

ILTBP-200814-C-107B PLC-699

Revised March 23, 2017

|                   |              |           |                       |
|-------------------|--------------|-----------|-----------------------|
| RECEIVED: 8/14/20 | REVIEWER: DM | TYPE: PLC | APP NO: pDM2023151977 |
|-------------------|--------------|-----------|-----------------------|

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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

**ADMINISTRATIVE APPLICATION CHECKLIST**

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

**Applicant:** Tap Rock Operating, LLC **OGRID Number:** 372043  
**Well Name:** Gipple Fed Com #134H, #138H, #214H, #218H **API:** 30-025-46669, 46670, 46671, 46672  
**Pool:** WC-025 G-07 S243517D; Middle Bone Spring; WC-025 G-09 S243532M; Wolfbone **Pool Code:** 98294; 98098

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

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

A. Location – Spacing Unit – Simultaneous Dedication

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

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

[ I ] Commingling – Storage – Measurement

☐ DHC☐ CTB☒ PLC☐ PC☐ OLS☐ OLM

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

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete☐ Application  
Content  
Complete

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

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

Kaitlyn A. Luck

Print or Type Name

Signature

08/14/2020

Date

505-954-7286

Phone Number

kaluck@hollandhart.com

e-mail Address



**Kaitlyn A. Luck**  
Phone (505) 954-7286  
KALuck@hollandhart.com

August 14, 2020

**VIA ONLINE FILING**

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

**Re: Application of Tap Rock Operating, LLC, to authorize pool and lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Gipple Tank Battery located in the SE/4 SE/4 of Section 33, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.**

Dear Ms. Sandoval:

Pursuant to 19.15.12.7 NMAC, individual spacing units are considered separate “leases” for surface commingling purposes. Accordingly, **Tap Rock Operating, LLC** (OGRID No. 372043) seeks administrative approval for pool and lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the Gipple Central Tank Battery of production from the WC-025 S243517D; Middle Bone Spring (98294); and the WC-025 G-09 S243532M; Wolfbone (98098) pools from *all existing and future wells drilled in the following “leases”/spacing units:*

(a) The 320-acre, more or less, spacing unit in the WC-025 S243517D; Middle Bone Spring pool (98294) underlying the E/2 E/2 of Sections 28 and 33. The spacing unit is currently dedicated to the **Gipple Fed Com #138H well** (API No. 30-025-46669), and the **Gipple Fed Com #138H well** (API No. 30-025-46670);

(b) The 320-acre, more or less, spacing unit in the WC-025 G-09 S243532M; Wolfbone pool (98098) underlying the E/2 E/2 of Sections 28 and 33. The spacing unit is currently dedicated to the **Gipple Fed Com #214H well** (API No. 30-025-46671), and the **Gipple Fed Com #218H well** (API No. 30-025-46672); and

(c) Pursuant to 19.15.12.10.C(4)(g), *future spacing units connected to this central tank battery* with notice provided only to the interest owners within these future “leases”/spacing units.

August 11, 2020

Page 2

Oil and gas production from these “leases” will be commingled and sold at the Gipple Tank Battery located in the SE/4 SE/4 of Section 33. Prior to commingling, gas production from each “lease” will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each “lease” will also be separately metered using turbine meters.

**Exhibit 1** is a C-102 for each of the wells currently permitted or drilled within the existing spacing units. There are no available production reports for the wells.

**Exhibit 2** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Bill Ramsey, Regulatory Analyst with Tap Rock, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (attachment A to the statement) and a referenced gas sample (attachment B to the statement).

**Exhibit 3** is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has been provided to the Bureau of Land Management since federal lands are involved.

Finally, the proposed communitization agreements for the acreage subject to this application are attached as **Exhibit 4**.

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

Sincerely,



Kaitlyn A. Luck  
ATTORNEY FOR TAP ROCK OPERATING, LLC

**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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

# EXHIBIT 1

FORM C-102

Revised August 1, 2011

**Submit one copy to appropriate**

District Office

☐ **AMENDED REPORT**  
**AS-DRILLED**

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |   |
|---|--|---|
| <sup>1</sup> API Number<br>30-025-46669 | <sup>2</sup> Pool Code<br>98294                        | <sup>3</sup> Pool Name<br>WC-025 G-07 S243517D; Middle Bone Spring      |
| <sup>4</sup> Property Code<br>326772    | <sup>5</sup> Property Name<br>GIPPLE FED COM           |   |
| <sup>7</sup> OGRID No.<br>372043        | <sup>8</sup> Operator Name<br>TAP ROCK OPERATING, LLC. | <sup>6</sup> Well Number<br>134H<br><br><sup>9</sup> Elevation<br>3284' |

### <sup>10</sup>Surface Location

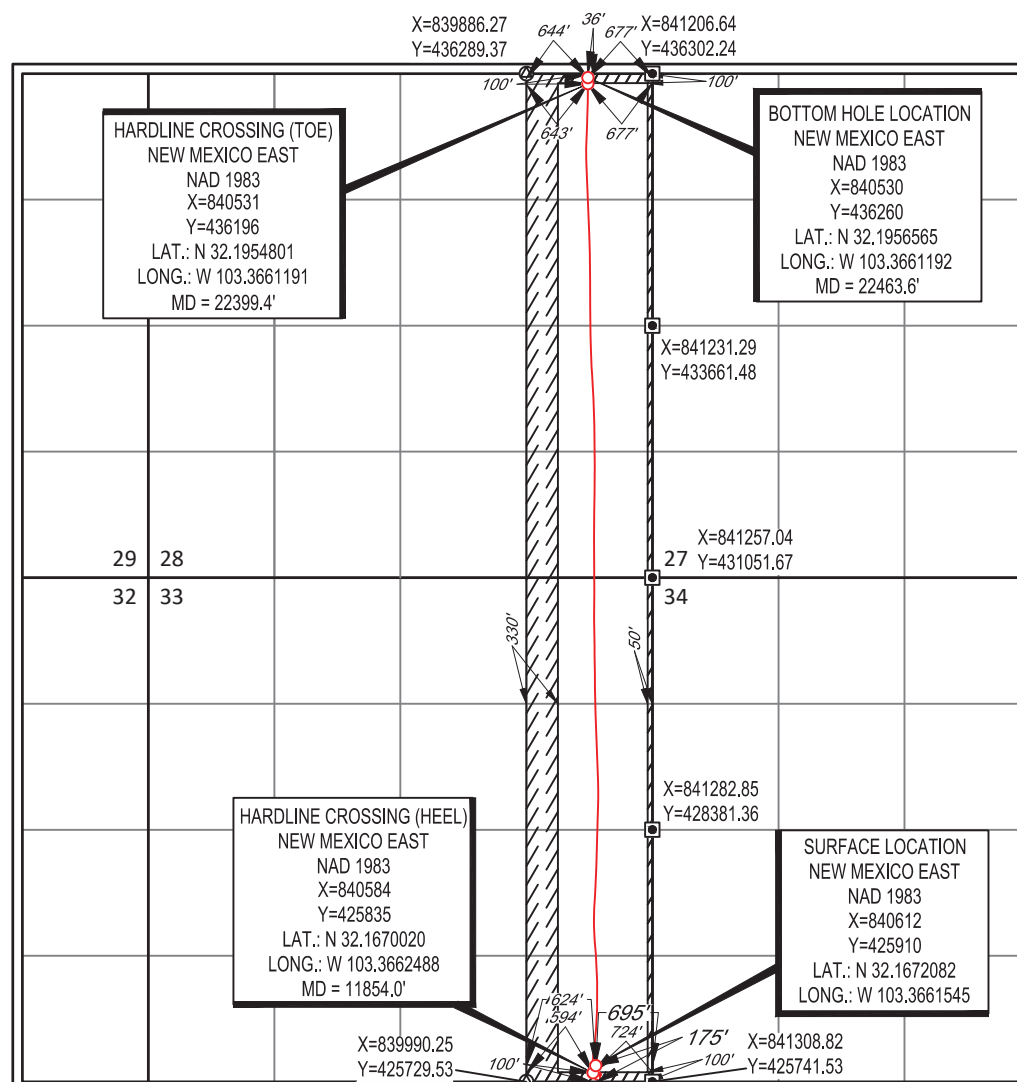
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 33      | 24-S     | 35-E  | —       | 175'          | SOUTH            | 695'          | EAST           | LEA    |

