

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Chevron USA Inc  
Few 16 21 Federal Com #427H  
Wolfcamp  
Township: 26 South, Range: 27 East, NMPM  
Section 16: E2  
Section 21: E2**

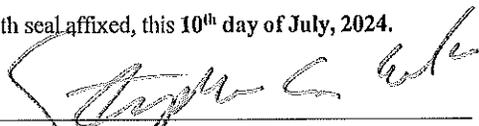
**Eddy County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **February 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the 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 area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 10<sup>th</sup> day of July, 2024.




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**COMMISSIONER OF PUBLIC LAND**  
of the State of New Mexico

NM State Land Office  
Oil, Gas, & Minerals Division

STATE/FEDERAL OR  
STATE/FEDERAL/FEE

Revised June, 2022

ONLINE Version  
COMMUNITIZATION AGREEMENT

API Initial Well: 30-0 15 - 53699

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

WITNESSETH:

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

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

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

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

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

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

Subdivisions E/2,

Sect(s) 16 & 21, T26S, R 27E, NMPM EDDY County, NM

containing 640 acres, more or less, and this agreement shall include only the

WOLFCAMP Formation

or pool, underlying said lands and the OIL AND GAS

(hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
  
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
  
- 10. The date of this agreement is February Month 1 Day, 2024 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
  
- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the

Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

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

Operator CHEVRON U.S.A. INC. Lessees of Record CHEVRON U.S.A. INC.

By IRVIN R GUTIERREZ

Print name of person  
Attorney-in-Fact  
Type of authority

CHEVRON MIDCONTINENT, L.P.

EARTHSTONE OPERATING LLC (F/K/A CHISHOLM ENERGY OPERATING, LLC)

OXY Y-1 COMPANY

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ ) SS)

This instrument was acknowledged before me on \_\_\_\_\_  
DATE

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_

Acknowledgment in a Representative Capacity

State of TEXAS )  
County of HARRIS ) SS)

This instrument was acknowledged before me on 5/15/24  
DATE

By Irvin B Gutierrez

Name(s) of Person(s)

as Attorney-in-Fact of Chevron U.S.A. Inc., a Pennsylvania corporation

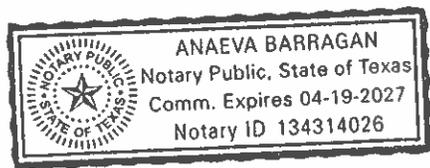
Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

[Signature]  
Signature of Notarial Officer

My commission expires: 4/19/27



V0-7385; EARTHSTONE OPERATING LLC (F/K/A CHISHOLM ENERGY OPERATING, LLC

Lease # and Lessee of Record: \_\_\_\_\_ BY:

Patrick Godwin, Vice President of Land (Name and Title of Authorized Agent)

*Patrick Godwin* (Signature of Authorized Agent) *mm*  
*Tn*

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
                                          ) SS)  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date By \_\_\_\_\_  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of Texas )  
                                          ) SS)  
County of midland )

This instrument was acknowledged before me on \_\_\_\_\_ Date: 4/17/2024 By: \_\_\_\_\_  
Patrick Godwin, VP of Land, Earthstone Operating, LLC  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: 10/12/2027



Lease # and Lessee of Record: NMMN 100549; CHEVRON U.S.A. INC. BY:

IRVIN R GUTIERREZ, ATTORNEY-IN-FACT (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ DateBy  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

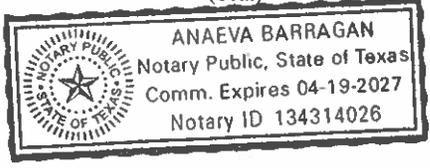
**Acknowledgment in an Representative Capacity**

State of TEXAS )  
County of HARRIS )

This instrument was acknowledged before me on \_\_\_\_\_ Date: 5/15/24 By: \_\_\_\_\_  
Irvin R Gutierrez

