

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING APRIL 07, 2022**

CASE NO. 22668

VINDICATOR CANYON STATE EXPLORATORY UNIT

LEA COUNTY, NEW MEXICO



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

**APPLICATION OF MANZANO LLC TO AMEND ORDER NO. R-21572-A TO
MODIFY AND EXPAND THE GEOGRAPHIC AREA OF THE VINDICATOR
CANYON STATE EXPLORATORY UNIT, LEA COUNTY, NEW MEXICO.**

CASE NO. 22668

**HEARING PACKAGE
TABLE OF CONTENTS**

- Filed Application
- **MANZANO Exhibit A:** Affidavit of Nick C. McClelland, Landman
 - MANZANO Exhibit A-1: Revised Unit Agreement
 - MANZANO Exhibit A-2: Unit Area Outline
 - MANZANO Exhibit A-3: Ownership Breakdown
 - MANZANO Exhibit A-4: Tract Participation
 - MANZANO Exhibit A-5: State Land Office letter
- **MANZANO Exhibit B:** Notice Affidavit

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

**APPLICATION OF MANZANO LLC TO AMEND ORDER NO. R-21572-A TO
MODIFY AND EXPAND THE GEOGRAPHIC AREA OF THE VINDICATOR
CANYON STATE EXPLORATORY UNIT, LEA COUNTY, NEW MEXICO.**

CASE NO. 22668

APPLICATION

Manzano LLC (OGRID No. 231429) (“Manzano”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) to amend Order No. R-21572-A to modify and expand the geographic area of the Vindicator Canyon State Exploratory Unit. In support of this application, Manzano states:

1. The Division entered Order No. R-21572 approving the Vindicator Canyon State Exploratory Unit (the “Unit”) on January 26, 2021, initially consisting of 6,000 acres of State land situated in Township 17 South, Range 36 East, NMPM, Lea County, New Mexico.

2. Manzano is the designated operator under the Unit Agreement and the unitized interval is the Canyon formation, at the stratigraphic equivalent of the interval between 11,678 feet and 12,202 feet as found on the sonic log for the Deep Sparkling Muddler 15 State #1 well (API No. 30-025-22194) in Section 15, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

3. On April 29, 2021, the Division entered Order R-21572-A in Case 21713 approving the addition of 960-acres of State Lands to the Unit. The expanded Unit currently encompasses the following 6,960 acres, more or less, of State lands in Lea County:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.

Section 14: SW/4
Section 15: ALL
Section 20: All
Section 22: All
Section 23: S/2, NW/4
Section 26: ALL
Section 27: ALL
Section 28: ALL
Section 29: ALL
Section 30: E/2
Section 31: E/2 NE/4
Section 32: N/2, SW/4
Section 33: NE/4
Section 34: E/2 E/2
Section 35: ALL

4. Applicant has recently executed transactions in Township 17 South, Range 36 East that warrant (a) the removal of the E/2 of Section 30 and the E/2 NE/4 of Section 31 from the Unit, and (b) adding all of Section 21 to the Unit, for a net expansion of 240-acres.

5. The expanded Unit will now consist of approximately 7,200 acres.

6. The New Mexico State Land Office has been contacted about this modification to the Unit and has expressed approval of this change.

7. Approval of this modification and expansion will provide Applicant the flexibility to locate and drill wells in the Unit to maximize recovery of oil and gas from the unitized interval, thereby preventing waste, and will provide the Applicant latitude to conduct operations in an effective and efficient manner within the Unit.

8. Approval of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Manzano LLC requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on April 7, 2022, and after notice and hearing the

Division issue and order amending R-21572-A to exclude E/2 of Section 30 and the E/2 NE/4 of Section 31 from the Unit and add all of Section 21, Township 17 South, Range 36 East, to the Unit.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Post Office Box 2208
Santa Fe, NM 87504
505-998-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
arankin@hollandhart.com
jbroggi@hollandhart.com

ATTORNEYS FOR MANZANO LLC

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

APPLICATION OF MANZANO LLC TO AMEND ORDER NO. R-21572-A TO
MODIFY AND EXPAND THE GEOGRAPHIC AREA OF THE VINDICATOR
CANYON STATE EXPLORATORY UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 22668

AFFIDAVIT OF NICK C. McCLELLAND, LANDMAN

Nick C. McClelland, being of lawful age and duly sworn, states the following:

1. My name is Nick C. McClelland and I am employed by Manzano, LLC (“Manzano”) as a Landman. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters and my credentials have been accepted by the Division and made a matter of record.

2. I submitted affidavits in the cases giving rise to Orders R-21572 and R-21572-A approving the Vindicator Canyon State Exploratory Unit (“Vindicator Unit”) and then expanding the Unit. Manzano is the designated operator under the Unit Agreement and the unitized interval is the Canyon formation, at the stratigraphic equivalent of the interval between 11,678 feet and 12,202 feet as found on the sonic log for the Deep Sparkling Muddler 15 State #1 well (API No. 30-025-22194) in Section 15, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

3. Manzano has recently executed transactions in Township 17 South, Range 36 East that warrant (a) removal of the E/2 of Section 30 and the E/2 NE/4 of Section 31 from the Unit, and (b) the addition of all of Section 21 to the Unit. Manzano therefore seeks to amend Order No. R-21572-A to modify and expand the geographic area of the Vindicator Canyon State Exploratory

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A

Submitted by: Manzano LLC

Hearing Date: April 07, 2022

Case No. 22668

Unit by 240-acres. The expanded Unit will now consist of approximately 7,200 acres comprised of the following state lands in Lea County:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.

- Section 14: SW/4
- Section 15: ALL
- Section 20: ALL
- Section 21: ALL
- Section 22: ALL
- Section 23: S/2, NW/4
- Section 26: ALL
- Section 27: ALL
- Section 28: ALL
- Section 29: ALL
- Section 32: N/2, SW/4
- Section 33: NE/4
- Section 34: E/2 E/2
- Section 35: ALL

4. Attached as Manzano **Manzano Exhibit A-1** is a revised Unit Agreement containing a description of the unitized area reflecting the removal of the E/2 of Section 30 and the E/2 NE/4 of Section 31 from the Unit, and the addition of all of Section 21 to the Unit. All other aspects of the Unit Agreement approved by Order R-21572 remain the same.

5. **Manzano Exhibit A-2** contains the revised Exhibit A to the Unit Agreement outlining the Unit Area to reflect the removal of the E/2 of Section 30 and the E/2 NE/4 of Section 31 from the Unit, and the addition of all of Section 21 to the Unit.

6. **Manzano Exhibit A-3** contains the revised Exhibit B to the Unit Agreement identifying the ownership breakdown by tract for the state lands committed to the Unit. The last page contains a list of owners in the various Manzano Groups reflected on Exhibit B. The

Manzano Groups owns 100% of the working interest in the proposed unit area and all the remaining working interest in the expanded Vindicator Unit is committed to the Unit.

7. Manzano has sought the ratification of all overriding royalty interest owners to the Unit Agreement. Any overriding royalty interest owners that do not ratify the Unit Agreement will be accounted for on a lease basis rather than a unit basis.

8. **Manzano Exhibit A-4** is a revised Exhibit C to the Unit Agreement that identifies the tract participation for the state lands committed to the Vindicator Unit.

9. I have had several discussions with the New Mexico State Land Office about this modification and expansion of the Vindicator Unit. **Manzano Exhibit A-5** is the letter from the State Land Office providing preliminary approval of the changes to the unitized area.

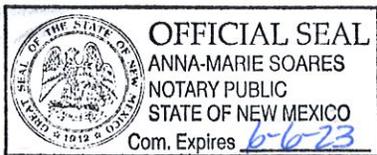
10. Manzano Exhibits A-1 through A-5 were prepared by me or compiled under my direction from company business records.