<sup>11</sup>Bottom Hole Location If Different From Surface

|               |           |             |             |          |               |                  |               |                |            |
|---------------|-----------|-------------|-------------|----------|---------------|------------------|---------------|----------------|------------|
| UL or lot no. | Section   | Township    | Range       | Lot Idn  | Feet from the | North/South line | Feet from the | East/West line | County     |
| <b>A</b>      | <b>28</b> | <b>24-S</b> | <b>35-E</b> | <b>-</b> | <b>36'</b>    | <b>NORTH</b>     | <b>677'</b>   | <b>EAST</b>    | <b>LEA</b> |

|                               |                               |                                  |                         |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



---

<sup>17</sup>OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Raney

6/1/2020

Signature \_\_\_\_\_

Date \_\_\_\_\_

Bill Ramsey

Printed Name \_\_\_\_\_

bramsey@taprk.com

E-mail Address

## 18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

12/05/2018

Date of Survey \_\_\_\_\_  
Signature and Seal of Professional Surveyor \_\_\_\_\_

Certificate Number 25118

Certificate Number

**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

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**District IV**  
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

**FORM C-102**

Revised August 1, 2011

**Submit one copy to appropriate**

**District Office**

☐ **AMENDED REPORT**  
**AS-DRILLED**

# WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |   |
|---|--|---|
| <sup>1</sup> API Number<br>30-025-46670 | <sup>2</sup> Pool Code<br>98294                        | <sup>3</sup> Pool Name<br>WC-025 G-07 S243517D; MIDDLE BONE SPRING      |
| <sup>4</sup> Property Code<br>326772    | <sup>5</sup> Property Name<br>GIPPLE FED COM           |   |
| <sup>7</sup> OGRID No.<br>372043        | <sup>8</sup> Operator Name<br>TAP ROCK OPERATING, LLC. | <sup>6</sup> Well Number<br>138H<br><br><sup>9</sup> Elevation<br>3284' |

<sup>10</sup>Surface Location

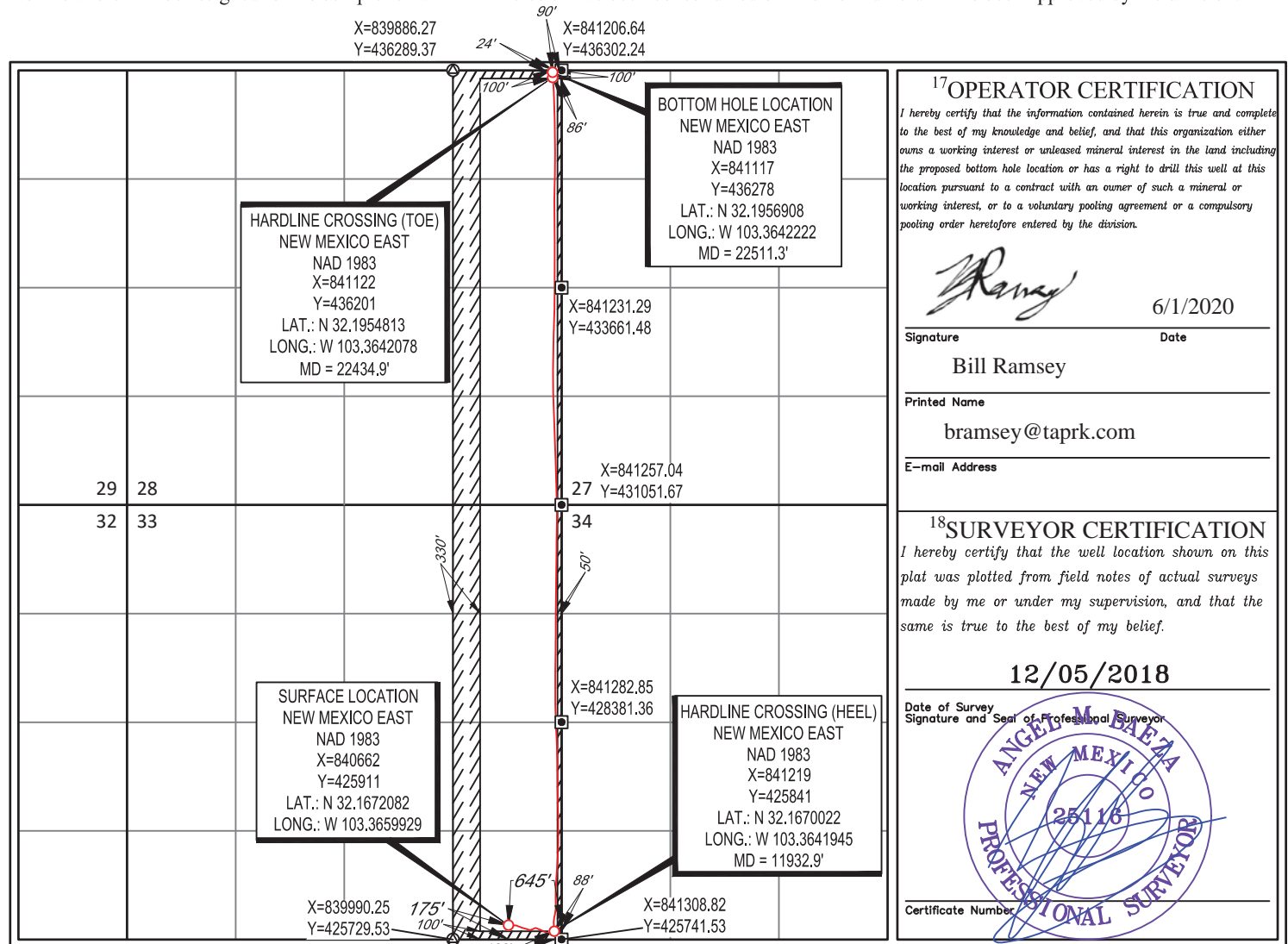
|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| P             | 33      | 24-S     | 35-E  | —       | 175'          | SOUTH            | 645'          | EAST           | LEA    |

<sup>11</sup>Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 28      | 24-S     | 35-E  | —       | 24'           | NORTH            | 90'           | EAST           | LEA    |

|                               |                               |                                  |                         |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.





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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT  
AS-DRILLED

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |  |
|---|--|--|
| <sup>1</sup> API Number<br>30-025-46671 | <sup>2</sup> Pool Code<br>98098                        | <sup>3</sup> Pool Name<br>WC-025 G-09 S243532M; WOLFBONE |
| <sup>4</sup> Property Code<br>326772    | <sup>5</sup> Property Name<br>GIPPLE FED COM           | <sup>6</sup> Well Number<br>214H                         |
| <sup>7</sup> OGRID No.<br>372043        | <sup>8</sup> Operator Name<br>TAP ROCK OPERATING, LLC. | <sup>9</sup> Elevation<br>3284'                          |

