

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page
NMNM105780580

Run Date/Time: 8/23/2022 7:21 AM

| Authority | Total Acres | Serial Number |
|---|------------------------|-------------------|
| 02-25-1920;041STAT0437;30USC181;MINERAL LEASING ACT OF 1920 | | NMNM105780580 |
| | Case File Jurisdiction | Legacy Serial No |
| Product Type COMMUNITIZATION AGREEMENT Commodity Oil & Gas Case Disposition PENDING | | Lease Issued Date |

| CASE DETAILS | | | | NMNM105780580 |
|--------------------|--------------------|--------------------|---------------------------|--|
| Case Name | C-8371772 | Split Estate | Fed Min Interest | |
| Effective Date | 08/01/2022 | Split Estate Acres | Future Min Interest | No |
| Expiration Date | | Royalty Rate | Future Min Interest Date | |
| Land Type | Federal-All Rights | Royalty Rate Other | Acquired Royalty Interest | |
| Formation Name | Bone Spring | Approval Date | Held In a Producing Unit | No |
| Parcel Number | | Sale Date | Number of Active Wells | |
| Parcel Status | | Sales Status | | |
| Participating Area | | Total Bonus Amount | 0.00 | Production Determination Non-Producing |
| Related Agreement | | Tract Number | Lease Suspended | No |
| Application Type | | Fund Code | Total Rental Amount | |

| CASE CUSTOMERS | | | | NMNM105780580 |
|------------------------|-------------------------|----------------------|----------|--|
| Name & Mailing Address | | | | Interest Relationship Percent Interest |
| AVANT OPERATING LLC | 1515 WYNKOOP ST STE 700 | DENVER CO 80202-2062 | OPERATOR | 100.000000 |

| LAND RECORDS | | | | | | | | | | NMNM105780580 |
|--------------|-------|-------|-----|-------------|---------------|-------------|-------------------------|--------|-------------|---------------|
| Mer | Twp | Rng | Sec | Survey Type | Survey Number | Subdivision | District / Field Office | County | Mgmt Agency | |
| 23 | 0190S | 0320E | 036 | Aliquot | | NW,N2SW | | | | |
| 23 | 0190S | 0320E | 036 | Lot | | 1,2 | | | | |
| 23 | 0200S | 0320E | 001 | Aliquot | | S2NW,SW | | | | |
| 23 | 0200S | 0320E | 001 | Lot | | 3,4 | | | | |

| CASE ACTIONS | | | | | | NMNM105780580 |
|--------------|------------|-----------------|-------------------|----------------|--|---------------|
| Action Date | Date Filed | Action Name | Action Status | Action Remarks | | |
| 08/18/2022 | 08/18/2022 | ADD CASE LANDS | APPROVED/ACCEPTED | | | |
| 08/18/2022 | 08/18/2022 | AGREEMENT FILED | APPROVED/ACCEPTED | | | |

| ASSOCIATED AGREEMENT OR LEASE (RECAPITULATION TABLE) INFO | | | | | | | | | NMNM105780580 |
|---|----------------------------|------------------|---------|----------|-------------------|----------------------------------|----------|--------------------|---------------|
| Lease Serial Number | Lease Legacy Serial Number | Case Disposition | Type | Tract No | Commitment Status | Commitment Status Effective Date | Acres | Allocation Percent | |
| NMNM105507077 | NMNM 077054 | PENDING | STATE | 01 | | | 238.8600 | 37.488800 | |
| | | PENDING | STATE | 02 | | | 40.0000 | 6.278000 | |
| | | PENDING | STATE | 03 | | | 39.1900 | 6.150800 | |
| | | PENDING | FEDERAL | 04 | | | 199.1000 | 31.248500 | |
| | | PENDING | FEE | 05 | | | 120.0000 | 18.833900 | |



RECEIVED

AUG 18 2022

BLM, NMSO
SANTA FE

August 16, 2022

**Sent via FedEx overnight delivery*

Lisa M. Rivera, Reservoir Management
BLM - New Mexico State Office
301 Dinosaur Trail
Santa Fe, NM 87508

NMNM 105780580

RE: Federal Communitization Agreement
Cutbow Fed Com 601H - Bone Spring Formation

Dear Ms. Rivera,

Please find attached two (2) fully executed originals and one (1) copy of our model form Federal Communitization Agreement for the following land:

Township 19 South, Range 32 East, N.M.P.M.

Section 36: NW, N2SW, Lot 1 (SWSW 39.86), Lot 2 (SESW 39.19)

Township 20 South, Range 32 East, N.M.P.M.