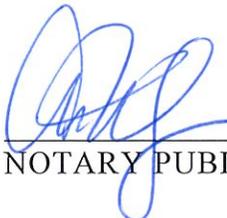
FURTHER AFFIANT SAYETH NAUGHT


NICK C. MCCLELLAND

STATE OF NEW MEXICO)
)
COUNTY OF CHAVES)

SUBSCRIBED and SWORN to before me this 5th day of April 2022 by Nick C. McClelland.





NOTARY PUBLIC

My Commission Expires:

6/6/23_____

18521849_v1

STATE EXPLORATORY UNIT
UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
VINDICATOR CANYON STATE EXPLORATORY UNIT AREA
LEA COUNTY, NEW MEXICO
NO. _____

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A1
Submitted by: Manzano LLC
Hearing Date: April 07, 2022
Case No. 22668

**STATE
EXPLORATORY UNIT**

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
VINDICATOR CANYON STATE EXPLORATORY UNIT AREA
LEA COUNTY, NEW MEXICO

NO. R-_____

TABLE OF CONTENTS by Section Numbers

SECTION

1. UNIT AREA
2. UNITIZED SUBSTANCES
3. UNIT OPERATOR.
4. RESIGNATION OR REMOVAL OF UNIT OPERATOR
5. SUCCESSOR UNIT OPERATOR
6. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT
7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR
8. DRILLING TO DISCOVERY
9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES
10. PARTICIPATION AFTER DISCOVERY
11. ALLOCATION OF PRODUCTION
12. PAYMENT OF RENTALS, ROYALTIES, AND OVERRIDING ROYALTIES
13. LEASES AND CONTRACTS CONFORMED INsofar AS THEY APPLY TO LANDS WITHIN UNITIZED AREA
14. CONSERVATION
15. DRAINAGE
16. COVENANTS RUN WITH LAND
17. EFFECTIVE DATE AND TERM
18. RATE OF PRODUCTION
19. APPEARANCES
20. NOTICES
21. LOSS OF TITLE
22. SUBSEQUENT JOINDER
23. COUNTERPARTS
- EXHIBIT "A". MAP OF UNIT AREA
- EXHIBIT "B". SCHEDULE OF OWNERSHIP
- EXHIBIT "C". SCHEDULE OF TRACT PARTICIPATION

STATE EXPLORATORY UNIT

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
VINDICATOR CANYON STATE EXPLORATORY UNIT AREA
LEA COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the February _____ day of _____ 21st _____ 2020, 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 Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by an Act of the Legislature (NMSA 1978, §§19-10-45, 19-10-46, as amended) to consent to or approve this Agreement or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (NMSA 1978, §19-10-47, as amended) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico (hereinafter referred to as "Division", is authorized by an act of the Legislature (NMSA 1978, §70-2-1 *et seq.*, as amended) to approve this Agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Vindicator Canyon State Exploratory Unit 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. UNIT AREA. The following described land is hereby designated and recognized as constituting the unit area:

Township 17 South, Range 36 East, N.M.P.M.

- Section 14: SW/4
- Section 15: ALL
- Section 20: ALL
- Section 21: ALL
- Section 22: ALL
- Section 23: S/2, NW/4
- Section 26: ALL
- Section 27: ALL
- Section 28: ALL
- Section 29: ALL
- Section 32: N/2, SW/4
- Section 33: NE/4
- Section 34: E/2E/2
- Section 35: ALL

Containing 7,200.00 total acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and 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 said schedule or map 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 on said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner", or the Oil Conservation Division, hereinafter referred to as "Division".

All land committed to this Agreement shall constitute land referred to herein as "Unitized Land" or "land subject to this Agreement".

2. UNITIZED SUBSTANCES. All oil, gas, natural gasoline, and associated fluid hydrocarbons in the Canyon formation, the correlative interval of which is identified as the stratigraphic equivalent of the interval between 11,678 feet and 12,202 feet as found on the sonic log for the Deep Sparkling Muddler 15 State #1 well (API No. 30-025-22194) located 600 feet FSL and 1,980 feet FEL of Section 15, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico, of the Unitized Land are unitized under the terms of this Agreement and herein are called "Unitized Substances".

3. UNIT OPERATOR. Manzano, LLC, with an address of 300 W. Second Street, Roswell, NM 88203, is hereby designated as Unit Operator and by signature hereto commits to this Agreement all interest in Unitized Substances vested in it as set forth in Exhibit "B", and 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.

4. RESIGNATIONS OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time, but such resignation shall not become effective until a successor Unit Operator has been selected and approved in the manner provided for in Section 5 of this Agreement. 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 determined in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the Land Commissioner and the Division.

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 equipment, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator, or to the owners thereof if no such new Unit Operator is 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.

5. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interest in all Unitized Land shall by a majority vote select a successor Unit Operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this Agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new 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 Land Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this Unit Agreement terminated.

6. ACCOUNTING PROVISIONS. The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance an operating agreement entered into by and between the Unit Operator and the owners of such 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, shall herein be referred to as the "Unit Operating Agreement" or "UOA". 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, the UOA shall not 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 Unit Agreement shall prevail.

7. 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.

8. DRILLING TO DISCOVERY. The Unit Operator shall, on or before January 2nd, 2021, commence operations upon a second obligation well for oil and gas upon some part of the lands embraced within the Unit Area and shall drill said well with due diligence to a depth sufficient to attain the top of the Canyon formation or to such a depth as Unitized Substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that Unit Operator shall not, in any event, be required to drill said well to a depth in excess of the base of the Canyon formation or 12,202 feet, whichever is deeper. Until a discovery of a deposit of Unitized Substances capable of being produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing Unitized Substances in paying quantities is completed to the satisfaction of the Commissioner or until it is reasonably proven to the satisfaction of the Unit Operator that the Unitized Land is incapable of producing Unitized Substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this Agreement upon the Unit Area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well, but shall not be considered as complying with the drilling of the second obligation well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee and lessor at their last known addresses, declare this Unit Agreement terminated, and all rights privileges and obligations granted and assumed by this Unit Agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES. Should Unitized Substances in paying quantities be discovered upon the Unit Area, the Unit Operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this Agreement by the Commissioner of Public Lands is to secure the orderly development of the Unitized Lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of Unitized Substances.

After discovery of Unitized Substances in paying quantities, Unit Operator shall proceed with diligence to reasonably develop the Unitized Area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the Unit Operator should fail to comply with the above covenant for reasonable development this Agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units, but in such event, the basis of participation by the working interest owners shall remain the same as if this Agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the Unit Operator and the lessees of record in the manner prescribed by (NMSA 1978, §19-10-20), of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by (NMSA 1978, §19-10-23), and, provided further, in any event the Unit Operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this Agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

Notwithstanding any of the provisions of this Agreement to the contrary, all undeveloped regular well spacing or proration unit tracts within the unit boundaries shall be automatically eliminated from this Agreement and shall no longer be a part of the unit or be further subject to the terms of this Agreement unless at the expiration of five (5) years after the first day of the month following the effective date of this Agreement diligent drilling operations are in progress on said tracts.

10. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing Unitized Substances in paying quantities the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this Unit Agreement, and such Unitized Substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this Agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this Agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the Unitized Substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be considered as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All Unitized Substances produced from each tract in the Unitized Area established under this Agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the Unitized Land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire Unitized Area. It is hereby agreed that production of Unitized Substances from the Unitized Area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tracts of said Unitized Area.