<sup>10</sup>Surface Location

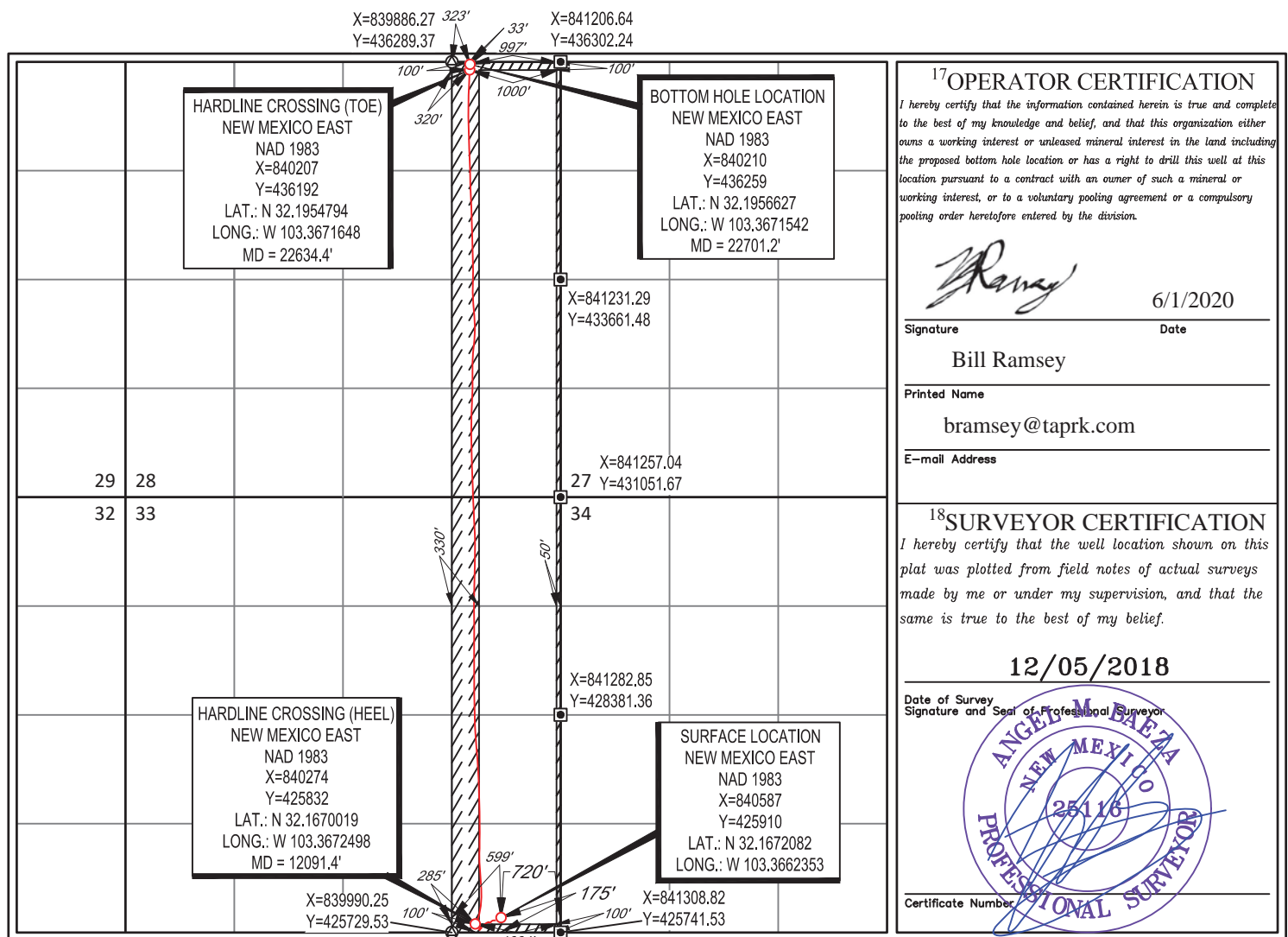
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 33      | 24-S     | 35-E  | -       | 175'          | SOUTH            | 720'          | EAST           | LEA    |

<sup>11</sup>Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 28      | 24-S     | 35-E  | -       | 33'           | NORTH            | 997'          | EAST           | LEA    |

|                               |                               |                                  |                         |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|                               |                               |                                  |                         |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>17</sup>OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Bill Ramsey*

6/1/2020

Signature

Date

Bill Ramsey

Printed Name

bramsey@taprk.com

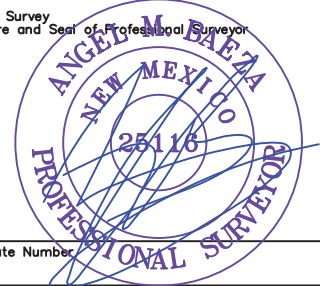
E-mail Address

<sup>18</sup>SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

12/05/2018

Date of Survey  
Signature and Seal of Professional Surveyor



Certificate Number

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
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State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT  
AS-DRILLED

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |  |
|---|--|--|
| <sup>1</sup> API Number<br>30-025-46672 | <sup>2</sup> Pool Code<br>98098                        | <sup>3</sup> Pool Name<br>WC-025 G-09 S243532M; WOLFBONE |
| <sup>4</sup> Property Code<br>326772    | <sup>5</sup> Property Name<br>GIPPLE FED COM           | <sup>6</sup> Well Number<br>218H                         |
| <sup>7</sup> OGRID No.<br>372043        | <sup>8</sup> Operator Name<br>TAP ROCK OPERATING, LLC. | <sup>9</sup> Elevation<br>3284'                          |

<sup>10</sup>Surface Location

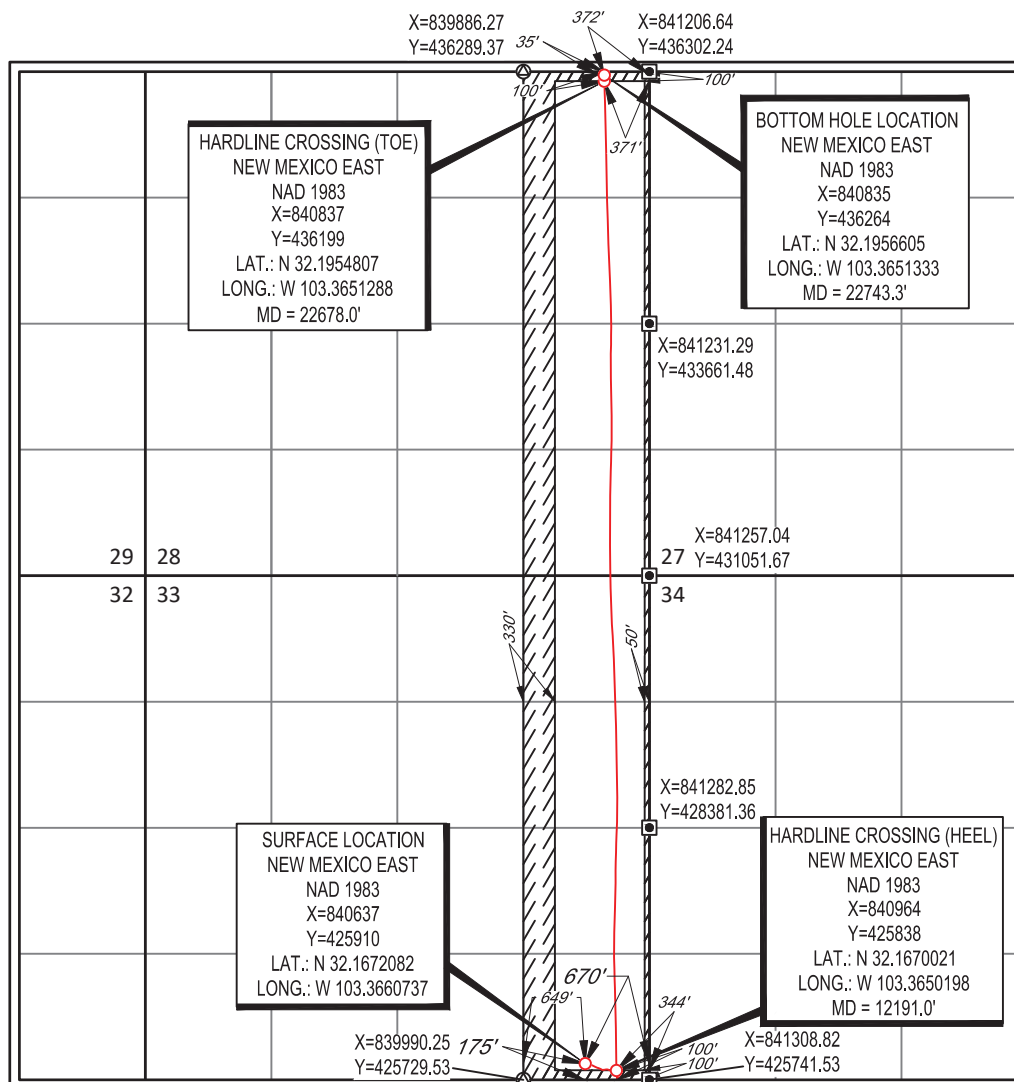
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 33      | 24-S     | 35-E  | -       | 175'          | SOUTH            | 670'          | EAST           | LEA    |

<sup>11</sup>Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 28      | 24-S     | 35-E  | -       | 35'           | NORTH            | 372'          | EAST           | LEA    |

|                               |                               |                                  |                         |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>17</sup>OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Bill Ramsey*