Name(s) of Person(s)

(Seal)



[Signature] Signature of Notarial Officer

My commission expires: 4/19/27

Lease # and Lessee of Record: NMNM 100549; CHEVRON MIDCONTINENT, L.P. BY:

IRVIN R GUTIERREZ, ATTORNEY-IN-FACT (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ DateBy \_\_\_\_\_  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

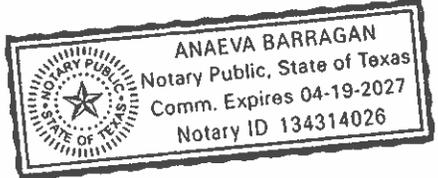
**Acknowledgment in an Representative Capacity**

State of TEXAS )  
County of HARRIS )

This instrument was acknowledged before me on \_\_\_\_\_ Date: 5/15/24 By: \_\_\_\_\_  
Irvin R Gutierrez  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: 4/19/27



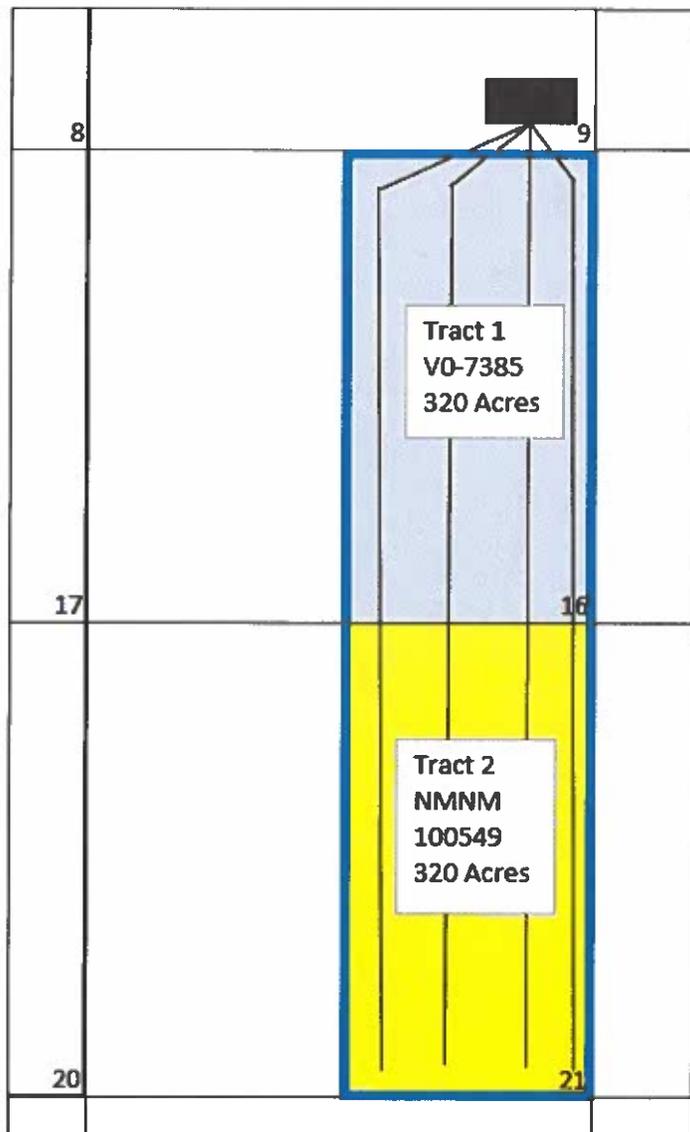


### EXHIBIT "A"

Plat of communitized area covering 640 acres in the E/2 Sections 16 and 21, Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

**Wells:**

- FEW 16 21 FEDERAL COM 426H 30-015-53731
- FEW 16 21 FEDERAL COM 427H 30-015-53699
- FEW 16 21 FEDERAL COM 428H 30-015-53516
- FEW 16 21 FEDERAL COM 429H 30-015-53581



### EXHIBIT "B"

To Communitization Agreement Dated February 1, 2024, embracing the following described land in Sections 16 and 21, Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, containing 640 acres, as to the Wolfcamp formation.