12. PAYMENT OF RENTALS, ROYALTIES, AND OVERRIDING ROYALTIES. All rentals due to the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due to the State of New Mexico under the terms of the leases committed to this Agreement shall be computed and paid on the basis of all Unitized Substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the Unitized Substances allocated to the respective leases, and in such case the Unit Operator shall make deliveries of such royalty share in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all Unitized Substances allocated to the respective leases committed hereto.

If the Unit Operator introduces gas obtained from sources other than the Unitized Substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of Unitized Substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation

consented to by the Commissioner and approved by the Division is conforming to good petroleum engineering practices; and provided further, that such right of withdrawal shall terminate on the termination of this Unit Agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the Unitized Substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this Agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the Unitized Area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the terms of this Agreement and the approval of this Agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the Unitized Area to the provisions and terms of this Agreement; but otherwise to remain in full force and effect. Each lease committed to this Agreement, insofar as it applies to lands within the Unitized Area, shall continue in force beyond the term provided therein as long as this Agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this Agreement. Termination of this Agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this Agreement and operations or production pursuant to this Agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the Unit Operator or any of the owners of the respective leasehold interests committed hereto to drill offset to wells as between the leasehold interests committed to this Agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as two separate leases as to such segregated portions, commencing as of the effective date hereof. Notwithstanding any of the provisions of this Agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the Unitized Area and committed to this Agreement, in accordance with the terms of this Agreement. 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; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas, or either of them, has been discovered is discovered upon that portion of such lands not committed to this Agreement, and are being produced in paying quantities prior to the expiration of the fixed term of such lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

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 laws or regulations.

15. DRAINAGE. In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the Unit Area draining Unitized Substances from the lands embraced therein, Unit Operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. 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 leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder to 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, photocopy, or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM. This Agreement shall become effective upon approval by the Commissioner and the Division and shall automatically terminate 5 years from said effective date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of Unitized Substances has been made on Unitized Land during said initial term or any extension thereof in which event this Agreement shall remain in effect so long as Unitized Substances are being produced in paying quantities from the Unitized Land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the Unitized Substances so discovered are being produced as aforesaid. This Agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to the Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof, may subject this Agreement to termination as provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by the Division, and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. 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 Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending

before the Commissioner or Division; provided, however, that any other interested party shall also have the right at its own expense to appear and to participate in any such proceedings.

20. NOTICES. All notices, demands, or statements required hereunder to be given or rendered to the parties hereto, shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses, set forth in connection with the signatures hereto or to the ratification or consent hereof, or to such other address as any such party may have furnished in writing to party sending the notice, demand, or statement.

21. LOSS OF TITLE. In the event title to any tract of Unitized Land or substantial interest therein shall fail, and the true owner cannot be induced to join the Unit Agreement so that such tract is not committed to this Agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the Unitized Area, and the interest of the parties readjusted as a result of such tract being eliminated from the Unitized Area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the Unitized Substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

22. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the Unit Area not committed hereto, prior to the submission of the Agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this Agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the Unit Operating Agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this Agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to Unit Operator, their proportionate share of the unit expenses incurred prior to such party's or parties' joinder in the Unit Agreement, and the Unit Operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

23. 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.

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 AND WORKING INTEREST OWNER

DATED: _____

MANZANO, LLC

BY: Michael G. Hanagan
TITLE: Manager
ADDRESS: 300 W. Second Street
Roswell, NM 88203

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO)
)ss.
COUNTY OF CHAVES)

This instrument was acknowledged before me on this __ day of _____, 2022, by _____, _____ of Manzano, LLC, on behalf of said limited liability company.

Notary Public

MANZANO, LLC

Vindicator Canyon State Unit

Exhibit A

7200 Committed Acres

April 5, 2022

5
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A2
Submitted by: Manzano LLC
Hearing Date: April 07, 2022
Case No. 22668

4

8

9

10

11

12

17S 36E

Lea Co.

17

16

15

14

13

Tr.2

Tr.1

Tr.3

Tr.10

Tr.8

Tr.31

Tr.28

22

Tr.4

Tr.7

2

20

21

22

23

2

Tr.9

Tr.27

Tr.30

Tr.29

Tr.5

Tr.6

2

29

Tr.17

28

Tr.15

27

Tr.13

26

2

Tr.18

Tr.16

Tr.14

Tr.11

Tr.12

2

32

Tr.23

33

Tr.26

34

35

Tr.21

31

UNIT OUTLINE

Tr.24

Tr.22

Tr.20

EXHIBIT "B" SCHEDULE OF OWNERSHIP
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	GROSS ACRES	BASIC ROYALTY AND PERCENTAGE	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD	WORKING INTEREST AND PERCENTAGE	NET ACRES	
1	T17S-R36E, NMPM Section 15 E/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0164-001 8/1/2022	Manzano, LLC	Manzano Group A *	100.000000%	320.000000
2	T17S-R36E, NMPM Section 15 W/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0555 1/1/2024	Manzano Energy Partners III, LLC	Manzano Group A *	100.000000%	320.000000
3	T17S-R36E, NMPM Section 14 SW/4 Lea County, NM	160.00	20.000000%	State of New Mexico VC-0328 2/1/2023	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	160.000000
4	T17S-R36E, NMPM Section 22 N/2 Lea County, NM	320.00	16.666700%	State of New Mexico VO-9002-0005 8/1/2016	Manzano, LLC	Manzano Group B* Manzano Group C* Manzano Group E* Manzano Group F*	31.007813% 13.125000% 22.346875% 33.520300%	99.225000 42.000000 71.510000 107.265000
5	T17S-R36E, NMPM Section 22 S/2 Lea County, NM	320.00	16.666700%	State of New Mexico VO-9138-0005 3/1/2017	Manzano, LLC	Manzano Group B* Manzano Group C* Manzano Group E* Manzano Group F*	5.906250% 2.500000% 36.637500% 54.956250%	18.900000 8.000000 117.240000 175.860000
6	T17S-R36E, NMPM Section 23 S/2 Lea County, NM	320.00	18.750000%	State of New Mexico VB-2920 2/1/2022	Featherstone Development Corporation	Manzano Group B*	100.000000%	320.000000
7	T17S-R36E, NMPM Section 23 NW/4 Lea County, NM	160.00	18.750000%	State of New Mexico VB-2907 2/1/2017	Slash Exporation, LP	Slash Exporation, LP	100.000000%	160.000000
8	T17S-R36E, NMPM Section 20 SE/4NE/4 Lea County, NM	40.00	20.000000%	State of New Mexico VC-0734 6/1/2025	Manzano, LLC	Manzano Group A *	100.000000%	40.000000
9	T17S-R36E, NMPM Section 20 SE/4SW/4 Lea County, NM	40.00	20.000000%	State of New Mexico VC-0735 6/1/2025	Manzano, LLC	Manzano Group A *	100.000000%	40.000000

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A3
Submitted by: Manzano LLC
Hearing Date: April 07, 2022
Case No. 22668

EXHIBIT "B" SCHEDULE OF OWNERSHIP
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	GROSS ACRES	BASIC ROYALTY AND PERCENTAGE	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD	WORKING INTEREST AND PERCENTAGE	NET ACRES	
10	T17S-R36E, NMPM Section 20 NW/4, N/2SW/4, SW/4SW/4 Lea County, NM	280.00	20.000000%	State of New Mexico VC-0289 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	280.000000
11	T17S-R36E, NMPM Section 26 W/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0278-0001 11/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	320.000000
12	T17S-R36E, NMPM Section 26 E/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0267-0001 11/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	320.000000
13	T17S-R36E, NMPM Section 27 N/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0290 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	320.000000
14	T17S-R36E, NMPM Section 27 S/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0291 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	320.000000
15	T17S-R36E, NMPM Section 28 N/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0302 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	320.000000
16	T17S-R36E, NMPM Section 28 S/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0292 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	320.000000
17	T17S-R36E, NMPM Section 29 N/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0698 3/1/2025	Manzano, LLC	Manzano Group A *	100.000000%	320.000000
18	T17S-R36E, NMPM Section 29 S/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0632 7/1/2024	Manzano Energy Partners III, LLC	Manzano Group B*	100.000000%	320.000000