Section 01: Lot 3 (NENW 39.63), Lot 4 (NWNW 39.47), S2NW, SW

Lea County, New Mexico

containing 638.15 acres, more or less

Should you require any additional information from us, please feel free to contact me and the information provided below.

Sincerely,

A handwritten signature in blue ink that reads "Tiffany Sarantinos".

Tiffany Sarantinos
Sr. Land Administration
tiffany@avantnr.com
720-746-5048

1515 Wynkoop Street | Suite 700 | Denver, CO 80202
www.avantnr.com

RECEIVED

AUG 18 2022

Federal Communitization Agreement

BLM, NMSO

Contract No. ANMNM 105780 580 **SANTA FE**

THIS AGREEMENT, entered into as of the **1st of August 2022** 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 portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

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

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and 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:

Township 19 South, Range 32 East, N.M.P.M.**Section 36: NW, N2SW, Lot 1 (SWSW 39.86), Lot 2 (SESW 39.19)****Township 20 South, Range 32 East, N.M.P.M.****Section 01: Lot 3 (NENW 39.63), Lot 4 (NWNW 39.47), S2NW, SW****Lea County, New Mexico**

Containing ^{7 m}638.15 acres, more or less, and this agreement shall include only the **Bone Spring** Formation(s) underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

Cutbow Fed Com 601H, 602H and 603H
 Bone Spring Formation
 W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
 Lea County, New Mexico

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, 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. The operator of the communitized area shall be **Avant Operating, LLC**, 1515 Wynkoop Street, Suite #700 Denver, CO 80202. 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 four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, 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, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement 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 non-communitized 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 production.

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Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

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 the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **August 1, 2022** and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representatives, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, 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 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interest of the parties hereto and their successors in

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Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
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interests 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 land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and to assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all 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 above written and have set opposite their respective names the date of execution.

Operator & Working Interest Owner:

Avant Operating, LLC

By: 

Name: Skyler Gary

Title: Co-CEO

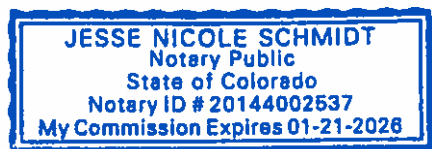
Date: 8-1-2022

THE STATE OF COLORADO §

§

COUNTY OF DENVER §

This instrument was acknowledged before me on this 1st day of August, 2022, by Skyler Gary, as Co-CEO of Avant Operating, LLC.




Notary Public in and for the State of Colorado

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Avant Operating, LLC, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

8-1-2022
Date

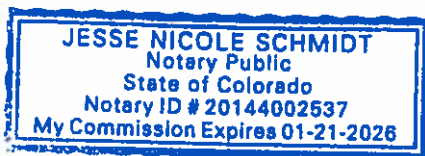
By: Skyler Gary
Title: Co- CEO

ACKNOWLEDGEMENT

STATE OF Colorado)
) ss.
COUNTY OF Denver)

On this 1st day of August, 20 22, before me, a Notary Public for the State of Colorado, personally appeared Skyler Gary, known to me to be the Co-CEO of Avant Operating, LLC, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)