Operator of Communitized Area: Chevron U.S.A. Inc.

#### DESCRIPTION OF LEASES COMMITTED

##### Tract No. 1

Lease Serial Number:	State of New Mexico V0-7385
Description of Land Committed:	Township 26 South, Range 27 East, N.M.P.M., Section 16: E/2
Number of Acres:	320
Authority for Pooling:	New Mexico Oil Conservation Division Compulsory Pooling Order No. R-22992
Current Lessee of Record:	Earthstone Operating LLC (f/k/a Chisholm Energy Operating, LLC) 100%
Name of Operating Rights Owners:	Chevron U.S.A. Inc. 100%

##### Tract No. 2

Lease Serial Number:	NMNM 100549
Description of Land Committed:	Township 26 South, Range 27 East, N.M.P.M., Section 21: E/2
Number of Acres:	320
Authority for Pooling:	New Mexico Oil Conservation Division Compulsory Pooling Order No. R-22992
Current Lessee of Record:	Chevron U.S.A. Inc. 59.4% Chevron Midcontinent, L.P. 30.6% Oxy Y-1 Company 10%
Name of Working Interest Owners:	Chevron U.S.A. Inc. 69.4% Chevron Midcontinent, L.P. 30.6%

**RECAPITULATION**

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	320	50%
<u>2</u>	<u>320</u>	<u>50%</u>
Total	640	100.00%

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-015-53731
5. Indicate Type of Lease STATE [ ] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name FEW 16 21 FEDERAL COM
8. Well Number 426H
9. OGRID Number 4323
10. Pool name or Wildcat PURPLE SAGE; WOLFCAMP (GAS)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3282' GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [ ] Gas Well [x] Other
2. Name of Operator CHEVRON USA, INC.
3. Address of Operator 6301 DEAUVILLE BLVD, MIDLAND, TEXAS 79706
4. Well Location Unit Letter P : 889 feet from the SOUTH line and 1043 feet from the EAST line
Section 9 Township 26S Range 27E NMPM County EDDY

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ]
TEMPORARILY ABANDON [ ] CHANGE PLANS [ ]
PULL OR ALTER CASING [ ] MULTIPLE COMPL [ ]
DOWNHOLE COMMINGLE [ ]
CLOSED-LOOP SYSTEM [ ]
OTHER: [ ]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [ ]
CASING/CEMENT JOB [ ] ALTERING CASING P AND A [ ]
OTHER: APPROVED SUPPLEMENT TO PLC-887B [x]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHEVRON USA INC. REQUESTS THE FOLLOWING:

PLEASE FIND ATTACHED THE APPROVED SUPPLEMENT FROM THE STATE LAND OFFICE TO THE PREVIOUSLY APPROVED ORDER PLC-887B FOR THE FOLLOWING WELLS IN HAYHURST NEW MEXICO:
FEW 16 21 FEDERAL COM 426H / API 30-015-53731
FEW 16 21 FEDERAL COM 427H / API 30-015-53699
FEW 16 21 FEDERAL COM 428H / API 30-015-53516
FEW 16 21 FEDERAL COM 429H / API 30-015-53581

Spud Date: [ ]

Rig Release Date: [ ]

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

SIGNATURE Carol Adler TITLE Sr. Regulatory Affairs Coordinator DATE 10/1/2024

Type or print name Carol Adler E-mail address: caroladler@chevron.com PHONE: (432) 687-7148

For State Use Only

APPROVED BY: TITLE DATE Conditions of Approval (if any):

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

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

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

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

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

CONDITIONS  
 Action 389039

**CONDITIONS**

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 389039
	Action Type: [C-103] Sub. General Sundry (C-103Z)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	None	10/25/2024