EXHIBIT "B" SCHEDULE OF OWNERSHIP
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	GROSS ACRES	BASIC ROYALTY AND PERCENTAGE	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD	WORKING INTEREST AND PERCENTAGE	NET ACRES
20	T17S-R36E, NMPM Section 35 S/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0304 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	320.000000
21	T17S-R36E, NMPM Section 35 N/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0294 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	320.000000
22	T17S-R36E, NMPM Section 34 E/2E/2 Lea County, NM	160.00	20.000000%	State of New Mexico VC-0218-0001 9/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	160.000000
23	T17S-R36E, NMPM Section 32 N/2 Lea County, NM	320.00	20.000000%	State of New Mexico VC-0293 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	320.000000
24	T17S-R36E, NMPM Section 32 SW/4 Lea County, NM	160.00	20.000000%	State of New Mexico VC-0303 12/1/2022	Manzano Energy Partners III, LLC	Manzano Group B*	160.000000
26	T17S-R36E, NMPM Section 33 NE/4 Lea County, NM	160.00	20.000000%	State of New Mexico - VC-0723 5/1/2025	Manzano, LLC	Manzano Group A *	160.000000
27	T17S-R36E, NMPM Section 20 E/2, Save and except SE/4NE/4 Lea County, NM	280.00	12.500000%	State of New Mexico - E-7586-0006 11/17/1953	Oxy USA WTP, LP	Manzano Group D * Manzano Group H*	263.764480 16.235520
28	T17S-R36E, NMPM Section 21 SE/4NE/4 Lea County, NM	40.00	20.000000%	State of New Mexico - VC-0421 8/1/2023	Manzano, LLC	Manzano Group B*	40.000000
29	T17S-R36E, NMPM Section 21 SW/4SE/4 Lea County, NM	40.00	20.000000%	State of New Mexico - VC-0435 8/1/2023	Manzano, LLC	Manzano Group B*	40.000000

EXHIBIT "B" SCHEDULE OF OWNERSHIP
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	GROSS ACRES	BASIC ROYALTY AND PERCENTAGE	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD	WORKING INTEREST AND PERCENTAGE	NET ACRES	
30	T17S-R36E, NMPM Section 21 N/2NE/4, SW/4NE/4, N/2SE/4, SE/4SE/4, SW/4 Lea County, NM	400.00	16.666667%	State of New Mexico V0-1591 9/1/1990	BTA Oil Producers, LLC	Manzano Group G *	100.000000%	400.000000
31	T17S-R36E, NMPM Section 21 NW/4 Lea County, NM	160.00	16.666667%	State of New Mexico - V0-1563 8/1/1990	BTA Oil Producers, LLC	Manzano Group G *	100.000000%	160.000000
			RECAPITULATION					
		7,200.000000		Acres of Committed State Lands				
		-		Acres of Fee Lands				
		-		Acres of Uncommitted State Lands				
		TOTAL		7,200.000000				

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Vindicator Canyon State Unit Interest		
Owner/Entity	Unit Net Acres	Unit Ownership
Manzano Energy Partners III, LLC	1,567.809855	21.775137%
Hanson Operating Company, Inc.	1,071.833876	14.886582%
Sharbro Energy, LLC	721.724340	10.023949%
Abo Petroleum, LLC	364.815700	5.066885%
Yates Energy Corporation	361.596075	5.022168%
David Petroleum Corporation	192.062076	2.667529%
Hanagan Petroleum Corporation	339.830033	4.719862%
Tamaroa Development, LLC	60.106828	0.834817%
Hutchings Oil Company	65.507256	0.909823%
Worrall Investment Corporation	181.244191	2.517280%
Scott Winn, LLC	145.926278	2.026754%
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	181.244191	2.517280%
JAY III, LLC	145.926278	2.026754%
SDH Investments, Inc.	181.160670	2.516120%
Babe Development, LLC	233.742035	3.246417%
McBride Minerals, LLC	90.619837	1.258609%
801, LLC	109.444709	1.520065%
Bane Bigbie, Inc	19.244902	0.267290%
Hat Mesa, LLC	26.202900	0.363929%
Centennial, LLC	72.963142	1.013377%
Scott Investment Corporation	90.619837	1.258609%
JTD Resources, LLC	90.477042	1.256626%
Axis Energy Corporation	25.789853	0.358192%
Cathryn Isabella Fenn Trust	24.506514	0.340368%
Warren, Inc.	72.172437	1.002395%
Warren Associates	72.172437	1.002395%
SCW Interiors, Inc.	13.101449	0.181965%
Wade Petroleum Corporation	13.030052	0.180973%
Ernest Angelo, Jr.	44.535385	0.618547%
Discovery Exploration	44.535385	0.618547%
Gannaway Oil, LLC	22.653827	0.314636%
John Thompson	22.559413	0.313325%
Bowtie Slash Energy, Inc.	22.653827	0.314636%
Joyco Investments, LLC	149.995189	2.083267%
CLM Production Company	4.575252	0.063545%
JOY Holdings, LLC	144.941493	2.013076%
SR Primo Holdings, LLC	16.103104	0.223654%
Scott Exploration	32.210729	0.447371%
Slash Exploration LP	160.361605	2.227245%
TOTAL	7,200.00	100.00%

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group A		
Owner/Entity	WI	NET ACRES
Manzano Energy Partners III, LLC	17.000000%	204.000000
Hanson Operating Company, Inc.	11.000000%	132.000000
Sharbro Energy, LLC	10.000000%	120.000000
Abo Petroleum, LLC	5.000000%	60.000000
Yates Energy Corporation	5.000000%	60.000000
David Petroleum Corporation	4.000000%	48.000000
Hanagan Petroleum Corporation	3.750000%	45.000000
Tamaroa Development, LLC	3.000000%	36.000000
Hutchings Oil Company	2.500000%	30.000000
Worrall Investment Corporation	2.000000%	24.000000
Scott Winn, LLC	2.000000%	24.000000
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	2.000000%	24.000000
JAY III, LLC	2.000000%	24.000000
SDH Investments, Inc.	2.000000%	24.000000
Babe Development, LLC	2.000000%	24.000000
McBride Minerals, LLC	1.000000%	12.000000
801, LLC	1.500000%	18.000000
Bane Bigbie, Inc	1.000000%	12.000000
Hat Mesa, LLC	1.000000%	12.000000
Centennial, LLC	1.000000%	12.000000
Scott Investment Corporation	1.000000%	12.000000
JTD Resources, LLC	1.000000%	12.000000
Axis Energy Corporation	1.000000%	12.000000
Cathryn Isabella Fenn Trust	1.000000%	12.000000
Warren, Inc.	1.000000%	12.000000
Warren Associates	1.000000%	12.000000
SCW Interiors, Inc.	0.500000%	6.000000
Wade Petroleum Corporation	0.500000%	6.000000
Ernest Angelo, Jr.	0.500000%	6.000000
Discovery Exploration	0.500000%	6.000000
Gannaway Oil, LLC	0.250000%	3.000000
John Thompson	0.250000%	3.000000
Bowtie Slash Energy, Inc.	0.250000%	3.000000
TOTAL	87.500000%	1,050.000000