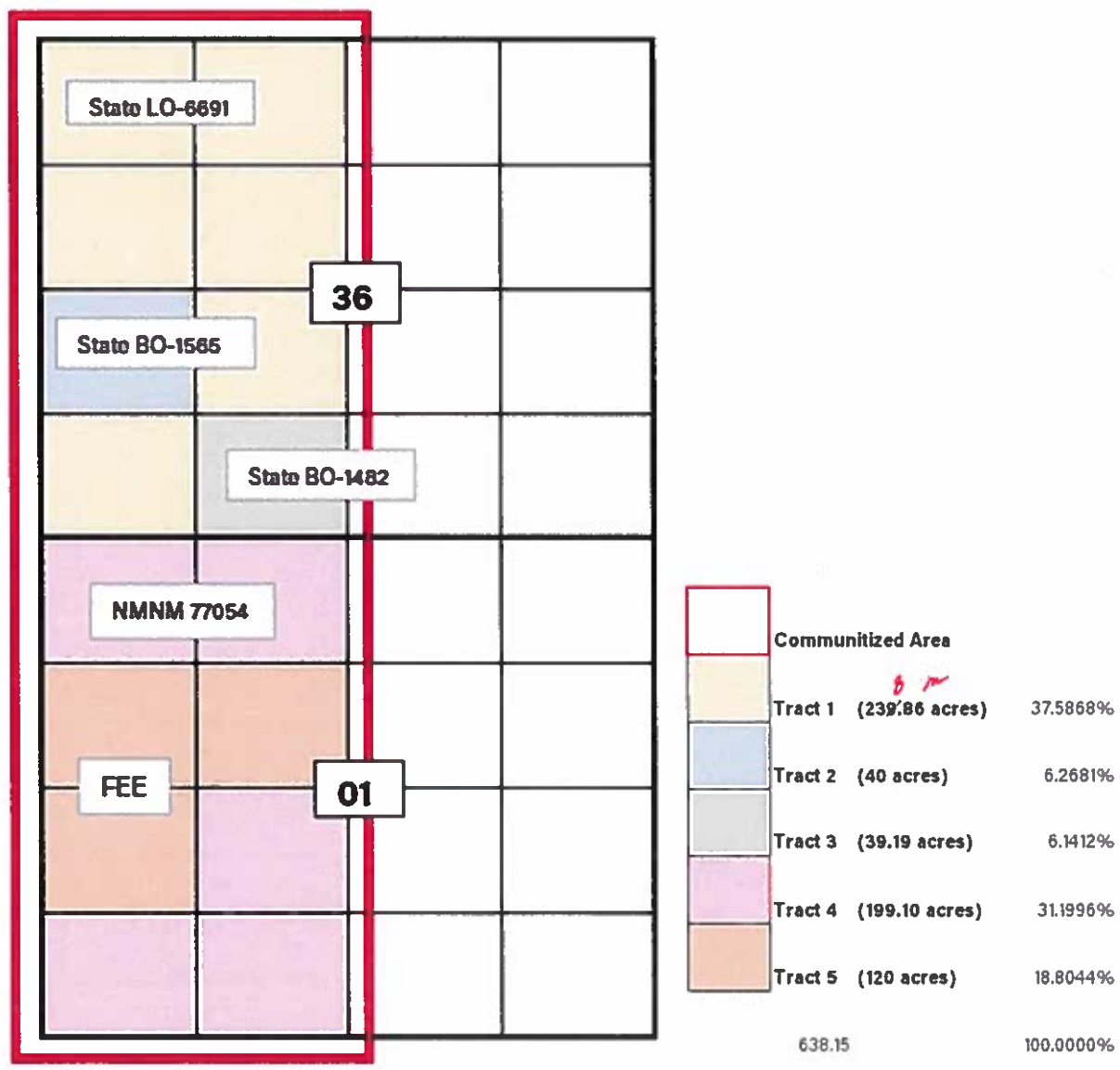
01/21/2026
My Commission Expires

Jesse N. Schmidt
Notary Public

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Bone Spring Formation
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Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **638.15** acres, more or less, in
W/2 of Section 36, Township 19 South, Range 32 East and
W/2 of Section 1, Township 20 South, Range 32 East
Lea County, New Mexico.
Well Name/No.
Cutbow Federal Com 601H, 602H and 603H



Cutbow Fed Com 601H, 602H and 603H
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Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated August 1, 2022, embracing the following described land in W/2 of Section 36, Township 19 South, Range 32 East and W/2 of Section 1, Township 20 South, Range 32 East Lea County, New Mexico.

Operator of Communitized Area: Avant Operating, LLC

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1:

Lease Serial Number: State of New Mexico L-6691
Lease Date: October 1, 1971
Lease Primary Term: Ten (10) years
Recordation: Not Recorded
Lessor: State of New Mexico L-6691
Original Lessee: Union Oil Company of California
Current Lessee: Magnum Hunter Production, Inc. - 100%
Description of Land Committed: Insofar and only insofar as said lease covers:
Township 19 South, Range 32 East
Section 36: NW, NESW, Lot 1 (SWSW 39.86)
Lea County, New Mexico
Number of Acres: 239.86
Royalty Rate: 12.50%
WI Owners Names and Interests: Avant Operating, LLC - 100%
ORRI Owners: Magnum Hunter Production, Inc - 7.5%
Authority for Pooling: State Lease

TRACT NO. 2

Lease Serial Number: State of New Mexico B-1565
Lease Date: December 29, 1932
Lease Primary Term: Ten (10) years
Recordation: BK 494, PG 574
Lessor: State of New Mexico B-1565
Original Lessee: George F. Getty Oil Company
Current Lessee: Chevron USA Inc. - 100%
Description of Land Committed: Insofar and only insofar as said lease covers:
Township 19 South, Range 32 East
Section 36: NWSW
Lea County, New Mexico
Number of Acres: 40.00
Royalty Rate: 12.50%