6/1/2020

Signature

Date

Bill Ramsey

Printed Name

bramsey@taprk.com

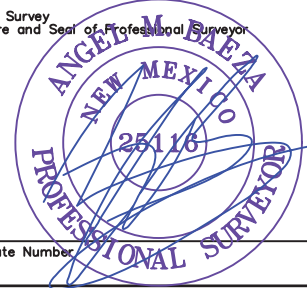
E-mail Address

<sup>18</sup>SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

12/05/2018

Date of Survey  
Signature and Seal of Professional Surveyor



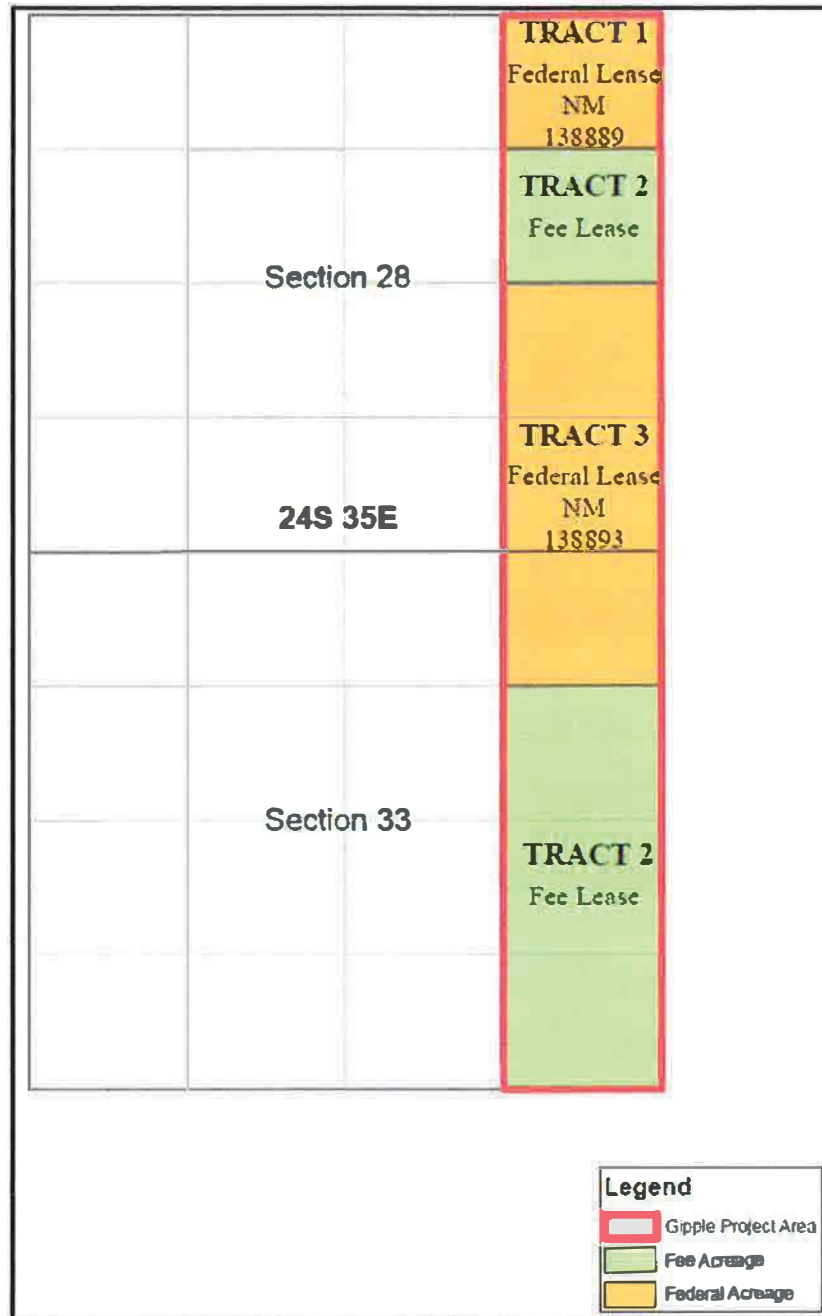
Certificate Number







Well Name/No.  
**Gipple Federal Com #214H**



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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

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

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

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

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

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

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

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

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

| (1) Pool Names and Codes | Gravities / BTU of<br>Non-Commingled<br>Production | Calculated Gravities /<br>BTU of Commingled<br>Production |  | Calculated Value of<br>Commingled<br>Production | Volumes |
|--------------------------|--|---|--|---|---------|
| See Attached             |  |   |  |   |         |
|                          |  |   |  |   |         |
|                          |  |   |  |   |         |
|                          |  |   |  |   |         |
|                          |  |   |  |   |         |

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

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

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

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

- (1) Complete Sections A and E.

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

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

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

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

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

SIGNATURE: Bill Ramsey TITLE: Regulatory Analyst DATE: 8/10/2020

TYPE OR PRINT NAME Bill Ramsey TELEPHONE NO.: 720-360-4028

E-MAIL ADDRESS: bramsey@taprk.com

**EXHIBIT 2**

TAP ROCK RESOURCES, LLC  
523 PARK POINT DRIVE, SUITE 200  
GOLDEN, COLORADO 80401



August 7, 2020

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

**Re: Application of Tap Rock Operating, LLC for administrative approval for approval to surface commingle (pool commingle) oil and gas production from the spacing units comprised of Section 33, Township 24S, Range 35E, Lea County, New Mexico (the "Lands")**

To Whom This May Concern,

Tap Rock Operating, LLC ("Tap Rock"), OGRID No. 372043, requests to commingle current oil and gas production from four (4) distinct wells located on the Lands and future production from the Lands as described herein. All wells will be metered through individual liquid coriolis flow meters for oil and ultrasonic flow meters for gas. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the gas gathering line. Each well on the Lands will have its own test separator with a coriolis flow meter for oil and ultrasonic flow meter for gas manufactured and assembled in accordance with the American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third-party measurement company in accordance with industry specifications.

Gas samples are obtained at the time of the meter testing and calibration and the composition and heating value are determined by a laboratory in accordance with the American Petroleum Institute (API) specifications to ensure accurate volume and energy (MMBTU) determinations. We have attached a sample gas analysis from the closest producing well near the Lands at **Exhibit B** as no well on the Lands is currently producing.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. The PFD shows that the water, oil and gas leave the wellbore and flow into a wellhead test separator which separates each stream. The oil is measured via the coriolis flow meter on each individual well and is calibrated periodically by a third-party measurement company for accuracy. After the oil is individually metered by coriolis flow meters at each well it can be comingled into a heater treater then into the stock tanks or, each well can be isolated into its own individual tank for testing purposes. The gas is measured on a volume and MMBTU basis by an ultrasonic flow meter on each individual well and supporting EFM equipment in accordance with API Chapter 21.1. The gas is then sent into a gathering line where it is commingled with each of the other well's metered gas. The gathering line is then metered by another ultrasonic flow meter at the tank battery check meter to show the total volume of gas leaving the tank battery. The tank battery meter is tested and calibrated in accordance with industry specifications and

volume and energy and determined on an hourly, daily and monthly basis. Once the gas exits the final tank battery sales check it travels directly into a third-party sales connect meter. The third-party gas gatherer has its own meter that measures the gas for custody transfer and that meter is also calibrated periodically to ensure measurement accuracy.

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

Regards,

TAP ROCK OPERATING, LLC

A handwritten signature in black ink, appearing to read "Ramsey", written in a cursive style.

Bill Ramsey  
Regulatory Analyst

**APPLICATION FOR POOL AND LEASE COMMINGLE, AND OFF-LEASE  
MEASUREMENT, STORAGE AND SALES FOR OIL AND GAS PRODUCTION AT  
CYPRESS CTB**

| Well Name           | API          | Surface Location | Pool  | Date Online  | Oil (BOD)* | Gas (MCFD) * | Gravity | BTU/cf |
|---------------------|--------------|------------------|---|--------------|------------|--------------|---------|--------|
| Gipple Fed Com 134H | 30-025-46669 | P-33-24S-35E     | WC-025 G-07 S243517D;<br>MIDDLE BONE SPRING | Est. Aug '20 | 1009       | 1210         | 47      | 1362   |
| Gipple Fed Com 138H | 30-025-46670 | P-33-24S-35E     | WC-025 G-07 S243517D;<br>MIDDLE BONE SPRING | Est. Aug '20 | 1009       | 1210         | 47      | 1362   |
| Gipple Fed Com 214H | 30-025-46671 | P-33-24S-35E     | WC-025 G-09 S243532M;<br>WOLFBONE           | Est. Aug '20 | 1262       | 1363         | 47      | 1258   |
| Gipple Fed Com 218H | 30-025-46672 | P-33-24S-35E     | WC-025 G-09 S243532M;<br>WOLFBONE           | Est. Aug '20 | 1262       | 1363         | 47      | 1258   |

