
OGRID No. 372286	Operator Name ENDURING RESOURCES, LLC	Ground Level Elevation 6962'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL 0	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 533' SOUTH	Feet from E/W Line 2300' EAST	Latitude 36.147943 °N	Longitude -107.543589 °W	County SANDOVAL
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Bottom Hole Location

UL K	Section 13	Township 22N	Range 7W	Lot	Feet from N/S Line 1619' SOUTH	Feet from E/W Line 2375' WEST	Latitude 36.136291 °N	Longitude -107.528023 °W	County SANDOVAL
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Dedicated Acres 440.00	Penetrated Spacing Unit: NW/4 SE/4, S/2 SE/4 - Section 11 NW/4 NW/4, S/2 NW/4, N/2 SW/4 - Section 13 N/2 NE/4, SE/4 NE/4 - Section 14	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit <input type="checkbox"/> Yes <input type="checkbox"/> No	Consolidation Code
Order Numbers		Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No			

Kick Off Point (KOP)

UL 0	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 533' SOUTH	Feet from E/W Line 2300' EAST	Latitude 36.147943 °N	Longitude -107.543589 °W	County SANDOVAL
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First Take Point (FTP)

UL 0	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 1257' SOUTH	Feet from E/W Line 2388' EAST	Latitude 36.149934 °N	Longitude -107.543850 °W	County SANDOVAL
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Last Take Point (LTP)

UL K	Section 13	Township 22N	Range 7W	Lot	Feet from N/S Line 1619' SOUTH	Feet from E/W Line 2375' WEST	Latitude 36.136291 °N	Longitude -107.528023 °W	County SANDOVAL
---------	---------------	-----------------	-------------	-----	-----------------------------------	----------------------------------	--------------------------	-----------------------------	--------------------

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical <input type="checkbox"/> Directional	Ground Floor Elevation
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<p>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, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	<p>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 and correct to the best of my belief.</p> <div></div> <p>JASON C. EDWARDS</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number 15269 Date of Survey APRIL 30, 2024</p>
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SURFACE LOCATION (SHL)
533' FSL 2300' FEL
SECTION 11, T22N, R7W

KICK OFF POINT (KOP)
533' FSL 2300' FEL
SECTION 11, T22N, R7W

FIRST TAKE POINT (FTP)
1257' FSL 2388' FEL
SECTION 11, T22N, R7W

LAST TAKE POINT (LTP)
1619' FSL 2375' FWL
SECTION 13, T22N, R7W

BOTTOM HOLE LOCATION (BHL)
1619' FSL 2375' FWL
SECTION 13, T22N, R7W

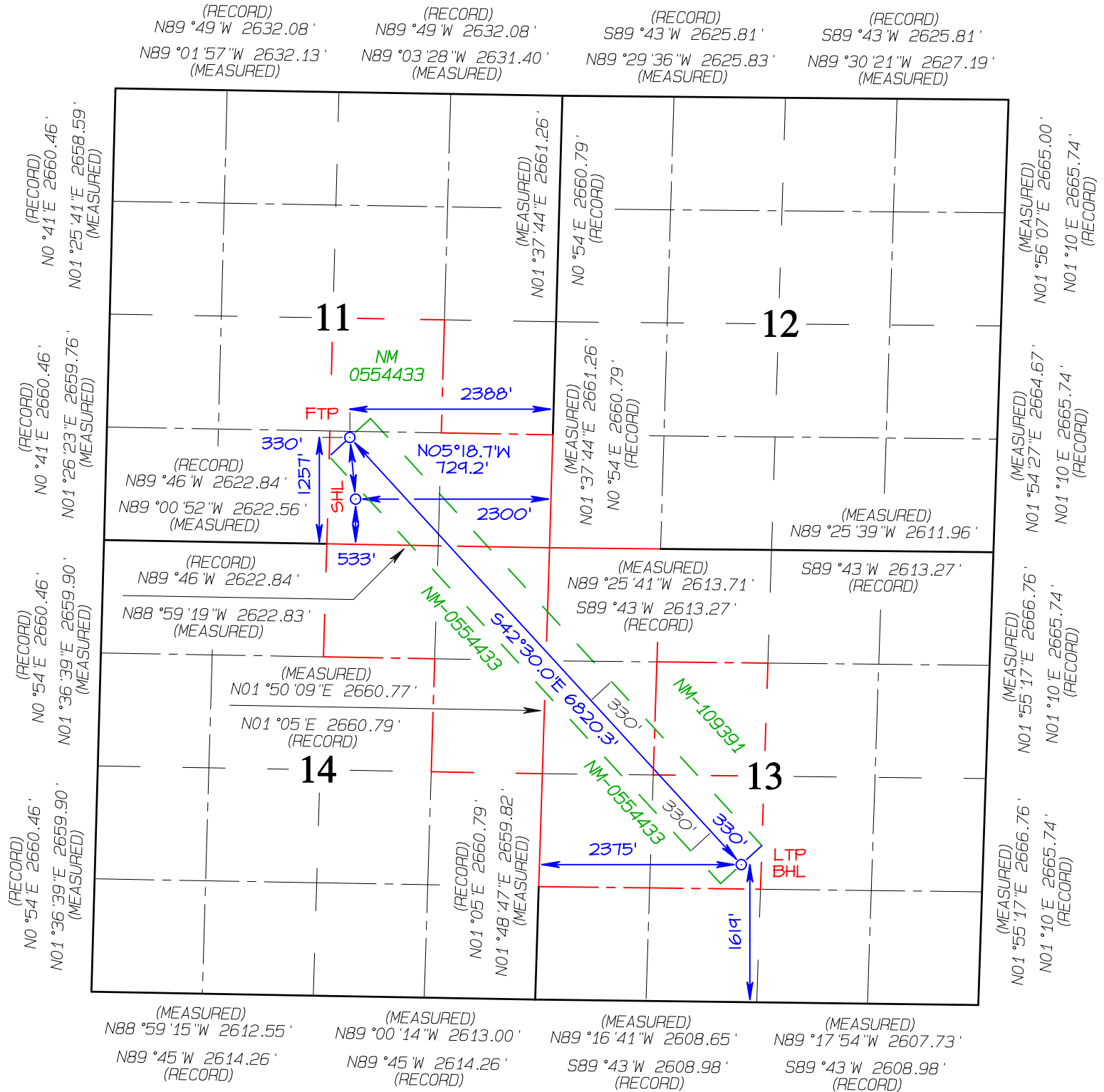
LAT 36.147943 °N
LONG -107.543589 °W
DATUM: NAD1983

LAT 36.147943 °N
LONG -107.543589 °W
DATUM: NAD1983

LAT 36.149934 °N
LONG -107.543850 °W
DATUM: NAD1983

LAT 36.136291°N
LONG -107.528023°W
DATUM: NAD1983

LAT 36.136291°N
LONG -107.528023°W
DATUM: NAD1983



C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type	<input checked="" type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
		<input type="checkbox"/> As Drilled	

WELL LOCATION INFORMATION

API Number	Pool Code 52860	Pool Name RUSTY GALLUP OIL POOL
Property Code	Property Name ALAMOS CANYON UNIT	Well Number 226H
OGRID No. 372286	Operator Name ENDURING RESOURCES, LLC	Ground Level Elevation 6962'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input checked="" type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL 0	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 537' SOUTH	Feet from E/W Line 2281' EAST	Latitude 36.147954 °N	Longitude -107.543523 °W	County SANDOVAL
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Bottom Hole Location

UL G	Section 13	Township 22N	Range 7W	Lot	Feet from N/S Line 2438' NORTH	Feet from E/W Line 2419' EAST	Latitude 36.139781 °N	Longitude -107.526491 °W	County SANDOVAL
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Dedicated Acres 440.00	Penetrated Spacing Unit: SW/4 NE/4, SE/4 - Section 11, T22N, R7W SW/4 SW/4 - Section 12, T22N, R7W NW/4, SW/4 NE/4 - Section 13, T22N, R7W	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit <input type="checkbox"/> Yes <input type="checkbox"/> No	Consolidation Code
Order Numbers			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No		

Kick Off Point (KOP)

UL 0	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 537' SOUTH	Feet from E/W Line 2281' EAST	Latitude 36.147954 °N	Longitude -107.543523 °W	County SANDOVAL
---------	---------------	-----------------	-------------	-----	----------------------------------	----------------------------------	--------------------------	-----------------------------	--------------------


First Take Point (FTP)

UL G	Section 11	Township 22N	Range 7W	Lot	Feet from N/S Line 2336' NORTH	Feet from E/W Line 2391' EAST	Latitude 36.154675 °N	Longitude -107.543771 °W	County SANDOVAL
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Last Take Point (LTP)

UL G	Section 13	Township 22N	Range 7W	Lot	Feet from N/S Line 2438' NORTH	Feet from E/W Line 2419' EAST	Latitude 36.139781 °N	Longitude -107.526491 °W	County SANDOVAL
---------	---------------	-----------------	-------------	-----	-----------------------------------	----------------------------------	--------------------------	-----------------------------	--------------------

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical <input type="checkbox"/> Directional	Ground Floor Elevation
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<p>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, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	<p>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 and correct to the best of my belief.</p> <div></div> <p>JASON C. EDWARDS</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number 15269 Date of Survey APRIL 30, 2024</p>
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SURFACE LOCATION (SHL)
537' FSL 2281' FEL
SECTION 11, T22N, R7W