		Net Acres
Section 15	ALL	560
Section 33	NE/4	140
Section 20	SE/4NE/4	35
Section 20	SE/4SW/4	35
Section 29	N/2	280
		1,050

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group B		
Owner/Entity	WI	NET ACRES
Manzano Energy Partners III, LLC	22.995109%	1,029.749725
Hanson Operating Company, Inc.	16.219000%	726.307094
Sharbro Energy, LLC	10.000000%	447.812500
Abo Petroleum, LLC	5.000000%	223.906250
Yates Energy Corporation	5.000000%	223.906250
David Petroleum Corporation	2.000000%	89.562500
Hanagan Petroleum Corporation	5.000000%	223.906250
Tamaroa Development, LLC	-	-
Hutchings Oil Company	-	-
Worrall Investment Corporation	2.666700%	119.418159
Scott Winn, LLC	2.000000%	89.562500
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	2.666700%	119.418159
JAY III, LLC	2.000000%	89.562500
SDH Investments, Inc.	2.666700%	119.418159
Babe Development, LLC	3.753300%	168.077466
McBride Minerals, LLC	1.333300%	59.706841
801, LLC	1.500000%	67.171875
Bane Bigbie, Inc	-	-
Hat Mesa, LLC	-	-
Centennial, LLC	1.000000%	44.781250
Scott Investment Corporation	1.333300%	59.706841
JTD Resources, LLC	1.333300%	59.706841
Axis Energy Corporation	-	-
Cathryn Isabella Fenn Trust	-	-
Warren, Inc.	1.000000%	44.781250
Warren Associates	1.000000%	44.781250
SCW Interiors, Inc.	-	-
Wade Petroleum Corporation	-	-
Ernest Angelo, Jr.	0.666700%	29.855659
Discovery Exploration	0.666700%	29.855659
Gannaway Oil, LLC	0.333300%	14.925591
John Thompson	0.333300%	14.925591
Bowtie Slash Energy, Inc.	0.333300%	14.925591
Joyco Investments, LLC	3.104600%	139.027869
CLM Production Company	0.094700%	4.240784
JOY Holdings, LLC	3.000000%	134.343750
SR Primo Holdings, LLC	0.333300%	14.925591
Scott Exploration	0.666700%	29.855659
TOTAL	100.000000%	4,478.125

		Net Acres
Section 14	NW/4	160.000
Section 20	W/2, Except SESW	280.000
Section 21	SE/4NE/4, SW/4SE/4	80.000
Section 22	N/2	99.225
Section 22	S/2	18.900
Section 23	S/2	320.000
Section 26	ALL	640.000
Section 27	ALL	640.000
Section 28	ALL	640.000
Section 29	S/2	320.000
Section 32	N/2, SW/4	480.000
Section 34	E/2E/2	160.000
Section 35	ALL	640.000
		4,478.125

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group C		
Owner/Entity	WI	NET ACRES
Manzano Energy Partners III, LLC	21.844088%	10.922044
Hanson Operating Company, Inc.	14.134409%	7.067205
Sharbro Energy, LLC	10.000000%	5.000000
Abo Petroleum, LLC	6.424731%	3.212366
Yates Energy Corporation	-	-
David Petroleum Corporation	4.000000%	2.000000
Hanagan Petroleum Corporation	4.818548%	2.409274
Tamaroa Development, LLC	3.854839%	1.927420
Hutchings Oil Company	3.212366%	1.606183
Worrall Investment Corporation	2.569892%	1.284946
Scott Winn, LLC	2.569892%	1.284946
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	2.569892%	1.284946
JAY III, LLC	2.569892%	1.284946
SDH Investments, Inc.	2.403226%	1.201613
Babe Development, LLC	2.569892%	1.284946
McBride Minerals, LLC	1.284946%	0.642473
801, LLC	1.927419%	0.963710
Bane Bigbie, Inc	1.000000%	0.500000
Hat Mesa, LLC	1.284946%	0.642473
Centennial, LLC	1.284946%	0.642473
Scott Investment Corporation	1.284946%	0.642473
JTD Resources, LLC	1.000000%	0.500000
Axis Energy Corporation	1.000000%	0.500000
Cathryn Isabella Fenn Trust	1.000000%	0.500000
Warren, Inc.	1.000000%	0.500000
Warren Associates	1.000000%	0.500000
SCW Interiors, Inc.	0.642473%	0.321237
Wade Petroleum Corporation	0.500000%	0.250000
Ernest Angelo, Jr.	0.642473%	0.321237
Discovery Exploration	0.642473%	0.321237
Gannaway Oil, LLC	0.321237%	0.160619
John Thompson	0.321237%	0.160619
Bowtie Slash Energy, Inc.	0.321237%	0.160619
TOTAL	100.000000%	50.000000

Net Acres

Section 22	N/2	42
Section 22	S/2	8

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group D		
Owner/Entity	WI	NET ACRES
Manzano Energy Partners III, LLC	21.892858%	57.745583
Hanson Operating Company, Inc.	12.571429%	33.158964
Sharbro Energy, LLC	10.000000%	26.376448
Abo Petroleum, LLC	5.714286%	15.072257
Yates Energy Corporation	5.714286%	15.072257
David Petroleum Corporation	4.000000%	10.550579
Hanagan Petroleum Corporation	4.285714%	11.304191
Tamaroa Development, LLC	3.428571%	9.043352
Hutchings Oil Company	2.857143%	7.536128
Worrall Investment Corporation	2.285714%	6.028902
Scott Winn, LLC	2.285714%	6.028902
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	2.285714%	6.028902
JAY III, LLC	2.285714%	6.028902
SDH Investments, Inc.	2.285714%	6.028902
Babe Development, LLC	2.285714%	6.028902
McBride Minerals, LLC	1.142857%	3.014451
801, LLC	1.714286%	4.521678
Bane Bigbie, Inc	1.000000%	2.637645
Hat Mesa, LLC	1.142857%	3.014451
Centennial, LLC	1.142857%	3.014451
Scott Investment Corporation	1.142857%	3.014451
JTD Resources, LLC	1.142857%	3.014451
Axis Energy Corporation	1.142857%	3.014451
Cathryn Isabella Fenn Trust	1.142857%	3.014451
Warren, Inc.	1.000000%	2.637645
Warren Associates	1.000000%	2.637645
SCW Interiors, Inc.	0.571429%	1.507227
Wade Petroleum Corporation	0.571429%	1.507227
Ernest Angelo, Jr.	0.571429%	1.507227
Discovery Exploration	0.571429%	1.507227
Gannaway Oil, LLC	0.285714%	0.753612
John Thompson	0.250000%	0.659411
Bowtie Slash Energy, Inc.	0.285714%	0.753612
TOTAL	100.000000%	263.764480