\*Based on first 6 month average



**Facility-Building**  
 4 WELL  
 4 WELL

**INDIVIDUAL LINES**

**12 OIL TANKS**

**4 WATER TANKS**

**WATER**

**GAS**

**OIL**

**FLARE, KNOCK OUT DRUM**

**FLARE**

**NON-FIRED SEPARATOR**

**NON-FIRED SEPARATOR**

**NON-FIRED SEPARATOR**

**NON-FIRED SEPARATOR**

**COMMINGLING LINE**

**GAS METER**

**OIL METER**

**GAS SALES METER**

**GAS SALES CHECK METER**

**REVISIONS**

**NO. A**

**ISSUED FOR CLIENT REVIEW**

**DATE 10/27/18**

**BY CP**

**CHKD**

**DATE 10/27/18**

**APPR. 10/27/18**

**DESIGNED BY**

**DATE 10/19/18**

**CHECKED BY**

**DATE 10/19/18**

**PROJECT**

**SCALE**

**JOB NO.**

**ISSUING NO.**

**1300-18-D-1000**

**REV. A**

**TAP ROCK OPERATING FACILITY COMMINGLING DIAGRAM**

**TEXAS PABCO SOLUTIONS, INC.**  
 178 RANCH ROAD 302 EAST  
 ROBINSON, TX 75080

**NOTES**

**Atchafalaya Measurement, Inc.**  
 416 East Main Street Artesia, NM 88210 575-746-3481

**Exhibit B**

**Inficon Micro GC Fusion F08904 R03RR2**

|                           | Sample Information                   |
|---------------------------|--------------------------------------|
| Sample Name               | Taprock__ Cosmo K 133__ GC2-12518-12 |
| Station Number            | N/A                                  |
| Lease Name                | Cosmo K 133                          |
| Analysis For              | Taprock Operating                    |
| Producer                  | Taprock Operating                    |
| Field Name                | N/A                                  |
| County/State              | Lea,NM                               |
| Frequency/Spot Sample     | Spot                                 |
| Sampling Method           | Fill Empty                           |
| Sample Deg F              | 92                                   |
| Atmos Deg F               | 46                                   |
| Flow Rate                 | N/A                                  |
| Line PSIG                 | 58                                   |
| Date/Time Sampled         | 12-3-18                              |
| Cylinder Number           | N/A                                  |
| Cylinder Clean Date       | N/A                                  |
| Sampled By                | Jesus Escobedo                       |
| Analysis By               | Pat Silvas                           |
| Verified/Calibration Date | 12-5-18                              |
| Report Date               | 2018-12-05 12:43:03                  |

**Component Results**

| Component Name | Ret. Time | Peak Area | Norm%     | PPMV        | GPM (Dry)<br>(Gal. / 1000 cu.ft.) |
|----------------|-----------|-----------|-----------|-------------|-----------------------------------|
| Nitrogen       | 22.840    | 27907.2   | 2.09616   | 20961.600   | 0.000                             |
| H2S            | 0.000     | 0.0       | 0.02987   | 298.700     | 0.000                             |
| Methane        | 23.640    | 718663.9  | 70.48355  | 704835.500  | 0.000                             |
| Carbon Dioxide | 27.520    | 11065.8   | 0.70358   | 7035.800    | 0.000                             |
| Ethane         | 36.980    | 221886.9  | 13.21477  | 132147.700  | 3.549                             |
| Propane        | 77.360    | 170887.3  | 7.72938   | 77293.800   | 2.138                             |
| i-butane       | 28.560    | 75286.7   | 0.98911   | 9891.100    | 0.325                             |
| n-Butane       | 30.020    | 213608.3  | 2.68696   | 26869.600   | 0.851                             |
| i-pentane      | 34.600    | 57287.0   | 0.60248   | 6024.800    | 0.221                             |
| n-Pentane      | 36.320    | 61018.3   | 0.62076   | 6207.600    | 0.226                             |
| Hexanes Plus   | 120.000   | 90392.0   | 0.84338   | 8433.800    | 0.368                             |
| Total:         |           |           | 100.00000 | 1000000.000 | 7.678                             |

**Results Summary**

| Result                                   | Dry       | Sat. (Base) |
|--|-----------|-------------|
| Total Raw Mole% (Dry)                    | 100.44701 |             |
| Pressure Base (psia)                     | 14.730    |             |
| Temperature Base                         | 60.00     |             |
| Gross Heating Value (BTU / Ideal cu.ft.) | 1355.4    | 1331.8      |
| Gross Heating Value (BTU / Real cu.ft.)  | 1361.5    | 1338.4      |
| Relative Density (G), Ideal              | 0.8076    | 0.8044      |
| Relative Density (G), Real               | 0.8109    | 0.8080      |
| Compressibility (Z) Factor               | 0.9955    | 0.9951      |

|                             |                            |  |
|-----------------------------|----------------------------|--|
| <u>Lease No</u>             | 1                          |  |
| <u>Lessor</u>               | New Mexico Ten LLLP        |  |
| <u>Acres in Gipple Unit</u> | 160                        |  |
|                             |                            |  |
|                             |                            |  |
| <u>Type of Interest</u>     | <u>Owner</u>               | <u>Address</u>   |
| Working Interest            | Tap Rock Resources LLC     | 523 Park Point Drive Suite #200 Golden, Colorado 80401 |
| Royalty Interest            | Tap Rock NM10 Minerals LLC | 523 Park Point Drive Suite #200 Golden, Colorado 80401 |

|                               |  |  |
|-------------------------------|--|--|
| <u>Lease No</u>               | 2  |  |
| <u>Lessor</u>                 | Bureau of Land Management<br>NMNM-138893 |  |
| <u>Acres in Gipple Unit</u>   | 120                                      |  |
|                               |  |  |
|                               |  |  |
| <u>Type of Interest</u>       | <u>Owner</u>                             | <u>Address</u>   |
| Record Title/Operating Rights | Tap Rock Resources, LLC                  | 523 Park Point Drive Suite #200 Golden, Colorado 80401 |
| Royalty Interest              | Bureau of Land Management                | 301 Dinosaur Trail, Santa Fe, NM 87508                 |
| Overriding Royalty Interest   | Tap Rock Minerals, LLC                   | 523 Park Point Drive Suite #200 Golden, Colorado 80401 |

|                               |  |   |
|-------------------------------|--|---|
| <u>Lease No</u>               | 3  |   |
| <u>Lessor</u>                 | Bureau of Land Management<br>NMNM-138889   |   |
| <u>Acres in Gipple Unit</u>   | 40   |   |
|                               |  |   |
|                               |  |   |
| <u>Type of Interest</u>       | <u>Owner</u>                               | <u>Address</u>                                |
| Record Title/Operating Rights | Franklin Mountain Energy LLC               | 2401 E. 2nd Avenue, Suite 300 Denver CO 80206 |
| Royalty Interest              | Bureau of Land Management                  | 301 Dinosaur Trail, Santa Fe, NM 87508        |
| Overriding Royalty            | Franklin Mountain Royalty Investments, LLC | 2401 E. 2nd Avenue, Suite 300 Denver CO 80206 |
| Overriding Royalty            | MRC Permian Company                        | 5400 LBJ Freeway, Suite 1500 Dallas TX 75240  |

## EXHIBIT 3



**Kaitlyn A. Luck**  
**Phone** (505) 954-7286  
 KALuck@hollandhart.com

August 14, 2020

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES:**

**Re: Application of Tap Rock Operating, LLC, to authorize pool and lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Gipple Tank Battery located in the SE/4 SE/4 of Section 33, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date by Tap Rock Operating, LLC ("Tap Rock") (OGRID No. 372043). Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

This notice is to advise you that the enclosed application for pool and surface commingling is for the wells listed below in the following location:

| Well Name                  | API                 | Surface Location    | Pool         | Pool Name                                       |
|----------------------------|---------------------|---------------------|--------------|---|
| <b>Gipple Fed Com 134H</b> | <b>30-025-46669</b> | <b>P-33-24S-35E</b> | <b>98294</b> | <b>WC-025 G-07 S243517D; MIDDLE BONE SPRING</b> |
| <b>Gipple Fed Com 138H</b> | <b>30-025-46670</b> | <b>P-33-24S-35E</b> | <b>98294</b> | <b>WC-025 G-07 S243517D; MIDDLE BONE SPRING</b> |
| <b>Gipple Fed Com 214H</b> | <b>30-025-46671</b> | <b>P-33-24S-35E</b> | <b>98098</b> | <b>WC-025 G-09 S243532M; WOLFBONE</b>           |
| <b>Gipple Fed Com 218H</b> | <b>30-025-46672</b> | <b>P-33-24S-35E</b> | <b>98098</b> | <b>WC-025 G-09 S243532M; WOLFBONE</b>           |

In accordance with Rule 19.15.12.10(C)(4)(g) NMAC, Tap Rock requests the option to include additional pools or leases within the defined parameters set forth in the Order for future additions.