KICK OFF POINT (KOP)
537' FSL 2281' FEL
SECTION 11, T22N, R7W

FIRST TAKE POINT (FTP)
2336' FNL 2391' FEL
SECTION 11, T22N, R7W

LAST TAKE POINT (LTP)
2438' FNL 2419' FEL
SECTION 13, T22N, R7W

BOTTOM HOLE LOCATION (BHL)
2438' FNL 2419' FEL
SECTION 13, T22N, R7W

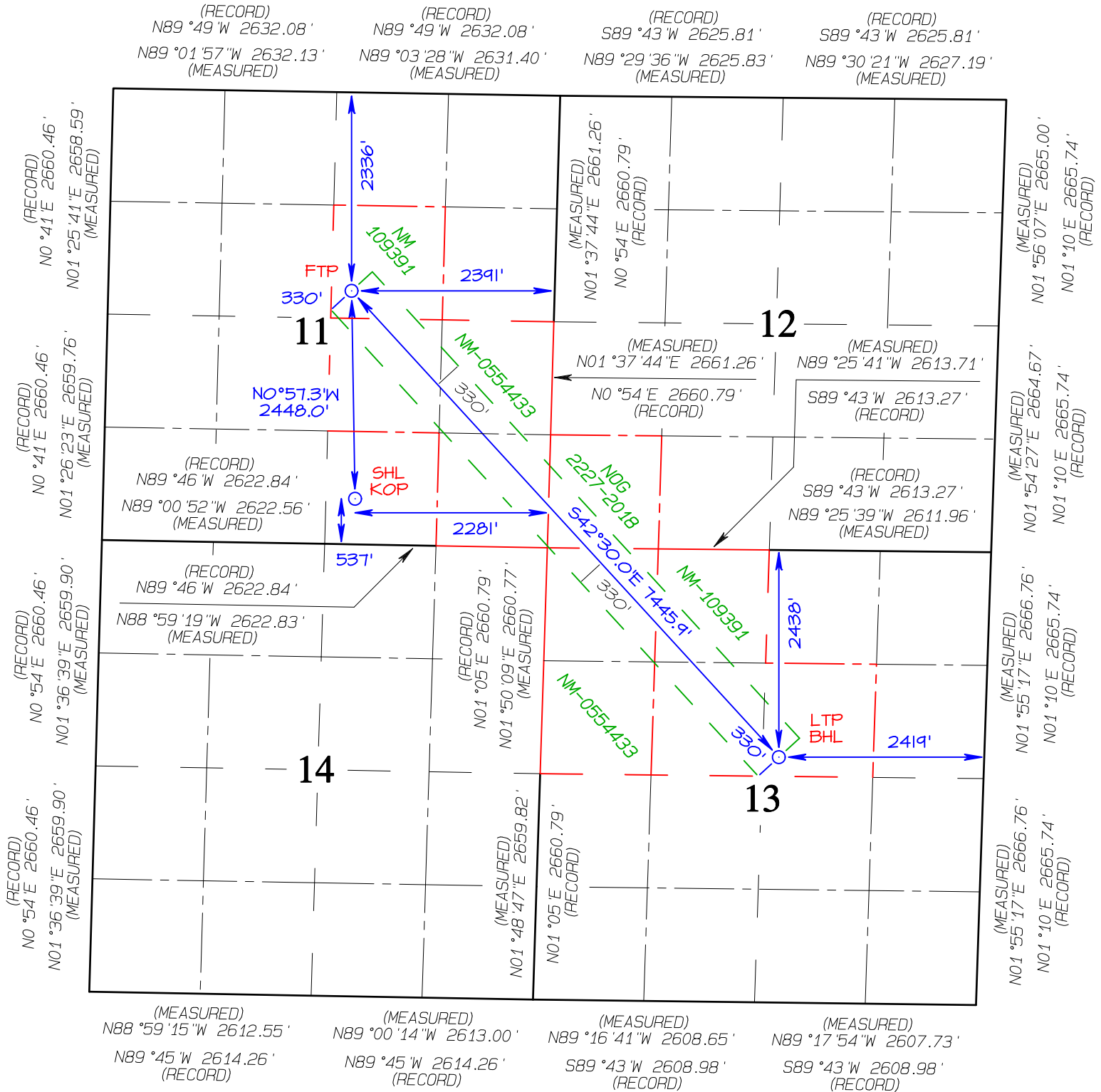
LAT 36.147954°N
LONG -107.543523°W
DATUM: NAD1983

LAT 36.147954°N
LONG -107.543523°W
DATUM: NAD1983

LAT 36.154675°N
LONG -107.543771°W
DATUM: NAD1983

LAT 36.139781°N
LONG -107.526491°W
DATUM: NAD1983

LAT 36.139781°N
LONG -107.526491°W
DATUM: NAD1983



EXHIBIT

4

FEDERAL/ALLOTTEE
EXPLORATORY UNIT

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

NORTH ESCAVADA UNIT AREA

SANDOVAL COUNTY, NEW MEXICO

NO. NMNM135217X

FEDERAL/ALLOTTEE
EXPLORATORY UNITS

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

NORTH ESCAVADA UNIT AREA

SANDOVAL COUNTY

STATE OF NEW MEXICO

NO. NMNM135217X

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EXHIBIT "A". MAP OF UNIT AREA

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EXHIBIT "C" NORTH ESCAVADA UNIT STRATIGRAPHIC TYPE LOG

FEDERAL/ALLOTTEE
EXPLORATORY UNITS

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

NORTH ESCAVADA UNIT AREA

SANDOVAL COUNTY

STATE OF NEW MEXICO

NO. NMNM135217X

THIS AGREEMENT, entered into as of the 1st day of November, 2015, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

THIS AGREEMENT, is limited in applicability to wells containing a lateral or laterals drilled, completed or recompleted so that horizontal component of the completion interval extends at least one hundred feet (100') in the objective formation ("Horizontal Well(s)"). All pre-existing and future vertical wells within the Unit boundary drilled and completed in the Mancos Shale Group (see 3. UNITIZED LAND AND UNITIZED SUBSTANCES) are excluded from this Agreement.

WITNESSETH:

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

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

WHEREAS, the Act of March 3, 1909, (35 Stat. 783) as amended by the act of August 9, 1955, (69 Stat. 540), the Act of May 11, 1938, (52 Stat. 347 as amended, 25 U.S.C., Sec. 396a-g), Act of August 4, 1947, (61 Stat. 732), Indian Mineral Development Act of 1982 (25 U.S.C. 2101-2108), provides that all operations under any oil and gas lease on tribal and/or allotted Indian lands shall be subject to the rules and regulations of the Secretary of the Interior, and regulations issued pursuant to said statute provide that, in the exercise of his judgment, the Secretary may take into consideration, among other things, the Federal laws, state laws or regulations by competent Federal or State authorities or lawful agreements among operators regulating either drilling or production or both (25 C.F.R. Sec. 211.28 and 212.28); and,

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

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

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

1. ENABLING ACT AND REGULATIONS. The Acts of March 3, 1909 and of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal and Indian trust lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal and non-Indian trust lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following described land is hereby designated and recognized as constituting the unit area:

See map attached hereto marked as Exhibit "A" is hereby designated and recognized as constituting the Unit Area containing, 3,040.00 acres more or less.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in Exhibits "A" and "B" shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the Exhibits as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or in the ownership interests in the individual tracts render such revision necessary, or when requested by the Authorized officer, hereinafter referred to as "AO", and not less than four (4) copies of the revised Exhibits shall be filed with the proper Bureau of Land Management office.

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

(a) Unit Operator, on its own motion (after preliminary concurrence by the AO and the Federal Indian Minerals Office (FIMO)), or on demand of the AO or FIMO (after preliminary concurrence by the AO and FIMO) shall prepare a Notice of Proposed Expansion describing the contemplated changes in the boundaries of the unit area, the reasons therefore, any plans for additional drilling, and the proposed effective date of the expansion, preferably the first day of a month subsequent to the date of notice.

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

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

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas from the top of the Mancos formation at a measured depth of 3,715 feet down to the stratigraphic equivalent of the top of the Graneros shale formation at a measured depth of 5,575 feet as encountered in the Sandoval 22-7 Well No. 1-23 in Section 23, Township 22 North, Range 7 West, N.M.P.M. (API #30-043-05150), are unitized under the terms of this agreement and herein are called "unitized substances" (see type log attached as Exhibit "C").

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

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

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

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

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be

subject to removal by the same percentage vote of the owners of working interests as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the AO.

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

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

- (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and
- (b) the selection shall have been approved by the AO and FIMO.

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

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

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

9. DRILLING TO DISCOVERY. Within six (6) months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location approved by the AO, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until a 4000' foot horizontal lateral in the Mancos Shale Group has been tested which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a measured depth in excess of 9,600 feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one well at a time, allowing not more than one (1) year between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO, if on Federal or Indian trust land or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

The AO may modify any of the drilling requirements of this section by granting reasonable extensions of time

when, in their opinion, such action is warranted.

Upon failure to commence any well as provided for in this section within the time allowed including any extension of time granted by the AO, this agreement will automatically terminate. Upon failure to continue drilling diligently any well commenced hereunder, the AO may, after fifteen (15) days notice to the Unit Operator, declare this unit agreement terminated. The parties to this agreement may not initiate a request to voluntarily terminate this agreement during the first six (6) months of its term unless at least one obligation well has been drilled in accordance with the provisions of this section. The failure to commence a well subsequent to the drilling of the initial obligation well, or in the case of multiple well requirements, if specified, subsequent to the drilling of those multiple wells, as provided for in this (these) section(s), within the time allowed including any extension of time granted by the AO, shall cause this agreement to terminate automatically. Upon failure to continue drilling diligently any well other than the obligation well(s) commenced hereunder, the AO may, after 15 days notice to the Unit Operator, declare this unit agreement terminated. Failure to commence drilling the initial obligation well, or the first of multiple obligation wells, on time and to drill it diligently shall result in the unit agreement approval being declared invalid ab initio by the AO. In the case of multiple well requirements, failure to commence drilling the required multiple wells beyond the first well, and to drill them diligently, may result in the unit agreement approval being declared invalid ab initio by the AO.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within twelve (12) months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the AO, an acceptable plan of development and operation for the unitized land which, when approved by the AO, shall constitute the further drilling and development obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the AO, a plan for an additional specified period for the development and operation of the unitized land. Subsequent plans should normally be filed on a calendar year basis not later than March 1 each year. Any proposed modification or addition to the existing plan should be filed as a supplement to the plan.

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

- (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and
- (b) provide a summary of operations and production for the previous year.

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development and operation. The AO is authorized to grant a reasonable extension of the 12-month period herein prescribed for submission of an initial plan of development and on operation where such action is justified because of unusual conditions or circumstances.

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

11. ALLOCATION OF PRODUCTION. All unitized substances produced under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, and other production or development purposes, or for repressuring or recycling in accordance with a plan of development and operations that has been approved by the AO, or unavoidably lost shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land and unleased Federal and Indian trust land, if any. Each such tract shall have allocated to it such percentage of said production as the number of acres of such tract bears to the total acres of unitized land and unleased Federal and Indian trust land, if any. All proceeds less taxes and appropriate royalties, attributed to unleased Indian trust and Federal lands included within the unit area are to be placed in an interest earning escrow or trust account for each unleased tract by the designated unit operator until the land is leased. These accounts will be subject to audit by the Department of Interior. Within 90 days of the issuance of an Indian and/or Federal lease within this designated unit area, if the lessee(s) and the working interest owner(s) do not commit the land to this unit agreement the proceeds for their portion of the escrow account will be forfeited. There shall be allocated to the working interest owner(s) of each tract of unitized land, in addition, such percentage of the production attributable to the unleased Federal and Indian trust land within the unitized area as the number of acres of such unitized tract included in said unitized area bears to the total acres of unitized land in said unitized area, for the payment of the compensatory royalty specified in section 15 of this agreement. Allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, including compensatory royalty obligations under section 15, shall be prescribed as set forth in the unit operating agreement or as otherwise mutually agreed by the affected parties.