Section 20

E/2, Except SENE

263.764480

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group E		
Owner/Entity	WI	NET ACRES
Manzano Energy Partners III, LLC	22.000000%	41.525000
Hanson Operating Company, Inc.	12.571429%	23.728571
Sharbro Energy, LLC	10.000000%	18.875000
Abo Petroleum, LLC	5.714286%	10.785714
Yates Energy Corporation	5.714286%	10.785714
David Petroleum Corporation	4.000000%	7.550000
Hanagan Petroleum Corporation	4.285714%	8.089285
Tamaroa Development, LLC	3.428571%	6.471429
Hutchings Oil Company	2.857143%	5.392857
Worrall Investment Corporation	2.285714%	4.314286
Scott Winn, LLC	2.285714%	4.314286
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	2.285714%	4.314286
JAY III, LLC	2.285714%	4.314286
SDH Investments, Inc.	2.285714%	4.314286
Babe Development, LLC	2.285714%	4.314286
McBride Minerals, LLC	1.142857%	2.157143
801, LLC	1.714286%	3.235715
Bane Bigbie, Inc	1.000000%	1.887500
Hat Mesa, LLC	1.142857%	2.157143
Centennial, LLC	1.142857%	2.157143
Scott Investment Corporation	1.142857%	2.157143
JTD Resources, LLC	1.142857%	2.157143
Axis Energy Corporation	1.000000%	1.887500
Cathryn Isabella Fenn Trust	1.142857%	2.157143
Warren, Inc.	1.000000%	1.887500
Warren Associates	1.000000%	1.887500
SCW Interiors, Inc.	0.571429%	1.078571
Wade Petroleum Corporation	0.571429%	1.078571
Ernest Angelo, Jr.	0.571429%	1.078571
Discovery Exploration	0.571429%	1.078571
Gannaway Oil, LLC	0.285714%	0.539286
John Thompson	0.285714%	0.539286
Bowtie Slash Energy, Inc.	0.285714%	0.539286
TOTAL	100.000000%	188.750000

Section 22	N/2	71.510000
Section 22	S/2	117.240000

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group F		
Owner/Entity	WI	NET ACRES
Manzano Energy Partners III, LLC	22.724490%	98.425447
Hanson Operating Company, Inc.	14.704082%	63.687055
Sharbro Energy, LLC	10.000000%	43.312500
Abo Petroleum, LLC	5.000000%	21.656250
Yates Energy Corporation	5.000000%	21.656250
David Petroleum Corporation	4.000000%	17.325000
Hanagan Petroleum Corporation	5.012755%	21.711495
Tamaroa Development, LLC	-	-
Hutchings Oil Company	3.341837%	14.474332
Worrall Investment Corporation	2.673469%	11.579463
Scott Winn, LLC	2.000000%	8.662500
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	2.673469%	11.579463
JAY III, LLC	2.000000%	8.662500
SDH Investments, Inc.	2.673469%	11.579463
Babe Development, LLC	2.673469%	11.579463
McBride Minerals, LLC	1.336735%	5.789733
801, LLC	1.500000%	6.496875
Bane Bigbie, Inc	-	-
Hat Mesa, LLC	1.336735%	5.789733
Centennial, LLC	1.000000%	4.331250
Scott Investment Corporation	1.336735%	5.789733
JTD Resources, LLC	1.336735%	5.789733
Axis Energy Corporation	1.336735%	5.789733
Cathryn Isabella Fenn Trust	1.000000%	4.331250
Warren, Inc.	1.000000%	4.331250
Warren Associates	1.000000%	4.331250
SCW Interiors, Inc.	0.668367%	2.894865
Wade Petroleum Corporation	0.668367%	2.894865
Ernest Angelo, Jr.	0.500000%	2.165625
Discovery Exploration	0.500000%	2.165625
Gannaway Oil, LLC	0.334184%	1.447434
John Thompson	0.334184%	1.447434
Bowtie Slash Energy, Inc.	0.334184%	1.447434
TOTAL	100.000000%	433.125

Section 22	N/2	107.265000
Section 22	S/2	175.860000
Section 15	ALL	80
Section 33	NE/4	20
Section 20	SE/4NE/4	5
Section 20	SE/4SW/4	5
Section 29	N/2	40

433.125000

Note: Unit does not include SWSE S33

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group G		
Owner/Entity	WI	NET ACRES
Manzano Energy Partners III, LLC	21.769138%	121.91
Hanson Operating Company, Inc.	14.905013%	83.47
Sharbro Energy, LLC	10.485795%	58.72
Abo Petroleum, LLC	5.242898%	29.36
Yates Energy Corporation	5.242898%	29.36
David Petroleum Corp.	2.971591%	16.64
Hanagan Petroleum Corporation	4.757722%	26.64
Tamaroa Development, LLC	1.165909%	6.53
Hutchings Oil Company	1.133936%	6.35
Worrall Investment Corporation	2.537454%	14.21
Scott Winn, LLC	2.097159%	11.74
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	2.537454%	14.21
JAY III, LLC	2.097159%	11.74
SDH Investments, Inc.	2.537454%	14.21
Babe Development, LLC	3.201768%	17.93
McBride Minerals, LLC	1.268724%	7.10
801, LLC	1.572869%	8.81
Bane Bigbie, Inc	0.388636%	2.18
Hat Mesa Oil Company	0.453574%	2.54
Centennial, LLC	1.048580%	5.87
Scott Investment Corporation	1.268724%	7.10
JTD Resources, LLC	1.268724%	7.10
Axis Energy Corporation	0.453574%	2.54
Cathryn Isabella Fenn Trust	0.437216%	2.45
Warren, Inc.	1.048580%	5.87
Warren Associates	1.048580%	5.87
SCW Interiors, Inc.	0.226787%	1.27
Wade Petroleum Corporation	0.226787%	1.27
Ernest Angelo, Jr.	0.626186%	3.51
Discovery Exploration	0.626186%	3.51
Gannaway Oil, LLC	0.317179%	1.78
John Thompson, et ux Anita	0.317179%	1.78
Bowtie Slash Energy, Inc.	0.317179%	1.78
JOYCO Investments, LLC	1.898052%	10.63
CLM Production Company	0.057884%	0.32
JOY Holdings, LLC	1.834091%	10.27
SR Primo Holdings, LLC	0.203786%	1.14
Scott Exploration Corporation	0.407578%	2.28
TOTAL	100.000000%	560.00

Section 21: All, Except SW/4SE/4, SE/4NE/4

560

Exhibit "B" SCHEDULE OF OWNERSHIP - Manzano Groups
 Within the VINDICATOR CANYON STATE UNIT
 Lea County, New Mexico

Manzano Group H		
Owner/Entity	Net Acres	Ownership
Manzano Energy Partners III, LLC	3.54	21.775137%
Hanson Operating Company, Inc.	2.42	14.886582%
Sharbro Energy, LLC	1.63	10.023949%
Abo Petroleum, LLC	0.82	5.066885%
Yates Energy Corporation	0.82	5.022168%
David Petroleum Corporation	0.43	2.667529%
Hanagan Petroleum Corporation	0.77	4.719862%
Tamaroa Development, LLC	0.14	0.834817%
Hutchings Oil Company	0.15	0.909823%
Worrall Investment Corporation	0.41	2.517280%
Scott Winn, LLC	0.33	2.026754%
Richard J. Forrest, Jr. & Susan Forrest Revocable Trust	0.41	2.517280%
JAY III, LLC	0.33	2.026754%
SDH Investments, Inc.	0.41	2.516120%
Babe Development, LLC	0.53	3.246417%
McBride Minerals, LLC	0.20	1.258609%
801, LLC	0.25	1.520065%
Bane Bigbie, Inc	0.04	0.267290%
Hat Mesa, LLC	0.06	0.363929%
Centennial, LLC	0.16	1.013377%
Scott Investment Corporation	0.20	1.258609%
JTD Resources, LLC	0.20	1.256626%
Axis Energy Corporation	0.06	0.358192%
Cathryn Isabella Fenn Trust	0.06	0.340368%
Warren, Inc.	0.16	1.002395%
Warren Associates	0.16	1.002395%
SCW Interiors, Inc.	0.03	0.181965%
Wade Petroleum Corporation	0.03	0.180973%
Ernest Angelo, Jr.	0.10	0.618547%
Discovery Exploration	0.10	0.618547%
Gannaway Oil, LLC	0.05	0.314636%
John Thompson	0.05	0.313325%
Bowtie Slash Energy, Inc.	0.05	0.314636%
Joyco Investments, LLC	0.34	2.083267%
CLM Production Company	0.01	0.063545%
JOY Holdings, LLC	0.33	2.013076%
SR Primo Holdings, LLC	0.04	0.223654%
Scott Exploration	0.07	0.447371%
Slash Exploration LP	0.36	2.227245%
TOTAL	16.23552	100.000000%