August 11, 2020

Page 2

For questions regarding this application, please contact **Dana Arnold, General Counsel for Tap Rock Operating, LLC**, at (720)-460-3497.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", written over a horizontal line.

Kaitlyn A. Luck  
**ATTORNEY FOR TAP ROCK OPERATING, LLC**



**Shipment Confirmation  
Acceptance Notice****A. Mailer Action**

Note To Mailer: The labels and volume associated to this form online must match the labeled packages being presented to the USPS® employee with this form.

Shipment Date: 08/14/2020

Shipped From:

Name \_\_\_\_\_

Address 6747 E 50th AveCity Commerce CityState CO Zip+4® 80022

| Type of Mail                   | Volume |
|--------------------------------|--------|
| Priority Mail Service®         | 0      |
| Priority Mail Express Service® | 0      |
| Library Mail Service®          | 0      |
| International Mail®            | 0      |
| First-Class Package Service®   | 3      |
| Parcel Select®                 | 0      |
| Other                          | 0      |
| Total Volume                   | 3      |

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

**B. USPS Action**

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

**USPS SCAN AT ACCEPTANCE****9475 7112 0108 0973 6943 02**

| User ID | Date<br>Maile  | Name                            | Delivery Address          | City     | State | Zip            | Mail Service                                    | USPS #                 | Label Ref.  |
|---------|----------------|---------------------------------|---------------------------|----------|-------|----------------|---|------------------------|---|
| 31557   | 08/14<br>/2020 | Bureau of Land<br>Management    | 301 Dinosaur Trl          | Santa Fe | NM    | 87508-<br>1560 | Certified with<br>Return Receipt<br>(Signature) | 9414811898765829521228 | 69142 - Tap Rock -<br>Gipple - C107B Notice<br>List - 1 |
| 31557   | 08/14<br>/2020 | Franklin Mountain<br>Energy LLC | 2401 E 2nd Ave Ste<br>300 | Denver   | CO    | 80206-<br>4761 | Certified with<br>Return Receipt<br>(Signature) | 9414811898765829521204 | 69142 - Tap Rock -<br>Gipple - C107B Notice<br>List - 2 |
| 31557   | 08/14<br>/2020 | MRC Permian<br>Company          | 5400 Lbj Fwy Ste<br>1500  | Dallas   | TX    | 75240-<br>1017 | Certified with<br>Return Receipt<br>(Signature) | 9414811898765829521297 | 69142 - Tap Rock -<br>Gipple - C107B Notice<br>List - 3 |

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1st day of March 2020, 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 24 South, Range 35 East, N.M.P.M.**

**Section 28: E/2E/2**

**Section 33: E/2E/2**

**Lea County, New Mexico**

Containing 320.00 acres, and this agreement shall include only the **Bone Spring Formation** underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

**EXHIBIT 4**

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 Tap Rock Operating, LLC, 523 Park Point Drive Suite 200, Golden, Colorado 80401. All matters of operations 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 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 there from 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 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 if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is March 1, 2020, 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 representative, and shall remain in force and effect for a period of 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 2-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 interests of the parties hereto and their



successors in 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 assure that no avoidable loss of hydrocarbons occur 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 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

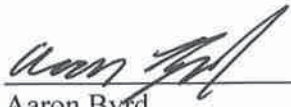
<<Remainder of page intentionally left blank, signature page to follow>>

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:**

TAP ROCK OPERATING, LLC

Date: 8-10-2020

By:   
Name: Aaron Byrd  
Title: Executive Vice President of Operations

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

**TAP ROCK RESOURCES, LLC**

Date: 8-10-2020

By:   
Name: Aaron Byrd  
Title: Executive VP of Operations

**MRC PERMIAN COMPANY**

Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANKLIN MOUNTAIN ENERGY, LLC**  
\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: 3.30.2020

MRC PERMIAN COMPANY

By: 

Name: Bryan A. Erman

Title: Senior Vice President and Co-General Counsel

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

**TAP ROCK RESOURCES, LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Clayton Sporich

Title: VP Land & Legal

**MRC PERMIAN COMPANY**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANKLIN MOUNTAIN ENERGY, LLC**

Date: 7/25/20

By: 

Name: Brandan White

Title: Vice President



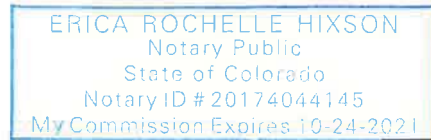
**ACKNOWLEDGEMENT**

STATE OF Colorado )  
 ) ss.  
 COUNTY OF Jefferson )

This instrument was acknowledged before me on August 10, 2020,  
 by Aaron Byrd as Executive Vice President of Tap Rock Operating, LLC, a Delaware  
 limited liability company, on behalf of same.

(SEAL)

10-24-2021  
 My Commission Expires



Erica Hixson  
 Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 2020,  
 by Clayton Sporich as VP of Land and Legal of Tap Rock Resources, LLC, a Delaware  
 limited liability company, on behalf of same.

(SEAL)

\_\_\_\_\_  
 My Commission Expires

\_\_\_\_\_  
 Notary Public

## ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 2020,  
by Aaron Byrd as Executive Vice President of Tap Rock Operating, LLC, a Delaware  
limited liability company, on behalf of same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

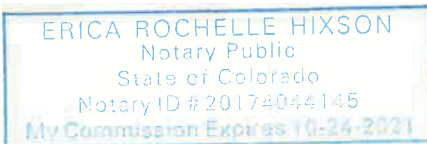
STATE OF Colorado )  
 ) ss.  
COUNTY OF Jefferson )

This instrument was acknowledged before me on August 10, 2020,  
by Aaron Byrd as Executive Vice President of Tap Rock Resources, LLC, a Delaware  
limited liability company, on behalf of same.

(SEAL)

10-24-2021

\_\_\_\_\_  
My Commission Expires



  
\_\_\_\_\_  
Notary Public

**ACKNOWLEDGEMENTS**

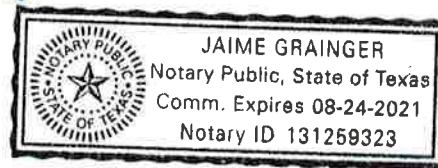
STATE OF TEXAS                   §  
   §  
COUNTY OF DALLAS           §

This instrument was acknowledged BEFORE ME on the 30<sup>th</sup> day of March, 2020, by Bryan A. Erman, as Senior Vice President and Co-General Counsel of **MRC Permian Company**, a Texas corporation, on behalf of said corporation.

8.24.2021

My Commission Expires

Jaime Grainger  
Notary Public



STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 2020,  
by \_\_\_\_\_ as \_\_\_\_\_ of  
MRC Permian Company, a \_\_\_\_\_ on behalf of  
same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

STATE OF Texas )  
 ) ss.  
COUNTY OF Harris )

This instrument was acknowledged before me on July 25, 2020,  
by Brandon White as Vice President of  
Franklin Mountain Energy, LLC a Delaware, LLC on  
behalf of same.