12. ROYALTY SETTLEMENT. The United States, the Indians, and any royalty owner who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be entitled to the right to take in kind its share of the unitized substances, and Unit Operator, or the working interest owner in case of the operation of a well by a working interest owner as herein provided for in special cases, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefore under existing contracts, laws and regulations, or by the Unit Operator on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing in this section shall operate to relieve the responsible parties of any land from their respective lease obligations for the payment of any royalties due under their leases.

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

Royalty due on the United States and Indian trust lands shall be computed as provided in 30 CFR Group 200 and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided in Section 11 at the rates specified in the respective Federal lease, or at such other rate or rates as may be authorized by law or regulation and approved by the AO; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though the unitized area were a single consolidated lease.

13. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by appropriate working interest owners under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty due under their leases. Rental or minimum royalty for lands of the United States and Indian trust lands subject to this agreement shall be paid at the rate specified in the respective leases from the United States, and Indian trust lands, unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

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

15. DRAINAGE. The Unit Operator shall take such measures as the AO deems appropriate and adequate to prevent drainage of unitized substances for unitized land by wells on land not subject to this agreement, which shall include the drilling of protective wells and which may include the payment of a fair and reasonable compensatory royalty, as determined by the AO, as to Federal and Indian leases.

16. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary, as to Federal and Indian leases, or by the approval hereof by his duly authorized representative, shall and does hereby establish, alter, change, or revoke the drilling, producing, rental minimum royalty, and royalty requirements of Federal and Indian leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

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

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

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the AO and FIMO, or his duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land. A suspension of drilling or producing operations limited to specified lands shall be applicable only to such lands.

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

(e) Any Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that a well capable of production of unitized substances in paying quantities is established in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such Federal lease shall be extended for two years, and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Act of February 25, 1920, as amended. Any Indian lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of Unitized Substances in paying quantities is established under this Unit Agreement prior to the expiration date of the term of such lease and such lease shall be extended for so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the acts governing the leasing of Indian lands.

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

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Section 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960, (74 Stat. 781-784) (30 U.S.C. 226 (m)): "Any (Federal) lease heretofore or hereafter committed to any such (Unit) plan embracing lands that are in part within and in part outside the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization. Provided, however that any such lease as to non-unitized portion shall continue in force and effect for the term thereof, but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

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

18. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the AO and FIMO or their duly authorized representative and shall automatically terminate five (5) years from said effective date unless:

(a) Upon application by the Unit Operator such date of expiration is extended by the AO; or

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

(c) a valuable discovery of unitized substances in paying quantities has been made or accepted on unitized land during said initial term or any extension thereof, in which event this agreement shall remain in effect for such term and so long thereafter as unitized substances can be produced as to Federal or Indian trust lands and are being produced as to State lands in quantities sufficient to pay for the cost of producing same from wells on unitized land. Should production cease and diligent drilling or re-working operations to restore production or new production are not in progress or reworking within sixty (60) days and production is not restored or should new production not be obtained in paying quantities on committed lands within this unit area, this agreement will automatically terminate effective the last day of the month in which the last unitized production occurred; or

(d) it is voluntarily terminated as provided in this agreement. Except as noted herein this agreement may be terminated at any time prior to the discovery of unitized substances which can be produced in paying quantities by not less than 75 per centum, on an acreage basis, of the working interest owners signatory hereto, with the approval of the AO. The Unit Operator shall give notice of any such approval to all parties hereto. Voluntary termination may not occur

during the first six (6) months of this agreement unless at least one obligation well shall have been drilled in conformance with Section 9.

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

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

20. APPEARANCES. Unit Operators shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interest affected hereby before the Department of the Interior, and to appeal from orders issued under the regulations of said Department or to apply for relief from any of said regulations, or in any proceedings relative to operations before the Department or any other legally constituted authority; provided, however, that any other interested party shall also have the right at its own expense to be heard in any such proceeding.

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

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

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

24. NONDISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all 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.

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

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

26. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written notice delivered to the proper Bureau of Land Management office, and the Unit Operator prior to the approval of this agreement by the AO. Any oil or gas interests in lands within the unit area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest, is a working interest, by the owner of such interest only subscribing to the unit operating agreement.

After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be

provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. A non-working interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, in order for the interest to be regarded as committed to this agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO and the Division of duly executed counterparts of all or any papers necessary to establish effective commitment of any interest and/or tract to this agreement.

27. COUNTERPARTS. 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 those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

28. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If, as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operation hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If, as a result of any such surrender or forfeiture, working interest rights become vested in the fee owner of the unitized substances, such owner may:

- (a) accept those working interest rights subject to this agreement and the unit operating agreement; or
- (b) lease the portion of such land subject to this agreement and the unit operating agreement; or
- (c) provide for the independent operation of any part of such land.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six (6) months after the surrender or forfeited working interest rights become vested in the fee owner, the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interest subsequent to the date of surrender or forfeiture, and payment of any monies found to be owing by such an accounting shall be made as between the parties within thirty (30) days.

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

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

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

31. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATIONS. Nothing in this agreement

shall modify or change either the special Federal lease stipulations relating to surface management or such special Federal lease stipulations relating to surface and environmental protection, attached to and made a part of, Oil and Gas Leases covering lands within the Unit Area.

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

WPX ENERGY PRODUCTION, LLC

By Thomas E Black Jr

REB
B

Date of Execution 1-12-16

Address:
P. O. Box 3102
Tulsa, Oklahoma 74101-3102

STATE OF Oklahoma)
)ss.
COUNTY OF Tulsa)

On this 12 day of January, 2016, before me appeared Thomas E Black Jr. to me personally known, who, being duly sworn, did say that he is the Attorney in Fact of WPX Energy Production, LLC and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Attorney in Fact acknowledged said instrument to be the free act of deed of said corporation.

My Commission Expires: 1-21-2018 Shannon McClain Notary Public



BUREAU OF LAND MANAGEMENT

By _____

Date of Execution _____

Address

STATE OF _____)
)ss.
COUNTY OF _____)

On this _____ day of _____, 2016, before me appeared _____ to me personally known, who, being duly sworn, did say that he is the _____ of _____ and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act of deed of said corporation.

My Commission Expires: _____ Notary Public

FEDERAL INDIAN MINERALS OFFICE

By _____

Date of Execution _____

Address

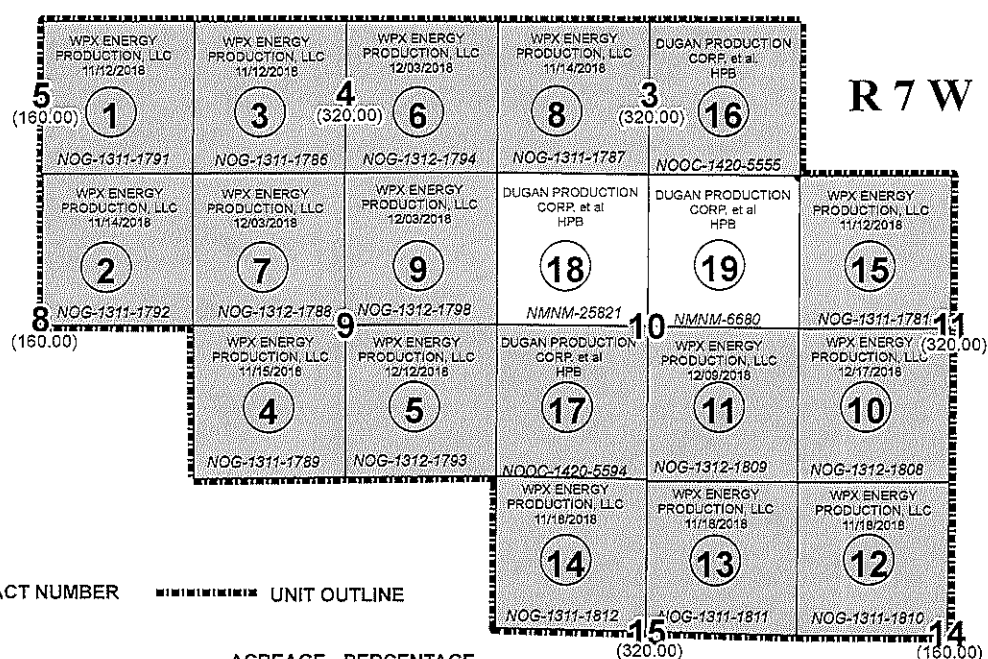
STATE OF _____)

)ss.

COUNTY OF _____)

On this _____ day of _____, 2016, before me appeared _____ to me personally known, who, being duly sworn, did say that he is the _____ of _____ and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act of deed of said corporation.