Section 20: E/2, Except SENE

16.23552

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	Tract Participation
1	T17S-R36E, NMPM Section 15 E/2 Lea County, NM	320.000000	4.444444%
2	T17S-R36E, NMPM Section 15 W/2 Lea County, NM	320.000000	4.444444%
3	T17S-R36E, NMPM Section 14 SW/4 Lea County, NM	160.000000	2.222222%
4	T17S-R36E, NMPM Section 22 N/2 Lea County, NM	320.000000	4.444444%
5	T17S-R36E, NMPM Section 22 S/2 Lea County, NM	320.000000	4.444444%
6	T17S-R36E, NMPM Section 23 S/2 Lea County, NM	320.000000	4.444444%
7	T17S-R36E, NMPM Section 23 NW/4 Lea County, NM	160.000000	2.222222%
8	T17S-R36E, NMPM Section 20 SE/4NE/4 Lea County, NM	40.000000	0.555556%
9	T17S-R36E, NMPM Section 20 SE/4SW/4 Lea County, NM	40.000000	0.555556%

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. A4
 Submitted by: Manzano LLC
 Hearing Date: April 07, 2022
 Case No. 22668

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	Tract Participation
10	T17S-R36E, NMPM Section 20 NW/4, N/2SW/4, SW/4SW/4 Lea County, NM	280.000000	3.888889%
11	T17S-R36E, NMPM Section 26 W/2 Lea County, NM	320.000000	4.444444%
12	T17S-R36E, NMPM Section 26 E/2 Lea County, NM	320.000000	4.444444%
13	T17S-R36E, NMPM Section 27 N/2 Lea County, NM	320.000000	4.444444%
14	T17S-R36E, NMPM Section 27 S/2 Lea County, NM	320.000000	4.444444%
15	T17S-R36E, NMPM Section 28 N/2 Lea County, NM	320.000000	4.444444%
16	T17S-R36E, NMPM Section 28 S/2 Lea County, NM	320.000000	4.444444%
17	T17S-R36E, NMPM Section 29 N/2 Lea County, NM	320.000000	4.444444%
18	T17S-R36E, NMPM Section 29 S/2 Lea County, NM	320.000000	4.444444%

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	Tract Participation
20	T17S-R36E, NMPM Section 35 S/2 Lea County, NM	320.000000	4.444444%
21	T17S-R36E, NMPM Section 35 N/2 Lea County, NM	320.000000	4.444444%
22	T17S-R36E, NMPM Section 34 E/2E/2 Lea County, NM	160.000000	2.222222%
23	T17S-R36E, NMPM Section 32 N/2 Lea County, NM	320.000000	4.444444%
24	T17S-R36E, NMPM Section 32 SW/4 Lea County, NM	160.000000	2.222222%
26	T17S-R36E, NMPM Section 33 NE/4 Lea County, NM	160.000000	2.222222%
27	T17S-R36E, NMPM Section 20 E/2, Save and except, the SE/4NE/4 Lea County, NM	280.000000	3.888889%
28	T17S-R36E, NMPM Section 21 SE/4NE/4 Lea County, NM	40.000000	0.555556%
29	T17S-R36E, NMPM Section 21 SW/4SE/4 Lea County, NM	40.000000	0.555556%

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	Tract Participation
30	T17S-R36E, NMPM Section 21 N/2NE/4, SW/4NE/4, N/2SE/4, SE/4SE/4, SW/4 Lea County, NM	400.000000	5.555556%
31	T17S-R36E, NMPM Section 21 NW/4 Lea County, NM	160.000000	2.222222%
TOTAL		7200.000000	100.000000%



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

March 31, 2022

Manzano, LLC
PO Box 1737
Roswell, NM 88202-1737

Attention: Mr. Nick C. McClelland

Re: Preliminary Approval of Unit Expansion
Vindicator Canyon State Unit
Lea County, New Mexico

Dear Mr. McClelland,

The State Land Office has received your Request for Expansion and Expansion Map dated March 7, 2022.

Manzano, LLC is requesting to remove the E/2 of Section 30-T17S-R36E and the E/2NE/4 of Section 31-T17S-R36E (400 acres) from the existing Vindicator Canyon State Exploratory Unit and to add Section 21-T17S-R36E (640 acres) to the unit. This would expand the unit by 240 acres. (SEE ATTACHED MAPS)

The Vindicator Canyon State Exploratory Unit will expand from 6,960 acres to 7,200 acres. All State of New Mexico leases.

Manzano, LLC believes the acreage they are adding is the best geologic area and the addition would allow Manzano, LLC to operate the unit more efficiently with centrally located facilities.

The expansion meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your expansion for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A5
Submitted by: Manzano LLC
Hearing Date: April 07, 2022
Case No. 22668

- a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
 4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
 5. Operator must abide by NMOCD rules 19.15.29 NMAC 19.15.30 NMAC regarding Releases and Corrective Action and remain fully responsible for compliance with all laws, regulations of the state land office and other state agencies, and lease terms regarding operations on the leased premises, including with respect to environmental protection.
 6. Operator must:
 - a. Require a water plan and siting on all unit improvements.
 - b. Avoid hydrologic features and keep all SLO BMP buffer zones.
 - c. Require additional protections consistent with SLO BMP's when improvements are placed in areas with DTW < 50'.
 - d. Proposed Surface Hole Location(s) (SHL) need to be submitted and approved by NMSLO prior to APD (Application for Permit to Drill) submittal to NMOCD for the wells.
 - e. Spud a well on Section 21-T17S-R36E within 6 mos. of the Expansion Approval Date.
 7. Please submit one copy of the revised Unit Agreement including a revised Exhibit "B".
 8. Please submit a copy of the Unit Operating Agreement.

Manzano, LLC
March 31, 2022
Page 3

9. After Manzano LLC receives an Order from NMOCD for the expansion, please provide a copy to the NMSLO.
10. When requesting Final Approval of the proposed Expansion, please submit the filing fee of \$100.00, the filing fee is \$100 for each section or partial section expanded in the unit.
11. Siting guidance for all wells to be drilled in the unit will be sent to the unit operator by SLO, and must be adhered to for the operation of the unit.