Cutbow Fed Com 601H, 602H and 603H
Bone Spring Formation
W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
Lea County, New Mexico

TRACT NO. 2 CONTINUED

WI Owners Names and Interests: Chevron USA Inc. - 100%
 ORRI Owners: None
 Authority for Pooling: State Lease

TRACT NO. 3:

Lease Serial Number: State of New Mexico B-1482
 Lease Date: November 26, 1928
 Lease Primary Term: Ten (10) years
 Recordation: BK 938, PG 776 Lea County Records
 Lessor: **State of New Mexico B-1482**
 Original Lessee: Empire Gas & Fuel Company
 Current Lessee: Oxy USA Y-1 - 100%
 Description of Land Committed: Insofar and only insofar as said lease covers:
Township 20 South, Range 32 East
 Section 01: Lot 2 (SESW 39.19)
 Lea County, New Mexico
 Number of Acres: 39.19
 Royalty Rate: 12.50%
 WI Owners Names and Interests: Oxy USA WTP, LP - 100%
 ORRI Owners: None
 Authority for Pooling: State Lease

TRACT NO. 4:

Lease Serial Number: NMNM 077054
 Lease Date: September 1, 1988
 Lease Primary Term: Five (5) years
 Recordation: Not Recorded
 Lessor: **United States of America**
 Original Lessee: Yates Petroleum Corporation
 Current Lessee: EOG Resources, Inc. - 86.25%
 Oxy Y-1 Company - 10.00%
 Sharbro Energy, LLC - 3.75%
 Description of Land Committed: Insofar and only insofar as said lease covers:
Township 20 South, Range 32 East
 Section 01: Lot 3 (NENW 39.63), Lot 4 (NWNW 39.47), NESW,
 S2SW
 Lea County, New Mexico
 Number of Acres: 199.10
 Royalty Rate: 12.50%
 WI Owners Names and Interests: Avant Operating, LLC - 86.25%
 Oxy Y-1 Company - 10.00%
 Sharbro Energy, LLC - 3.75%

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 Bone Spring Formation
 W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
 Lea County, New Mexico

TRACT NO. 4 CONTINUED

ORRI Owners: Nilo Operating Company - 8.193750%
Authority for Pooling: Federal Lease

TRACT NO. 5:

Lease Date: February 1, 2011
Lease Primary Term: Four (4) years
Recordation: Book 1716, Page 159
Lessor: **Larry C. Squires, as Trustee for the Larry C. Squires Revocable Trust, dated October 6, 2004**
Original Lessee: Rolla R. Hinkle, III
Current Lessee: Rolla R. Hinkle, III
Description of Land Committed: Insofar and only insofar as said lease covers:
Township 20 South, Range 32 East
Section 01: S2NW, NWSW
Lea County, New Mexico
Number of Acres: 120.00
Royalty Rate: 20.00%
WI Owners Names and Interests: Avant Operating, LLC - 100%
ORRI Owners: None
Authority for Pooling: Paragraph 5 authorizes the Lessee to pool, provided that units shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority.

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Bone Spring Formation
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RECAPITULATION

| Tract No. | No. of Acres Committed | Percentage of Interest in the Communitized Area |
|--------------|---------------------------|--|
| 1 | 239.86 <i>72</i> | 37.5868% <i>37.4888%</i> |
| 2 | 40.00 | 6.2681% <i>6.2780%</i> |
| 3 | 39.19 | 6.1412% <i>6.1508%</i> |
| 4 | 199.10 | 31.1996% <i>31.2485%</i> |
| 5 | 120.00 | 18.8040% <i>18.8339%</i> |
| Total | 638.15 | 100.00% |

Cutbow Fed Com 601H, 602H and 603H
 Bone Spring Formation
 W2 Section 36 T19S-R32E, W2 Section 01 T20S-R32E
 Lea County, New Mexico

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

General Information
Phone: (505) 629-6116

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

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

CONDITIONS

Action 510097

CONDITIONS

| | |
|---|--|
| Operator: Avant Operating, LLC 6001 Deauville Blvd Midland, TX 79706 | OGRID: 330396 |
| | Action Number: 510097 |
| | Action Type: [IM-SD] Well File Support Doc (ENG) (IM-AWF) |

CONDITIONS

| | | |
|------------|-----------|----------------|
| Created By | Condition | Condition Date |
| dmcclure | None | 9/29/2025 |