My Commission Expires: _____



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10 TRACT NUMBER UNIT OUTLINE

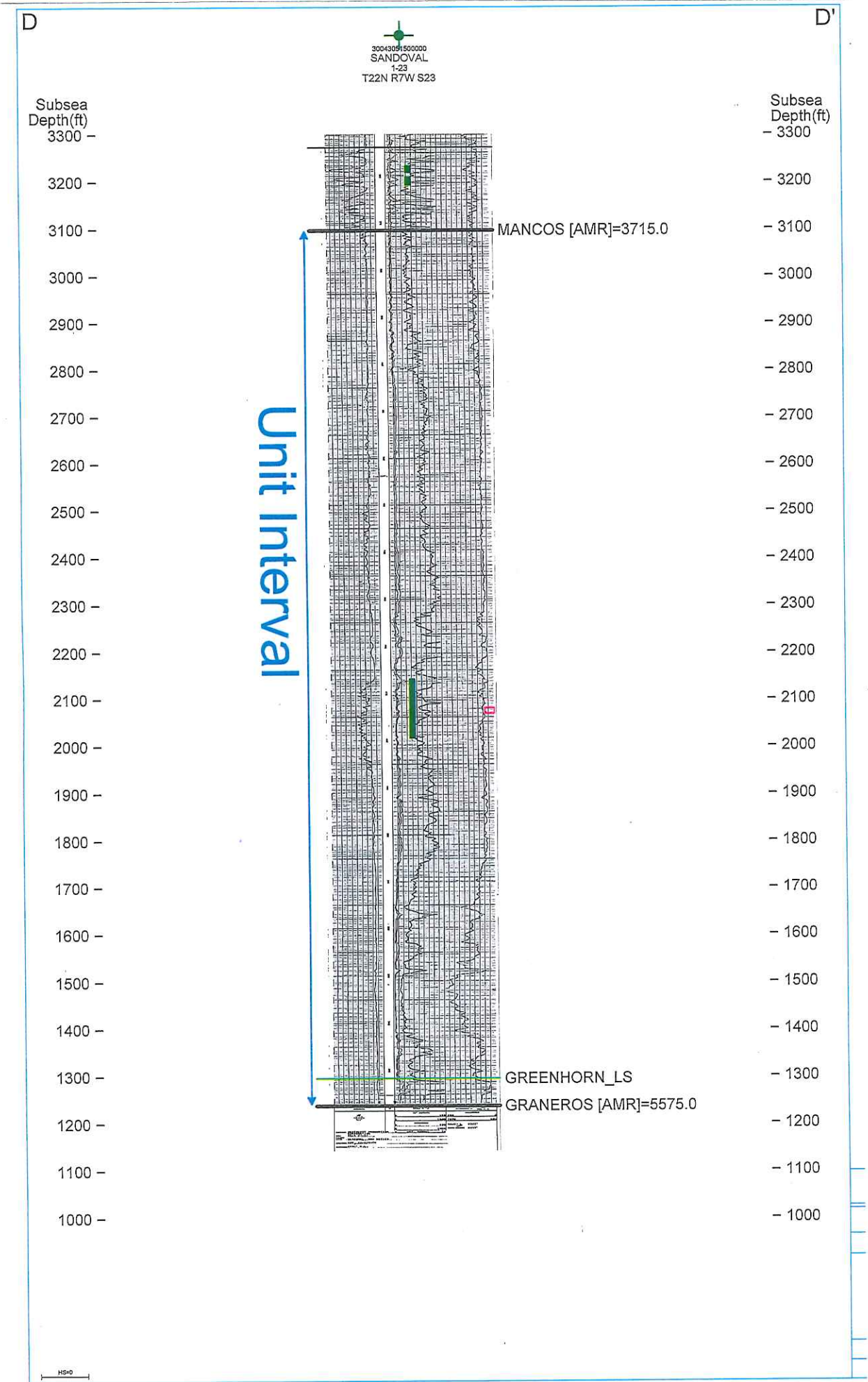
		<u>ACREAGE</u>	<u>PERCENTAGE</u>
	ALLOTTED LANDS	2,720	89.47%
	FEDERAL LANDS	320.00	10.53%
		3,040.00	100%

EXHIBIT "A"
NORTH ESCAVADA UNIT AREA
SANDOVAL COUNTY, NEW MEXICO

NOTE: UNLESS OTHERWISE NOTED HEREIN
THE SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES

WPX ENERGY PRODUCTION, LLC
TULSA, OK

EXHIBIT "C"



**United States Department of the Interior****BUREAU OF LAND MANAGEMENT**

Farmington Field Office
6251 College Blvd., Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



IN REPLY REFER TO:
3162.7 (F0111)

North Escavada Unit-NMNM 135217A

July 05, 2017

RECEIVED

JUL 07 2017

DIVISION ORDERS DEPT.

Mark Beach
WPX Energy Production, LLC
One Williams Center, MD 44
Tulsa, Oklahoma 74101-3102

RE: North Escavada Unit #329H
Paying Well Determination
Mancos Formation
San Juan County, NM

Dear Mr. Beach:

In response to your application dated June 14, 2017, the Farmington Field Office has reviewed the data you submitted for a commercial well determination for the following well completed in the Mancos formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
North Escavada Unit #329H	T.22 N, R.7 W, Sec. 10	N0-G-1312-1809	09/17/2016	Commercial

After completing our economic evaluation, we concur with your determination, the North Escavada Unit #329H is capable of producing in paying quantities.

This well will begin reporting production to NMNM 135217A, effective 09/17/2016.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such a request, including all supporting documents, must be filed in writing within 20-business days of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact me at the above address, telephone (505) 564-7746 or wtambekou@blm.gov

Sincerely,

A handwritten signature in dark ink, appearing to read 'W. Tambekou', enclosed within a large, horizontal, oval-shaped flourish.

William Tambekou
Petroleum Engineer
Petroleum Management Team

cc: Commission of Public Lands, Santa Fe, NM

Bcc: North Escavada Unit

AFMSS/LR2000

NMF0111:Wtambekou;07-05-17

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

CASE RECORDATION

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Authority

**02-25-1920;041STAT0437;30USC181;MINERAL LEASING
ACT OF 1920**

Serial Number

NMNM105381446

**Participating
Area
3,040.0000**

**Legacy Serial No
NMNM 135217A**

Product Type: 318230 O&G PARTICIPATING AREA

Commodity: Oil & Gas

Case Disposition: AUTHORIZED

**Case File Jurisdiction:
FARMINGTON FIELD OFFICE**

CASE DETAILS

NMNM105381446

MLRS Case Ref	C-8284241		
Case Name	MANCOS PA		
Unit Agreement Name	NORTH ESCAVADA UNIT		
	Split Estate		Fed Min Interest
Effective Date	09/17/2016	Split Estate Acres	Future Min Interest No
Expiration Date		Royalty Rate	Future Min Interest Date
Land Type	Acquired	Royalty Rate Other	Acquired Royalty Interest
Formation Name	MANCOS	Approval Date	Held In a Producing Unit No
Parcel Number		Sale Date	Number of Active Wells
Parcel Status		Sales Status	
	Total Bonus Amount	0.00	
Related Agreement	NMNM105378929	Tract Number	Lease Suspended No
Application Type		Fund Code	Total Rental Amount

CASE CUSTOMERS

NMNM105381446

Name & Mailing Address			Interest Relationship	Percent Interest
ENDURING RESOURCES IV LLC FARMINGTON FIELD OFFICE	6300 S SYRACUSE WAY STE 525 6251 COLLEGE BLVD STE A	CENTENNIAL CO 80111-6743 FARMINGTON NM 87402	OPERATOR OFFICE OF RECORD	100.000000 0.000000

LAND RECORDS

NMNM105381446

Mer	Twp	Rng	Sec	Survey Type	Survey Number	Subdivision	District / Field Office	County	Mgmt Agency
23	0220N	0070W	003	Aliquot		SE,SW	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT
23	0220N	0070W	004	Aliquot		SE,SW	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT
23	0220N	0070W	005	Aliquot		SE	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT
23	0220N	0070W	008	Aliquot		NE	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT
23	0220N	0070W	009	Aliquot		ALL	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT
23	0220N	0070W	010	Aliquot		ALL	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT, NAVAJO RESRV - NM
23	0220N	0070W	011	Aliquot		W2	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT
23	0220N	0070W	014	Aliquot		NW	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT
23	0220N	0070W	015	Aliquot		N2	FARMINGTON DISTRICT OFFICE FARMINGTON FIELD OFFICE	SANDOVAL	BUREAU OF LAND MGMT

CASE ACTIONS

NMNM105381446

Action Date	Date Filed	Effective Date	Action Name	Action Status	Action Information
06/14/2016	06/14/2016		CASE ESTABLISHED	APPROVED/ACCEPTED	
09/17/2016	09/17/2016		ACRES-FED INT 100%	APPROVED/ACCEPTED	Action Remarks: 320.00;10.53%;
09/17/2016	09/17/2016		ACRES-INDIAN	APPROVED/ACCEPTED	Action Remarks: 2720.00;89.47%;
09/17/2016	09/17/2016		EFFECTIVE DATE	APPROVED/ACCEPTED	Action Remarks: /A/;
09/17/2016	09/17/2016		FORMATION	APPROVED/ACCEPTED	Action Remarks: MNCS 03;MANCOS;
09/17/2016	09/17/2016		GEOGRAPHIC NAME	APPROVED/ACCEPTED	Action Remarks: N ESCAVADA UNIT;

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**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

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Action Date	Date Filed	Effective Date	Action Name	Action Status	Action Information
09/17/2016	09/17/2016		PA EFFECTIVE	APPROVED/ACCEPTED	Action Remarks: MNCS 03;NMNM135217A;
09/17/2016	09/17/2016		REFERENCE NUMBER (AFS)	APPROVED/ACCEPTED	Action Remarks: AFS-NMNM135217A;
09/17/2016	09/17/2016		WELL DETERMINED PAYING	APPROVED/ACCEPTED	Action Remarks: /2/NOG13121809;#329H;
06/14/2017	06/14/2017		PARTICIPATING AREA FILED	APPROVED/ACCEPTED	Action Remarks: /1/INITIAL;
07/05/2017	07/05/2017		AGREEMENT / PA APPROVED	APPROVED/ACCEPTED	
11/01/2017	11/01/2017		SUCCESSOR OPERATOR	APPROVED/ACCEPTED	Action Remarks: WPX ENERGY/ENDURING R

PARTICIPATING AREA RECAPITULATION TABLE						NMNM105381446
Serial Number	Legacy Serial Number	Lease Type	Tract Number	Tract Commitment Status	Acres	Allocation Percentage
N0-G-1311-1791		Migrated - Unknown	01	Fully Committed	160	5.2632
N0-G-1311-1792		Migrated - Unknown	02	Fully Committed	160	5.2632
N0-G-1311-1786		Migrated - Unknown	03	Fully Committed	160	5.2632
N0-G-1311-1789		Migrated - Unknown	04	Fully Committed	160	5.2632
N0-G-1312-1793		Migrated - Unknown	05	Fully Committed	160	5.2632
N0-G-1312-1794		Migrated - Unknown	06	Fully Committed	160	5.2632
N0-G-1312-1788		Migrated - Unknown	07	Fully Committed	160	5.2632
N0-G-1311-1787		Migrated - Unknown	08	Fully Committed	160	5.2632
N0-G-1312-1798		Migrated - Unknown	09	Fully Committed	160	5.2632
N0-G-1312-1808		Migrated - Unknown	10	Fully Committed	160	5.2632
N0-G-1312-1809		Migrated - Unknown	11	Fully Committed	160	5.2632
N0-G-1311-1810		Migrated - Unknown	12	Fully Committed	160	5.2631
N0-G-1311-1811		Migrated - Unknown	13	Fully Committed	160	5.2631
N0-G-1311-1812		Migrated - Unknown	14	Fully Committed	160	5.2631
N0-G-1311-1781		Migrated - Unknown	15	Fully Committed	160	5.2631
NOO-C-14-20-5555		Migrated - Unknown	16	Fully Committed	160	5.2631
NOO-C-14-20-5594		Migrated - Unknown	17	Fully Committed	160	5.2631
NMNM105445044	NMNM 025821	Federal	18	Fully Committed	160	5.2631
NMNM105451329	NMNM 006680	Federal	19	Fully Committed	160	5.2631
TOTAL					3,040.0000	100.0000

LEGACY CASE REMARKS

NMNM105381446

Legacy Case Remarks includes remarks made for the case in LR2000 up until March 14, 2022. These Case Remarks will no longer be updated in MLRS. This section of the SRP is obsolete. Please reference the MLRS website for more information and refer to the Case Actions section - Action Information on this report for similar data.