(SEAL)

5-16-2021  
My Commission Expires

Lois Fay Stastny  
Notary Public



**OVERRIDING ROYALTY INTEREST OWNERS:**

Tap Rock Minerals, LP

MRC Permian Company

Franklin Mountain Royalty Investments, LLC

SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING  
INTEREST

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of Tap Rock Operating, LLC, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: 

PRINTED: Aaron Byrd

TITLE: Executive Vice President of Operations

PHONE: 720.772.3065

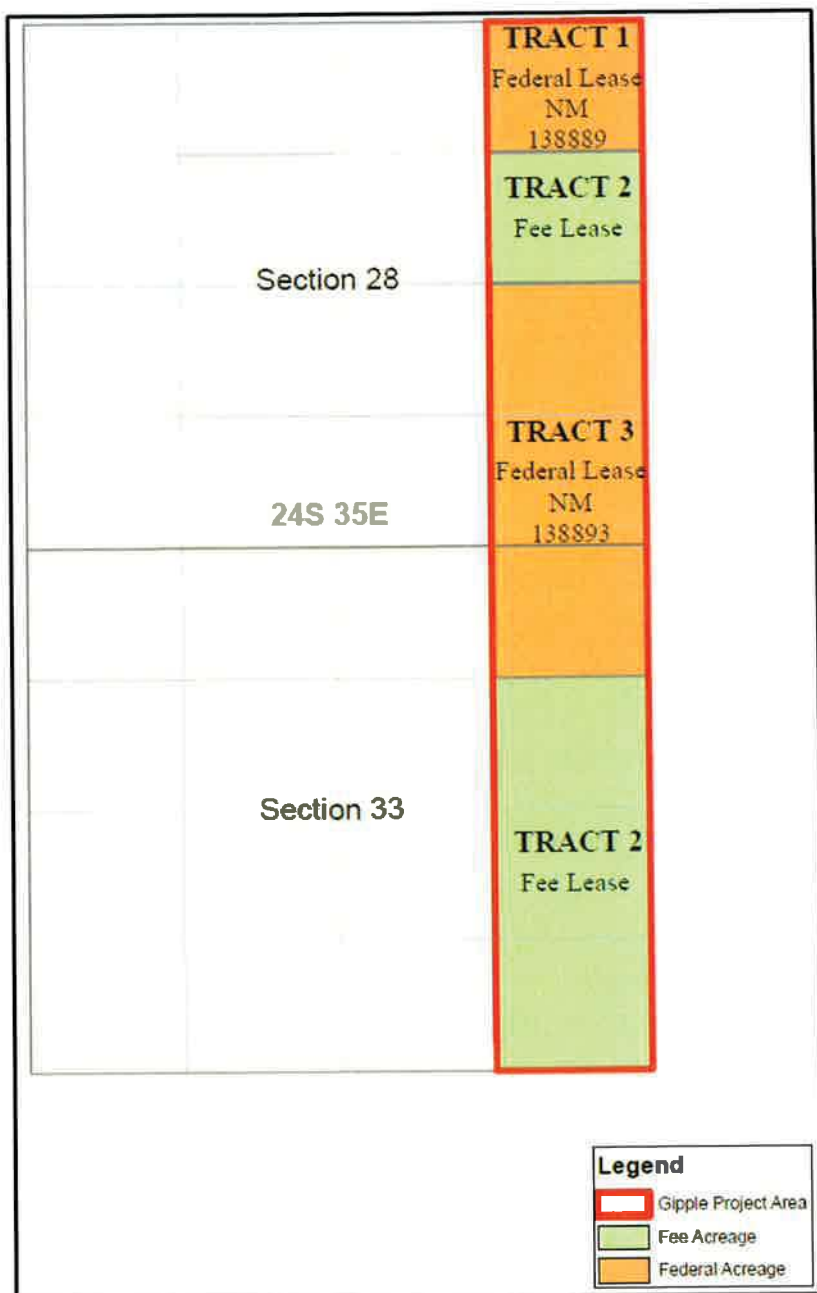
EMAIL: Abyrd@taprk.com

**EXHIBIT "A"**

Plat of communitized area covering 320.00 acres in Township 24 South, Range 35 East,  
N.M.P.M. Section 28: E/2E/2 & Section 33: E/2E/2, Lea County, New Mexico

Well Name/No.

**Gipple Federal Com #214H**





**EXHIBIT "B"**

To Communitization Agreement Dated March 1, 2020, embracing the following described land in Township 24 South, Range 35 East, N.M.P.M. Section 28: E/2E/2 & Section 33: E/2E/2, Lea County, New Mexico.

Operator of Communitized Area: Tap Rock Operating, LLC.

DESCRIPTION OF LEASES COMMITTEDTract No. 1

|                        |  |
|------------------------|--|
| Lessor:                | NMNM 138889  |
| Date:                  | November 1, 2018   |
| Recording Information: | Public Record  |
| Legal Description:     | Township 24 South, Range 35 East<br>Section 28: NE/4NE/4 |
| Number of Acres:       | 40 gross acres   |
| Working Interest:      | MRC Permian Company                                      |

Tract No. 2

|                        |  |
|------------------------|--|
| Lessor:                | New Mexico Ten, LLLP   |
| Date:                  | August 1, 2017   |
| Recording Information: | Book 2120, Page 105  |
| Legal Description:     | Township 24 South, Range 35 East<br>Section 28: SE/4NE/4<br>Section 33: SE/4NE/4 & E/2SE/4 |
| Number of Acres:       | 160 gross acres  |
| Working Interest:      | Tap Rock Resources, LLC  |

Tract No. 3

|                        |   |
|------------------------|---|
| Lessor:                | NMNM 138893   |
| Date:                  | November 1, 2018  |
| Recording Information: | Public Record   |
| Legal Description:     | Township 24 South, Range 35 East<br>Section 28: E/2SE/4<br>Section 33: NE/4NE/4 |
| Number of Acres:       | 120 gross acres   |
| Working Interest:      | Tap Rock Resources, LLC   |

**RECAPITULATION**

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest<br/>in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1                | 40                            | 12.500000%   |
| 2                | 160                           | 50.000000%   |
| 3                | 120                           | 37.500000%   |
| Total            | 320                           | 100.0000%  |

Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1st day of March 2020, 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 24 South, Range 35 East, N.M.P.M.**

**Section 28: E/2E/2**

**Section 33: E/2E/2**

**Lea County, New Mexico**

Containing 320.00 acres, and this agreement shall include only the **Wolfcamp Formation** underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

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 Tap Rock Operating, LLC, 523 Park Point Drive Suite 200, Golden, Colorado 80401. All matters of operations 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 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 there from 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 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 if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is March 1, 2020, 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 representative, and shall remain in force and effect for a period of 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 2-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 interests of the parties hereto and their

successors in 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 assure that no avoidable loss of hydrocarbons occur 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 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

<<Remainder of page intentionally left blank, signature page to follow>>

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:**

TAP ROCK OPERATING, LLC

Date: 8-10-2020


By:   
Name: Aaron Byrd  
Title: Executive Vice President of Operations



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

**TAP ROCK RESOURCES, LLC**

Date: 8-10-2020

By:   
Name: Aaron Byrd  
Title: Executive VP of Operations

**MRC PERMIAN COMPANY**

Date: \_\_\_\_\_

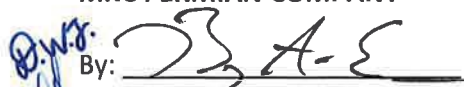
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANKLIN MOUNTAIN ENERGY, LLC**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: 3.30.2020

**MRC PERMIAN COMPANY**

By: 

Name: Bryan A. Erman

Title: Senior Vice President and Co-General Counsel

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

**TAP ROCK RESOURCES, LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Clayton Sporich

Title: VP Land & Legal

**MRC PERMIAN COMPANY**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANKLIN MOUNTAIN ENERGY, LLC**

Date: 7/25/20

By: 

Name: Brandon White

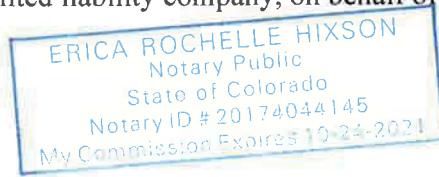
Title: Vice President

**ACKNOWLEDGEMENT**

STATE OF Colorado )  
COUNTY OF Jefferson ) ss.

This instrument was acknowledged before me on August 10, 2020,  
by Aaron Byrd as Executive Vice President of Operations of Tap Rock Operating,  
LLC, a Delaware limited liability company, on behalf of same.

(SEAL)

10-24-2021

My Commission Expires

Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me on \_\_\_\_\_, 2020,  
by Clayton Sporich as VP of Land and Legal of Tap Rock Resources, LLC, a Delaware  
limited liability company, on behalf of same.