If you have any questions, or if we may be of further help, please contact Scott Dawson at (505) 827-5791 or sdawson@slo.state.nm.us

Respectfully,

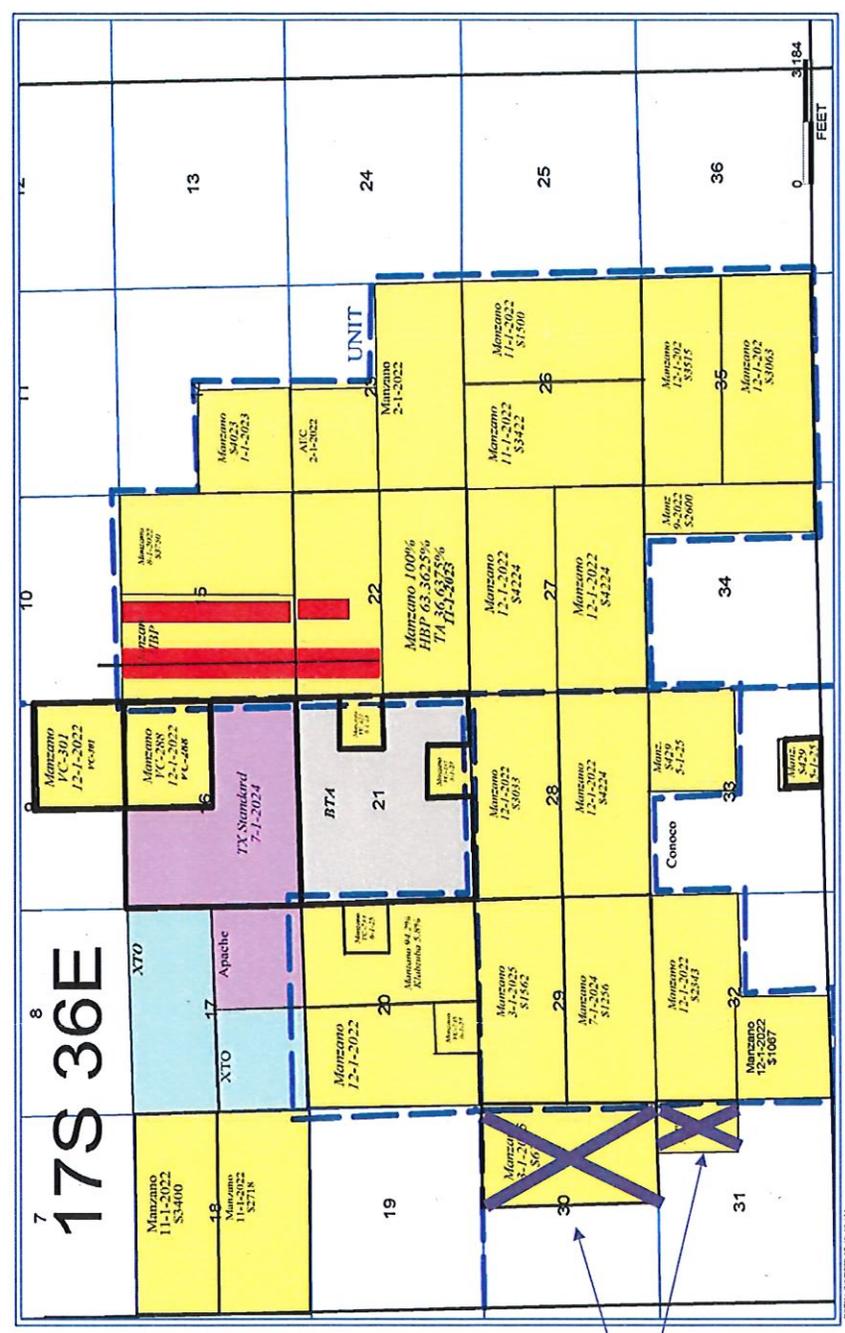


Stephanie Garcia Richard
Commissioner of Public Lands

SGR/sd

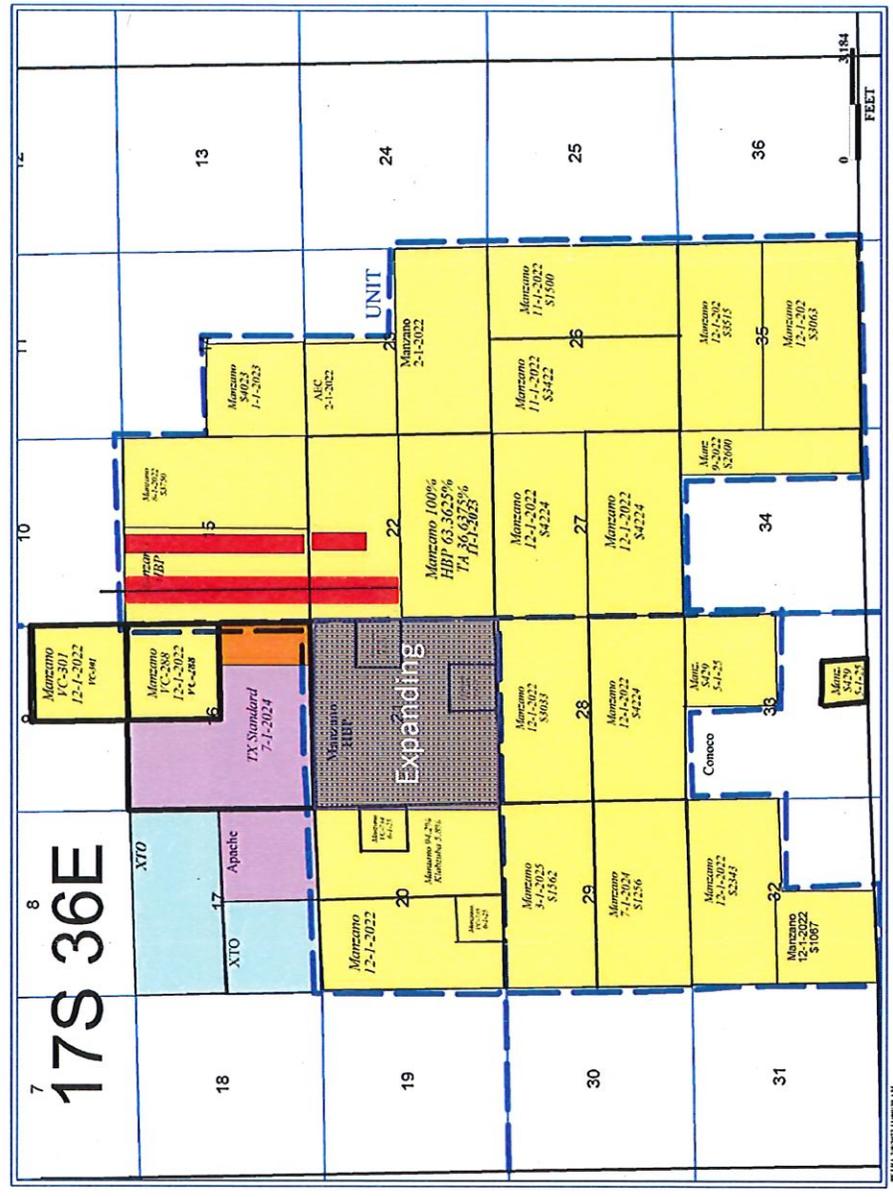
cc: Reader File,
NMOCD - Attention: Mr. Leonard Lowe
SLORMD - Attention: Ms. Billie Luther
BLM Courtesy copy – Mr. Kyle Paradis, Mr. J. David Chase, Mr. Chris Walls

VCSU AREA LAND MAP



Contracting

YSCU LAND AFTER BTA TRADE
 Manzano, LLC proposes to amend the unit to include
 7184 net and 7200 gross acres.





Michael H. Feldewert
Partner
Phone (505) 988-4421
mfeldewert@hollandhart.com

March 18, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: Klabzuba Oil and Gas, a Family Limited Partnership
100 Lexington St, Suite 050
Fort Worth, TX 76102

Re: Application of Manzano LLC to Amend Order No. R-21572-A to Modify and Expand the Geographic Area of the Vindicator Canyon State Exploratory Unit, Lea County, New Mexico.
Vindicator Canyon State Exploratory Unit

Ladies & Gentlemen:

This letter is to advise you that Manzano LLC has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 7, 2022 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Nick McClelland, at 575-623-1996, or nick@manzanoenergy.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR MANZANO 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

Manzano - Vindicator Unit
Case No. 22668 Postal Delivery Report

Tracking Number	Recipient	Status
9214890194038369898913	Klabzuba Oil and Gas a Family Limited Partnership 100 Lexington St Suite 050 Fort Worth TX 76102	Delivered Signature Received