Line Number	Remark Text
0001	/A/ EXHIBIT B EFFECTIVE DATE 09/01/16
0002	LEASE SERIAL NO TR# STATUS ACRES PERCENT

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DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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Line Number	Remark Text
0003	N0-G-1311-1791 1 FC 160.00 5.2632
0004	N0-G-1311-1792 2 FC 160.00 5.2632
0005	N0-G-1311-1786 3 FC 160.00 5.2632
0006	N0-G-1311-1789 4 FC 160.00 5.2632
0007	N0-G-1312-1793 5 FC 160.00 5.2632
0008	N0-G-1312-1794 6 FC 160.00 5.2632
0009	N0-G-1312-1788 7 FC 160.00 5.2632
0010	N0-G-1311-1787 8 FC 160.00 5.2632
0011	N0-G-1312-1798 9 FC 160.00 5.2632
0012	N0-G-1312-1808 10 FC 160.00 5.2632
0013	N0-G-1312-1809 11 FC 160.00 5.2632
0014	N0-G-1311-1810 12 FC 160.00 5.2631
0015	N0-G-1311-1811 13 FC 160.00 5.2631
0016	N0-G-1311-1812 14 FC 160.00 5.2631
0017	N0-G-1311-1781 15 FC 160.00 5.2631
0018	NOO-C-14-20-5555 16 FC 160.00 5.2631
0019	NOO-C-14-20-5594 17 FC 160.00 5.2631
0020	NMNM 25821 18 FC 160.00 5.2631
0021	NMNM 6680 19 FC 160.00 5.2631
0022	TOTAL 3040.00 100.0000

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This is the Model Form for an onshore unit agreement as
found in 43 CFR 3186, with
modifications currently being used.

UNIT AGREEMENT
FOR DEVELOPMENT AND OPERATION OF
THE
ALAMOS CANYON UNIT AREA
COUNTY OF SANDOVAL
STATE OF NEW MEXICO
NO. NMNM106366944

THIS AGREEMENT, entered into as of the _____ day of _____, 2024, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

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

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

WHEREAS, the Act of March 3, 1909, (35 Stat. 783) as amended by the act of August 9, 1955, (69 Stat. 540), the Act of May 11, 1938, (52 Stat. 347 as amended, 25 U.S.C., Sec. 396a-g), Act of August 4, 1947, (61 Stat. 732), Indian Mineral Development Act of 1982 (25 U.S.C. 2101-2108), provides that all operations under any oil and gas lease on tribal and/or allotted Indian lands shall be subject to the rules and regulations of the Secretary of the Interior, and regulations issued pursuant to said statute provide that, in the exercise of his judgment, the Secretary may take into consideration, among other things, the Federal laws, state laws or regulations by competent Federal or State authorities or lawful agreements among operators regulating either drilling or production or both (25 C.F.R. Sec. 211.28 and 212.28); and,

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

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

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

- 1. ENABLING ACT AND REGULATIONS.** The Mineral Leasing Act of February 25, 1920, as

amended, supra, and all valid pertinent regulations including operating and unit plan regulations and State of New Mexico rules and regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal, and Indian trust lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, non-Indian trust lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked **Exhibit "A"** is hereby designated and recognized as constituting the unit area, containing **5,927.62 acres**, more or less. The Unit Area is described as follows:

Township 22 North, Range 6 West, N.M.P.M.

Section 3: S/2

Section 4: Lots 3, 4, S/2NW/4, S/2

Section 5: S/2

Section 6: Lots 6, 7, E/2SW/4, SE/4

Section 7: Lots 1, 2, 3, 4, E/2, E/2W/2 (All)

Section 8: All

Section 9: All

Section 10: NW/4

Section 17: N/2

Section 18: Lots 1, 2, E/2NW/4, NE/4

Township 22 North, Range 7 West, N.M.P.M.

Section 11: E/2

Section 12: All

Section 13: N/2, SW/4

Section 14: E/2.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. **Exhibit "B"** attached hereto is a schedule showing to the extent known to the Unit Operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in Exhibits "A" or "B" shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the Exhibits as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or in the ownership interests in the individual tracts render such revision necessary, or when requested by the Authorized Officer, hereinafter referred to as "AO", and not less than four (4) copies of the revised Exhibits shall be filed with the proper Bureau of Land Management office, and one (1) copy thereof shall be filed with the Federal Indian Minerals Office, hereinafter referred to as "FIMO", and one (1) copy with the New Mexico Oil Conservation Division of the Energy and Minerals Department, hereinafter referred to as "Division".

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

(a) Unit Operator, on its own motion (after preliminary concurrence by the AO and FIMO), or on demand of the AO, FIMO (after preliminary concurrence by the AO and FIMO), shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefore, any plans for additional drilling, and the proposed effective date of the expansion

or contraction, preferably the first day of a month subsequent to the date of notice.

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

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

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

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

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in those formations of the unitized land lying below the stratigraphic equivalent of the Top of the Mancos Formation, which is the base of the Point Lookout Sandstone of the Mesaverde Group, at a measured depth of 4,416 feet down to the stratigraphic equivalent of the top of the Graneros Shale Formation, which is the base of the Greenhorn Limestone, at a measured depth of 6,241 feet as encountered in the Enduring Resources Logos #003 well located in Section 5, Township 22 North,

Range 6 West, N.M.P.M., Sandoval County, New Mexico (API#30-043-21135-0000) as set forth on **Exhibit "C"** attached hereto, are unitized under the terms of this agreement and herein are called "unitized substances"; provided, however, that it is the specific intent of the parties hereto not to cause or effectuate any horizontal segregation of any Federal or Indian trust committed hereto as a consequence of the aforementioned depth limitations of the unitized lands. The unitized substances defined herein specifically include the Gallup Sands of the Mancos Group. The Alamos Canyon Unit Area applies to new horizontal and multi-lateral wells only, and all existing wells within the Unit Area producing from the Mancos-Gallup formation shall be excluded from the terms of this agreement, specifically including the following wells:

Section 16, Township 22 North, Range 6 West:

Enduring Resources, LLC Lybrook 2206 16A #221H, A.P.I. #30043211480000;

Enduring Resources, LLC Lybrook 2206 16I #224H, A.P.I.#30043211610000.

Section 5, Township 22 North, Range 6 West:

Enduring Resources, LLC Logos #003, A.P.I # 30043211350000.

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

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

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

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

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

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of working interest or other interest in unitized substances, but upon the resignation or removal

of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, materials, and appurtenances used in conducting the unit operations to the new duly qualified successor Unit Operator or to the common agent, if no such new Unit Operator is selected to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment, or appurtenances needed for the preservation of any wells.

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

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

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

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

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this agreement, and in case of any inconsistency or conflict between this agreement and the unit operating agreement, this agreement shall govern. Two (2) copies of the unit operating agreement, executed pursuant to this section shall be filed in the proper BLM office and one (1) true copy with FIMO prior to approval of this unit agreement.

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

9. DRILLING TO DISCOVERY. Within twelve months after the effective date hereof, the Unit Operator shall commence to drill an adequate horizontal test well at a location approved by the AO if on Federal or Indian trust lands, or by the Division if on Fee, unless on such effective date a well is being drilled

in conformity with the terms hereof, and thereafter continue such drilling diligently until the **Mancos formation** has been tested with at least a 5,000 foot horizontal well which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a horizontal length in excess of 5,000 feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one well at a time, allowing not more than six months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO, if on Federal or Indian trust land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5, hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

Notwithstanding anything in this Unit Agreement to the contrary, except Section 25, UNAVOIDABLE DELAY, three (3) Obligation Wells shall be drilled with not more than 6-months' time elapsing between the completion of the first well and commencement of drilling operations for the second well and the commencement of drilling operations for the third well, regardless of whether a discovery has been made in any well drilled under this provision. The Obligation Wells will be the Alamos Canyon Unit #222H, #224H, and #226H. They will be horizontal wells targeting the Gallup interval within Mancos Formation. These wells will be drilled from the existing North Escavada Unit 311 pad located in the SE/4 Section 11, Township 22N, Range 7W and have bottom hole locations in the SW/4 Section 13, Township 22N, Range 7W. Each subsequent Obligation Wells' laterals must be located a minimum of 1,200 feet from the lateral of the well preceding it. They will have measured depths (MD) of approximately 10,000 feet. The lateral lengths will be approximately 5,000 feet drilled at a true vertical depth (TVD) of approximately 5,000 feet. Nevertheless, in the event of the discovery of unitized substances in paying quantities by any well, this Unit Agreement shall not terminate for failure to complete the three-well program, but the unit area shall be contracted automatically, effective the first day of the month following the default, to eliminate by subdivisions (as defined in Section 2(e) hereof) all lands not then entitled to be in a participating area.

Until the establishment of a participating area, the failure to commence a well subsequent to the drilling of the three initial Obligation Wells, as provided for in these sections, within the time allowed including any extension of time granted by the AO, shall cause this agreement to terminate automatically. Upon failure to continue drilling diligently any well other than the Obligation Wells commenced hereunder, the AO may, after 15 days' notice to the Unit Operator, declare this unit agreement terminated. Failure to commence drilling the first of the three Obligation Wells, on time and to drill it diligently shall result in the unit agreement approval being declared invalid ab initio by the AO. Failure to commence drilling the required three Obligation Wells beyond the first well, and to drill them diligently, may result in the unit agreement approval being declared invalid ab initio by the AO.

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

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the AO, with a copy to the Division, an acceptable plan of development and operation for the unitized land which, when approved by the AO, shall satisfy the AO and Division, and constitute the further drilling and development obligations of the Unit Operator under this agreement for a period of twelve (12) months. Thereafter, from time to time before the expiration of any existing plan, the

Unit Operator shall submit for the approval of the AO, with a copy to the Division, a plan for an additional twelve (12) month period for the development and operation of the unitized land. Subsequent plans should normally be filed on a calendar-year basis not later than March 1 of each year. Any proposed modification or addition to the existing plan should be filed as a supplement to the plan. The Initial Plan of Development attached hereto as **Exhibit "D"** shall be deemed to be modified and superseded with each subsequent approved Plan of Development.

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

- (a) Specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and
- (b) Provide a summary of operations and production for the previous year.

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

Upon failure by the Unit Operator to timely submit or adhere to an approved plan of development or operation without prior written authorization, the AO or FIMO, at their discretion, shall provide written notice, by certified mail, return receipt requested, to the post office address of Unit Operator as shown by its records, to the Unit Operator of such failure or default and of its intention to eliminate by subdivisions (as defined in Section 2(e) hereof) all lands not then entitled to be in a participating area. Such written notice shall state that Unit Operator shall have a period of sixty (60) days from receipt of the notice within which to correct such failure or default. If Unit Operator does not correct such failure or default within the 60-day period, the AO or FIMO may issue an order to eliminate lands not then included or entitled to be included in a participating area, effective as of the first day of the next month following the expiration of the 60 days.

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

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, or as soon thereafter as required by the AO, the Unit Operator shall submit for approval by the AO, a schedule, based on subdivision of the public land survey or aliquot parts thereof, of all land within the technically defined drainage area(s) of said well(s), then regarded as reasonably proved to be productive of unitized substances in paying quantities. These lands shall constitute a participating area on approval of the AO, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of each initial participating area. The schedule shall also set forth the percentage of unitized substances to be allocated, as provided in Section 12, to each committed tract in the participating area so established, and shall govern the allocation of production commencing with the effective date of the

participating area.

A different participating area shall be established for each separate pool or deposit of unitized substances or for any group thereof which is produced as a single pool or zone, and any two or more participating areas so established may be combined into one, on approval of the AO. When production from two or more participating areas is subsequently found to be from a common pool or deposit, the participating areas shall be combined into one, effective as of such appropriate date as may be approved or prescribed by the AO.

The participating area or areas so established shall be revised from time to time, subject to the approval of the AO, to include additional lands then regarded as reasonably proved to be productive of unitized substances in paying quantities or which are necessary for unit operations, or to exclude lands then regarded as not reasonably proved to be productive of unitized substances in paying quantities, and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first of the month in which the knowledge or information is obtained on which such revision is predicated; provided however, that a more appropriate effective date may be used if justified by Unit Operator and approved by the AO. No land shall be excluded from a participating area on account of depletion of its unitized substances, except that any participating area established under the provisions of this unit agreement shall terminate automatically whenever all completions in the formation on which the participating area is based are abandoned.

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

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

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

12. ALLOCATION OF PRODUCTION. All unitized substances produced from a participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating and other production or development purposes, for repressuring or recycling in accordance with a plan of development and operations that has been approved by the AO, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land and unleased Federal, Indian trust or State land, if any, included in the participating area established for such production. Each such tract shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land and unleased Federal, Indian trust or State land, if any, included in said participating area. There

shall be allocated to the working interest owner(s) of each tract of unitized land in said participating area, in addition, such percentage of the production attributable to the unleased Federal, Indian trust and State land within the participating area as the number of acres of such unitized tract included in said participating area bears to the total acres of unitized land in said participating area, for the payment of the compensatory royalty specified in Section 17 of this agreement. Allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, including compensatory royalty obligations under Section 17, shall be prescribed as set forth in the unit operating agreement or as otherwise mutually agreed by the affected parties. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular part or tract of the participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from the latter participating area for sale during the life of this agreement, shall be considered to be the gas so transferred, until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as such area was defined at the time that such transferred gas was finally produced and sold.

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

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

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

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

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, in conformity with a plan of development and operation approved by the AO, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with appropriate deduction for loss from any cause, may be withdrawn from the formation into which the gas is introduced, royalty free as to dry gas, but not as to

any products which may be extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved plan of development and operation or as may otherwise be consented to by the AO as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States and Indian trust lands shall be computed as provided in 30 CFR Group 200 and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal and Indian trust land as provided in Section 12 at the rates specified in the respective Federal or Indian trust leases, or at such other rate or rates as may be authorized by law or regulation and approved by the AO; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

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

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

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

17. DRAINAGE.

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

(b) Whenever a participating area approved under Section 11 of this agreement contains unleased Federal lands, the value of $16 \frac{2}{3}$ percent of the production that would be allocated to such Federal lands under Section 12 of this agreement, if such lands were leased, committed and entitled to participation shall be payable as compensatory royalties to the Federal Government. For any unleased Indian trust lands, the value of 20 percent of the production that would be allocated such lands under Section 12 of this agreement if such lands were leased, committed and entitled to participation shall be payable as compensatory royalties to the mineral owners of the Indian trust lands. Parties to this agreement holding working interests in committed leases within the applicable participating area shall be responsible for such compensatory royalty payment on the volume of production reallocated from the unleased Federal lands to their unitized tracts under Section 12. The value of such production subject to the payment of said royalties shall be determined pursuant to 30 CFR Part 206 rules and regulations. Payment of compensatory royalties on the production reallocated

from unleased Federal and Indian trust to the committed tracts within the participating area shall fulfill the Federal royalty obligation for such production, and said production shall be subject to no further Federal royalty assessment under Section 14 of this agreement. Payment of compensatory royalties as provided herein shall accrue from the date the committed tracts in the participating area that includes unleased Federal and Indian trust lands receive a production allocation, and shall be due and payable monthly by the last day of the calendar month next following the calendar month of actual production. If leased Federal or Indian trust lands receiving a production allocation from the participating area become unleased, compensatory royalties shall accrue from the date the Federal or Indian trust become unleased. Payment due under this provision shall end when the unleased Federal, or Indian trust tract is leased or when production of unitized substances ceases within the participating area and the participating area is terminated, whichever occurs first.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary, as to Federal and Indian leases, shall and by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal, Indian trust and Indian leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

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

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

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

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

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

so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of unitized substances in paying quantities is established under this Unit Agreement prior to the expiration date of the term of such lease and such lease shall be extended for so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the acts governing the leasing of Indian lands.

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

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17(m) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784) (30 U.S.C. 226(m)):

"Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: Provided, however, that any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

If the public interest requirement is not satisfied, the segregation of a lease and/or extension of a lease pursuant to 43 CFR 3107.32 and 43 CFR 3107.40, respectively, shall not be effective.

If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the fixed term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement.

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

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the AO and FIMO and shall automatically terminate five years from said effective date unless:

(a) Upon application by the Unit operator such date of expiration is extended by the AO and FIMO,
or

(b) It is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder, and after notice of intention to terminate this agreement on such ground is given by the

Unit Operator to all parties in interest at their last known address, this agreement is terminated with approval of the AO, or

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

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

If the public interest requirement is not satisfied, the approval of this unit by the AO shall be invalid.

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

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

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

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

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

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

26. NONDISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all the provisions of section 202 (1) to (7) inclusive, of Executive Order 11246 (30 FR 12319), as amended, which are hereby incorporated by reference in this agreement.

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

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

28. NONJOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written notice delivered to the proper BLM office and the Unit Operator prior to the approval of this agreement by the AO. Any oil or gas interests in lands within the unit area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a nonworking interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such nonworking interest. A nonworking interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, in order for the interest to be regarded as committed to this agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO of duly executed counterparts of all or any papers necessary to establish effective commitment of any interest and/or tract to this agreement.

29. COUNTERPARTS. 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 those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

30. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operations hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest. If as the result of any such surrender or forfeiture working interest rights become vested in the fee owner of the unitized substances, such owner may:

- (a) Accept those working interest rights subject to this agreement and the unit operating agreement; or
- (b) Lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement; or
- (c) Provide for the independent operation of any part of such land that is not then included within a participating area established hereunder.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six months after the surrendered or forfeited, working interest rights become vested in the fee owner; the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of the unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

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

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

31. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land covered by this agreement after its effective date, or upon the proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to royalty owners having interests in said-tract, and may currently retain and deduct a sufficient amount of the unitized substances or derivative products, or net proceeds thereof, from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

32. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing contained in this agreement, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership association between the parties

Page 58 of 73

hereto or any of them.

33. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATIONS. Nothing in this agreement shall modify or change either the special Federal lease stipulations relating to surface management or such special Federal lease stipulations relating to surface and environmental protection, attached to and made a part of, Oil and Gas Leases covering lands within the Unit Area.

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

Unit Operator

Dugan Prod corp. - A.D. Merrill 1/16/25

Working Interest Owners

Other Interest Owners

**Enduring Resources San Juan, LLC**

6300 South Syracuse Way, Suite 525, Centennial, CO 80111
Telephone 303 573-1222 Fax 303 573 0461

TO: All Mineral Owners:

RE: Enclosed Commingling Application – Frequently Asked Questions

Ladies and Gentlemen:

Enduring Resources (“**Enduring**”) plans to drill and complete an additional well, or wells, that can be efficiently tied into an existing central tank battery and avoid unnecessary additional surface disturbance. Enduring is required by the New Mexico Oil Conservation Division to send a copy of the commingling application to all mineral owners whose oil and gas production is sold from this central tank battery. The application is very technical in nature and may be confusing to anyone who is not familiar with oil and gas operations. We anticipate that you may have questions about the application, and we hope that the following information may be helpful to you.

1. What is the purpose of the Commingling Application?

Enduring is requesting the approval of the New Mexico Oil Conservation Division (“NMOCD”) to use its existing surface facilities for the sale of oil and gas from one or more additional wells it plans to drill near the central tank battery. This is the most efficient use of Enduring’s equipment and reduces the amount of surface disturbance from our operations.

2. Will approval of the commingling application impact existing production or royalties that are paid out of production from other wells that are tied into the same tank battery?

No, each existing well and each new well is separately metered with equipment that is regularly inspected and approved by the BLM and the NMOCD, and the royalty paid on existing producing wells is not affected in any way by this application.

3. What are the attachments included with the letter?

- The transmittal letter states that a complete copy of Enduring’s application is enclosed, and if there are no objections filed with the NMOCD within 20 days, the NMOCD may approve the application administratively, without a hearing. The Bureau of Land Management has already approved commingling at this facility.
- The application was filed online and includes a list of existing wells being commingled and a list of new wells that will be added to the sales point tank battery.
- Exhibit 1 is a map of the central tank battery in the West Lybrook Unit where the commingling will occur.
- Exhibit 2 is the completed application required by the NMOCD and includes a flow diagram showing how the oil and gas is metered to ensure accuracy in reporting production. A more detailed presentation of what this diagram depicts can be found at the end of the application.
- Exhibit 3 is the information submitted to the BLM for each new well, including plats.

- Exhibit 4 are copies of the Unit Agreements for the West Lybrook Unit and the Greater Lybrook Unit covering both the existing wells and the new wells. These are undivided units and the Participating Area for sharing in production from the unit wells is the same as the entire unit.
- Exhibit 5 is a list that Enduring received from the Federal Indian Mineral Office (“FIMO”) of allottees who have a mineral interest in the West Lybrook and/or Greater Lybrook Units who received a copy of this correspondence.

4. Do I need to sign anything or return any documents to the NMOCD?

No, the application packet has been mailed to you for notice purposes only, and no signatures or documents need to be returned. The NMOCD requires the operator to send each mineral owners a copy of the application to notify you of your right to object, and for you to retain for your records if you wish.

If you have any questions about the information in the application, please don’t hesitate to contact us.

Sincerely,

ENDURING RESOURCES, LLC

Alex B. Campbell, Vice President - Land



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

June 18, 2025

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Enduring Resources, LLC for administrative approval to surface commingle (pool and lease) oil and gas production from Participating Areas ("PA") covering the North Escavada Unit ("NEU") and Alamos Canyon Unit ("ACU") collectively comprised of the S/2 of Section 3, the S/2 and NW/4 of Section 4, the S/2 of Sections 5 and 6, All of Sections 7-9, the NW/4 of Section 10, the N/2 of Sections 17 and 18, Township 22 North, Range 6 West, and the S/2 of Sections 3 and 4, the SE/4 of Section 5, the NE/4 of Section 8, All of Sections 9-12, the N/2 and SW/4 of Section 13, the N/2 and SE/4 of Section 14, and the N/2 of Section 15, Township 22 North, Range 7 West, NMPM, Sandoval County, New Mexico (the "Lands")

Ladies and Gentlemen:

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

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

Anita Ashland
Enduring Resources, LLC
(303) 350-5116
aashland@enduringresources.com

Sincerely,

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

Paula M. Vance
ATTORNEY FOR ENDURING RESOURCES, LLC

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

The notice list &
complete Unit
Agreements are
confidential and have
been removed from
public view

Affidavit of Publication

STATE OF NEW MEXICO } SS
COUNTY OF BERNALILLO }

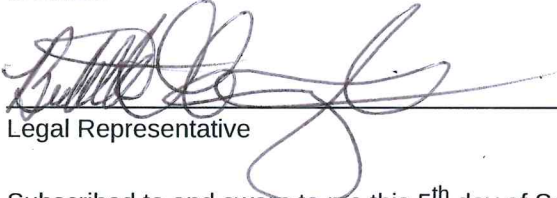
Ad Cost: \$557.06
Ad Number: 257440
Account Number: 1071602
Classification: NON-GOVERNMENT LEGALS

I, Bernadette Gonzales, the undersigned, Legal Representative of the Albuquerque Journal, on oath, state that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, chapter 167, Session Laws of 1937, and payment of fees has been made of assessed and a copy of which is hereto attached, was published in said publication in the daily edition, 1 time on the following date:

July 10, 2025

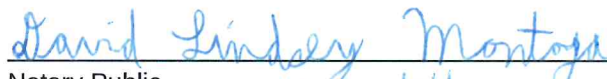
That said newspaper was regularly issued and circulated on those dates.

SIGNED:

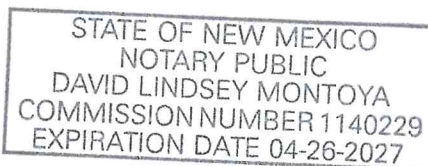


Legal Representative

Subscribed to and sworn to me this 5th day of September 2025.



Notary Public
County Bernalillo
ID#: 1140229
My commission expires: 04-26-2027



HOLLAND & HART LLP
110 N. GUADALUPE
SUITE 1
SANTA FE, NM 87501

Legal Notice (Publication)

To: All affected parties, including all heirs, devisees, and successors of: Bureau of Land Management; Federal Indian Minerals Office Farmington; State Land Office of New Mexico; Adrian Sam; Albert Atencio; Albert Lopez; Alberta Holyan; Alexander Benally; Alexander Harvey; Alfred Harrison; Alice Chavez; Alice H. Jake; Alice K. Haines; Alonzo Harvey; Alverda Castillo; Amos Hasuse; Andrew Andy Thompson; Andrew Charley; Andy Charley; Anita Pete; Anna Sala; Arlo Sam; Audrey Sam; Aurelia W. Sandoval; Benjamin Charlie; Bennett Herrera; Berna Y. Largo; Bernita Herrera; Bertha Chavez; Bertha Keetso; Bertha L. Buck; Bertha R. Herrera; Bessie B. Reval; Bessie J. Castillo; Bessie Yazzie; Betty Lopez; Betty Yazzie; Beulah Pete; Beverly A. Sam; Beverly Walters; Bill Herrera; Bobby Herrera; Brandi R. Herrera; Brenda Lee Levaldo; Brittany R. Herrera; Bryan Largo; Buffy J. Sam; Calvin Atencio; Carleen Keetso; Carlo Harvey; Carlos Atencio; Carlos Harvey; Carol Atencio; Carol K. Byrd; Carol Littledog; Carol M. Yazzie; Caroline Atencio; Caroline Charley; Caroline M. Washburn; Carols Harrison; Cecelia A. Heffel; Cecelia Chee; Cecil Sala; Celestina Billie George; Celestine Rose Thompson; Chapah H. Pinto; Charlotte Augustine; Charolette Mose; Chaves C. Martin; Clara A. Murphy; Clara Martinez Keetso; Clarissa Tosie; Clergy Chee; Curtis Largo; Cynthia Black; Dafford Augustine; Daniel E. Jackson; Danielle Jackson; Danny Atencio; Darlene Chee; Darlene T. Martinez; David Charlie; David Evan Werito; David Largo; Deidrick Sala; Dennison F. Largo; Dianne Cumiford; Dixie Sam; Donald E. Chee; Dorothy Atencio Arviso; Dorothy B. Castillo; Earl Harvey; Eddie D. Scott; Eddie Larvingo; Edith Monroe; Edith Sam; Edwin Chee; Eleanor Yazzie; Eli V. Sam; Elizabeth Julian; Elizabeth W. Stoney; Ella M. Zell; Ellen Hill; Eloise S. Chiquito; Elouise Charlie; Emerson Dean Scott; Erma Jean Blue Eyes; Ernest Largo; Ernestine Simpson; Ervin Sala; Esther C. Beliditto; Esther Herrera Thomas; Esther V. Atencio; Eunice Lopez; Eva Atencio; Eva Sala; Fabian Ray Atencio; Federal Indian Minerals Office; Felicitia Nez; Fernando Sam; Florence Harrison; Fred L. Trujillo; Freda John; Freda Sandoval; Freddie Largo; Freddie Sam; Gail T. Zieu; Geneva Augustine; Geneva Sam; Geno L. Beyale; George Herrera; Gerard D. Atencio; Gibson Harvey; Gladys M. Herrera; Glen H. Chiquito; Glenda Sue Davis; Harlan Sam; Harlan Haines; Harold G. Sam; Harold Largo; Harold Sam; Harry Herrera; Helen C. Herrera; Helen Castillo; Helen J. Chee; Helen L. Castillo; Helen L. Sandoval; Henry Joe Nez; Herbert Augustine; Herbert Harrison; Herbert Lopez; Herbert Sala; Ida C. Chiquito; Irene L. Atencio; Irene S. Lopez; Irene Scott; Irvin L. Atencio; Irvin Sam; Jack Trujillo; Jacob Castillo; Jacqueline Castillo; Jacqueline Jim-Shorly; James Atencio; James Sala; Jane D. Harvey; Janet E. Manuelito; Janie A. John; Jason Burbank; Jeanette Trujillo; Jeannie L. Sandoval; Jefferson Lopez; Jerry J. Largo; Jerry Sam; Jessie Barbone; Jimmie Castillo; Jimmie Charlie; Jimmie Largo; Jimmy B. Sala; Jimmy Herrera; Joan K. Keetso; Joann Lopez; John Harvey; John Herrera; John Trujillo; Johnson Herrera; Jolene Sam; Joseph L. Jackson; Judy Sam; Julian Sam; Justine Lucel Dodge; Karen R. Trujillo; Kevin Sandoval; Kimberly Krystal Ochoa; Lamar Paul Manygoats; Lambert J. Augustine; Larry Harrison; Larry Lee Sam; Larry Sam; Laura Keetso; Laura M. Lopez; Lawrence Jacob Mose; Leah Werito; Guardian of James S. Werito; Leandro Sam; Leela Harrison; Leland Sam; Leo H. Chiquito; Leon Atencio; Leon Sam; Leona Betsy Sam; Leonard Augustine; Leonard Sam; Leroy Keetso; Leroy Sam; Leslie Sam; Lester H. Sam; Lester Sam; Letta J. Larvingo; Levi Kee Sam; Levina White; Linda Castillo; Linda L. Jim; Lisa Ann Clah; Lolita Tapaha; Lora Largo; Lorena Jean Jackson; Lorene Harrison; Loretta L. Jose; Lorraine A. Beyale; Lorraine Teague; Lotherio C. Harvey; Lucy Atencio; Lucy C. Toledo; Lucy K. Martinez; Lula Castillo; Lula Charley; Luther Trujillo; Mable H. Begay; Manuel Ri Mose; Manuel Sala; Margaret C. Trujillo; Marie A. Martinez; Marie C. Sam; Marie Charley; Marie H. Norberto; Marlene Sam; Marlene Scott; Marlene Smith; Mary A. Sam; Mary Ann Monarco; Mary Ann Sam; Mary C. Armijillo; Mary Charley; Mary Dennison; Mary H. Pinto; Mary K. Haynes; Mary R. Sam; Mary Tso; Matthew Dean Hodges; Maxine A. Antonio; Maxine C. Griffith; Maxine C. Leyba; Melvin Sam; Michael Beyale; Michael G. Hodges; Micheal Harrison Castillo; Mitchell H. Castillo; Nancy Aguilar; Nancy Castillo; Nancy Palacios; Nasban Sam; Navajo Nation; Nellie H. Augustine; Nelson Harrison; Nelson Lopez; Nettie Augustine; Nita L. Chavez; Nolynda Sandoval; Nora Rose Sam; Oland Troy Harrison; Osmund Sam; Patrick Castillo; Patrick Elk Atencio; Paul Atencio; Paul Castillo; Paul Sam; Pauline H. Harrison; Pauline Murphy; Pauline Sam; Pearl Lopez; Peggy K. Chiquito; Phoebe Curtis; Rae Werito; Raymond Sam; Rex Castillo; Rhonda L. Barbone; Ric Largo; Richard Leonard Scott; Richard N. Smith; Richmond K. Sam; Rita C. Francisco; Rita C. Herrera; Rita H. Castillo; Rita L. Curley; Rita Lopez; Robert Keetso; Roberta H. Sam; Roberta Larvingo; Roger E. Chee; Roger Keetso; Roie Atencio; Roland B. Castillo; Roland Castillo; Rosanna Sam; Rosetta S. Burns; Rosie Atencio; Rosita W. Trujillo; Rossanna Sam; Roy C. Sam; Roy Larvingo; Ruby Keetso; Ruth Amos; Ruth Harrison; Ruth Harrison Atencio; Ruth K. Chiquito; Ruth Victor; Ruthe Maggard; Sabrina A. Castillo; Sadie Charlie; Salina K. Griffith; Sally R. Haines; Sam L. Augustine; Samson Castillo; Samuel L. Herrera; Samuel Harrison; Sanderson Junior Castillo; Sandra

Martin; Sarah H. Martin; Sarah Largo; Sheila Ann Larvingo; Silbert Augustine; Silva Ramon; Stephanie Jane Thompson; Steven Charlie; Susie Chee; Ted Martinez; Teddy R. Largo; Teddy Roger Largo; Teddy Werito; Terry Keetso; Theresa Augustine; Theresa Haines; Thomas Herrero; Thomas Trujillo; Tillie Martin; Timmy Roger Largo; Tommy Herrera; Tommy Jaquez; Tommy Largo; Uland Troy Harrison; Vannah Largo; Verna A. Charlie; Verna Largo; Vernnetta Davis; Vickie Augustine; Victoria Augustine; Victoria Harvey; Videll Augustine; Vincent Chee; Virginia Keetso; Wallace Charley; Wayne Lopez; Wilbert Atencio; Wilbert Sala; Willard Sala; William C. Martin; William Herrera; Wilson Martinez; Woody Keetso; Woody Sam; and Yvonne L. Suina.

Application of Enduring Resources, LLC for administrative approval to surface commingle (pool and lease) oil and gas production from Participating Areas ("PA") covering the North Escavada Unit ("NEU") and Alamos Canyon Unit ("ACU") collectively comprised of the S/2 of Section 3, the S/2 and NW/4 of Section 4, the S/2 of Sections 5 and 6, All of Sections 7-9, the NW/4 of Section 10, the N/2 of Sections 17 and 18, Township 22 North, Range 6 West, and the S/2 of Sections 3 and 4, the SE/4 of Section 5, the NE/4 of Section 8, All of Sections 9-12, the N/2 and SW/4 of Section 13, the N/2 and SE/4 of Section 14, and the N/2 of Section 15, Township 22 North, Range 7 West, NMPM, Sandoval County, New Mexico (the "Lands"). Enduring Resources, LLC (OGRID No. 372286) ("Enduring") seeks administrative approval to surface commingle (pool and lease) diversely owned oil and gas production at the N Escavada 311 Pad insofar as all existing and future wells committed to following participating areas:

a) The 3,040.00-acre, more or less, North Escavada Unit (NMMN NMM135217X) comprised of the S/2 of Sections 3 and 4, the SE/4 of Section 5, the NE/4 of Section 8, All of Sections 9 and 10, the W/2 of Section 11, NW/4 of Section 14, and the N/2 of Section 15, Township 22 North, Range 7 West, which includes production from the following wells dedicated to the Escavada N; Mancos [98172]: N Escavada Unit 311H (API No. 30-043-21302) and N Escavada Unit 312H (API No. 30-043-21294);

b) The 5,927.62-acre, more or less, Alamos Canyon Unit (PENDING) comprised of the S/2 of Section 3, the S/2 and NW/4 of Section 4, the S/2 of Sections 5 and 6, All of Sections 7-9, the NW/4 of Section 10, the N/2 of Sections 17 and 18, Township 22 North, Range 6 West, and the E/2 of Section 11, All of Section 12, the N/2 and SW/4 of Section 13, and the E/2 of Section 14, Township 22 North, Range 7 West, which includes production from the, which includes production from the following wells dedicated to the Rusty Gallup Oil Pool [52860]: Alamos Canyon Unit 222H (API No. 30-043-PENDING), Alamos Canyon Unit 224H (API No. 30-043-PENDING), and Alamos Canyon Unit 226H (API No. 30-043-PENDING); and

c) Pursuant to 19.15.12.10.C(4)(g), from all future additions of pools, leases or leases and pools to the N Escavada 311 Pad (located in the SW/4 SE/4 (Unit O) of Section 11, Township 22 North, Range 7 West) with notice provided only to the interest owners whose interest in the production is to be added.

Any objection to this application must be filed in writing within twenty days from date of publication with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division. If you have any questions about this application, please contact Anita Ashland, Enduring Resources, LLC, (303) 350-5116 or aashland@enduringresources.com.

Journal: July 10, 2025

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY ENDURING RESOURCES, LLC**

ORDER NO. PLC-998

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. Enduring Resources, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools and leases described in Exhibit A (“Application”).
2. Applicant included a complete list of the wells currently dedicated to each pool and lease.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools and leases in accordance with 19.15.12.10(C)(4)(g) NMAC.
6. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease as described in Exhibit A.
7. Applicant submitted or intends to submit one or more application(s) to the BLM or NMSLO, as applicable, to form or revise a participating area (“PA”) and has identified the acreage of each lease within each spacing unit (“PA Pooled Area”) to be included in the application(s), as described in Exhibit A.
8. 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.
9. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
16. 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 and leases as described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from the wells included in Exhibit A provided that they produce from a pool and lease described in Exhibit A.

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

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

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. No later than sixty (60) days after the BLM or NMSLO, as applicable, approves Applicant's paying well determination for a well, Applicant shall submit to the BLM or NMSLO an application to form or revise a PA that includes the PA Pooled Area as defined in Applicant's Form C-102 ("PA Application"). If Applicant fails to submit the PA Application, this Order shall terminate on the following day. No later than sixty (60) days after the BLM or NMSLO approves or denies the PA Application, Applicant shall submit a Form C-103 to OCD with a copy of the decision. If Applicant withdraws or the BLM or NMSLO denies the PA Application, this Order shall terminate on the date of such action. If the BLM or NMSLO approves but modifies the PA Application, Applicant shall comply with the approved PA, and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved PA if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a PA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the PA Pooled Area until the PA Pooled Area is included in a PA. After a PA Pooled Area is included in a PA, the oil and gas production from the PA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the PA, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. 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.
5. If Applicant recovers oil or gas production from produced water prior to Applicant injecting it or transferring custody of it, then that production shall be allocated to each well in the proportion that it contributed to the total produced water.
6. If Applicant recovers gas production using a vapor recovery unit (VRU), then that gas production shall be allocated to each well in the proportion that it contributed to the total oil production.
7. 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.

8. 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.
9. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
10. Applicant shall install and utilize vessels that are appropriately designed to ensure sufficient separation of the fluids and to accurately measure oil and gas production.
11. 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.
12. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10(C)(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
13. If a well is not included in Exhibit A but produces from a pool and lease as described in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
14. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
15. 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).

16. 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**



**ALBERT C. S. CHANG
DIRECTOR**

DATE: 2/1/2026

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-998**

Operator: **Enduring Resources, LLC (372286)**

Central Tank Battery: **North Escavada 311 Pad**

Central Tank Battery Location: **UL O, Section 11, Township 22 North, Range 7 West**

Gas Title Transfer Meter Location: **UL O, Section 11, Township 22 North, Range 7 West**

Pools

Pool Name	Pool Code
RUSTY GALLUP	52860
ESCAVADA N; MANCOS (OIL)	98172

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
PA Mancos North Escavada Unit NMNM 105381446 (135217A)	S2	03-22N-07W
	S2	04-22N-07W
	SE4	05-22N-07W
	NE4	08-22N-07W
	ALL	09-22N-07W
	ALL	10-22N-07W
	W2	11-22N-07W
	NW4	14-22N-07W
	N2	15-22N-07W
BLM Lease NMNM 105505057 (0554433)	S2	17-22N-06W
	S2	18-22N-06W
	ALL	19-22N-06W
	ALL	20-22N-06W
	SE4	13-22N-07W
	SW4	14-22N-07W
	S2	15-22N-07W
	S2	22-22N-07W
	N2, SW4, W2SE	23-22N-07W
	N2	24-22N-07W
	NW4	26-22N-07W
	ALL	27-22N-07W
	SE4	28-22N-07W

PROPOSED PA Gallup Alamos Unit NMNM "A"

S2	03-22N-06W
S2, NW4	04-22N-06W
S2	05-22N-06W
S2	06-22N-06W
ALL	07-22N-06W
ALL	08-22N-06W
ALL	09-22N-06W
NW4	10-22N-06W
N2	17-22N-06W
N2	18-22N-06W
E2	11-22N-07W
ALL	12-22N-07W
N2, SW4	13-22N-07W
E2	14-22N-07W

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-043-21302	N ESCAVADA UNIT #311H	NESW, W2SE, SESE	03-22N-07W	98172
		NENE	10-22N-07W	
		W2NW, SENW, NESW	11-22N-07W	
30-043-21294	N ESCAVADA UNIT #312H	NWSW, E2SW, SWSE	03-22N-07W	98172
		NWNE, E2NE	10-22N-07W	
		SWNW, NWSW, E2SW	11-22N-07W	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-998
Operator: Enduring Resources, LLC (372286)

Proposed Wells			
Well Name	UL or Q/Q	S-T-R	Pool
ALAMOS CANYON UNIT #222H	SWSE	11-22N-07W	52860
	W2SW, SESW	13-22N-07W	
	W2NE, SENW, NESW	14-22N-07W	
ALAMOS CANYON UNIT #224H	S2SE	11-22N-07W	52860
	W2NW, SENW, NESW	13-22N-07W	
	NENE	14-22N-07W	
ALAMOS CANYON UNIT #226H	SWNE, SE4	11-22N-07W	52860
	SWSW	12-22N-07W	
	NWNW, E2NW, SWNE	13-22N-07W	

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 481035

CONDITIONS

Operator: ENDURING RESOURCES, LLC 6300 S Syracuse Way Centennial, CO 80111	OGRID: 372286
	Action Number: 481035
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	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 email us at OCD.Engineer@emnrd.nm.gov .	2/3/2026