(SEAL)

My Commission Expires

Notary Public

## ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 2020,  
by Aaron Byrd as Executive Vice President of Tap Rock Operating, LLC, a Delaware  
limited liability company, on behalf of same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

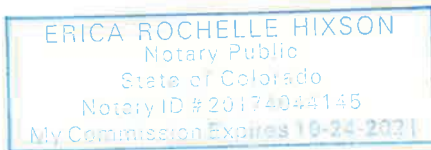
STATE OF Colorado )  
 ) ss.  
COUNTY OF Jefferson )

This instrument was acknowledged before me on August 10, 2020,  
by Aaron Byrd as Executive Vice President of Tap Rock Resources, LLC, a Delaware  
limited liability company, on behalf of same.

(SEAL)

10-24-2021

My Commission Expires



A handwritten signature in black ink, appearing to read "Erica Hixson", written over a horizontal line.

Notary Public

ACKNOWLEDGEMENTS

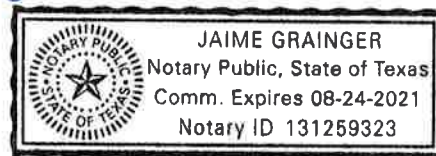
STATE OF TEXAS                   §  
   §  
COUNTY OF DALLAS           §

This instrument was acknowledged BEFORE ME on the 30<sup>th</sup> day of March, 2020, by Bryan A. Erman, as Senior Vice President and Co-General Counsel of **MRC Permian Company**, a Texas corporation, on behalf of said corporation.

8.24.2021

My Commission Expires

Jaime Grainger  
Notary Public



STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 2020,  
by \_\_\_\_\_ as \_\_\_\_\_ of  
MRC Permian Company, a \_\_\_\_\_ on behalf of  
same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

STATE OF Texas )  
 ) ss.  
COUNTY OF Harris )

This instrument was acknowledged before me on July 25, 2020,  
by Brandon White as Vice President of  
Franklin Mountain Energy, LLC a Delaware, LLC on  
behalf of same.

(SEAL)

5-16-2021  
My Commission Expires

Lois Fay Stastny  
Notary Public



**OVERRIDING ROYALTY INTEREST OWNERS:**

Tap Rock Minerals, LP

MRC Permian Company

Franklin Mountain Royalty Investments, LLC



SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING  
INTEREST

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of Tap Rock Operating, LLC, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: 

PRINTED: Aaron Byrd

TITLE: Executive Vice President of Operations

PHONE: 720.772.3065

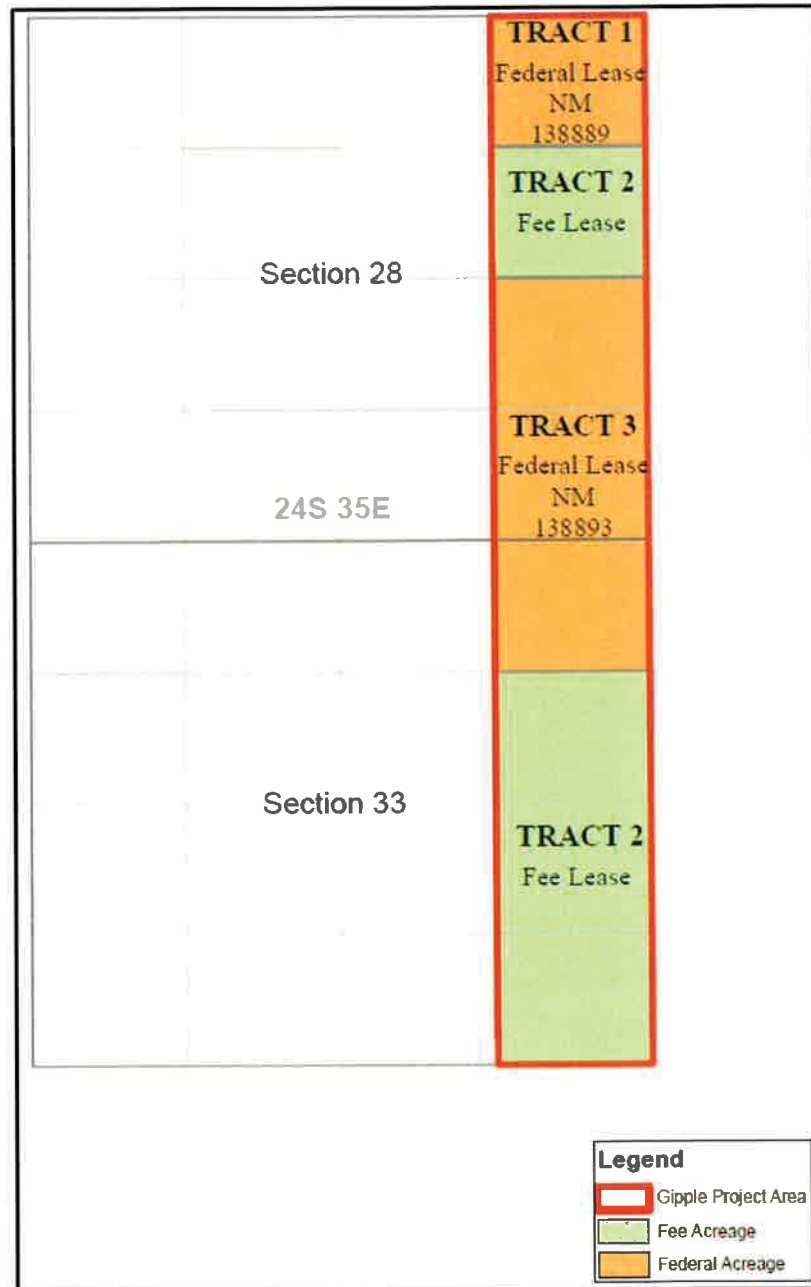
EMAIL: Abyrd@taprk.com

**EXHIBIT "A"**

Plat of communitized area covering 320.00 acres in Township 24 South, Range 35 East,  
N.M.P.M. Section 28: E/2E/2 & Section 33: E/2E/2, Lea County, New Mexico

Well Name/No.

**Gipple Federal Com #214H**



**EXHIBIT "B"**

To Communitization Agreement Dated March 1, 2020, embracing the following described land in Township 24 South, Range 35 East, N.M.P.M. Section 28: E/2E/2 & Section 33: E/2E/2, Lea County, New Mexico.

Operator of Communitized Area: Tap Rock Operating, LLC.

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

|                              |  |
|------------------------------|--|
| Federal Lease No.:           | NMNM 138889  |
| Lessor:                      | United States of America   |
| Date:                        | November 1, 2018   |
| Recording Information:       | Public Record  |
| Legal Description:           | Township 24 South, Range 35 East<br>Section 28: NE/4NE/4           |
| Number of Acres:             | 40 gross acres   |
| Royalty Rate:                | 12.5%  |
| Current Lessee of Record:    | Franklin Mountain Energy, LLC                                      |
| Overriding Royalty Interest: | MRC Permian Company, Franklin Mountain<br>Royalty Investments, LLC |
| Record Title:                | MRC Permian Company  |
| Working Interest:            | Franklin Mountain Energy, LLC                                      |

**Tract No. 2**

|                              |  |
|------------------------------|--|
| Lessor:                      | New Mexico Ten, LLLP   |
| Date:                        | August 1, 2017   |
| Recording Information:       | Book 2120, Page 105  |
| Legal Description:           | Township 24 South, Range 35 East<br>Section 28: SE/4NE/4<br>Section 33: SE/4NE/4 & E/2SE/4 |
| Number of Acres:             | 160 gross acres  |
| Royalty Rate:                | 25%  |
| Current Lessee of Record:    | Tap Rock Resources, LLC  |
| Pooling Authority:           | Yes  |
| Overriding Royalty Interest: | N/A  |
| Working Interest:            | Tap Rock Resources, LLC  |

Tract No. 3

|                              |   |
|------------------------------|---|
| Federal Lease No.:           | NMNM 138893   |
| Lessor:                      | United States of America  |
| Date:                        | November 1, 2018  |
| Recording Information:       | Public Record   |
| Legal Description:           | Township 24 South, Range 35 East<br>Section 28: E/2SE/4<br>Section 33: NE/4NE/4 |
| Number of Acres:             | 120 gross acres   |
| Royalty Rate:                | 12.5%   |
| Current Lessee of Record:    | Tap Rock Resources, LLC   |
| Overriding Royalty Interest: | Tap Rock Minerals, LP   |
| Record Title:                | Tap Rock Resources, LLC   |
| Working Interest:            | Tap Rock Resources, LLC   |

**RECAPITULATION**

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest<br/>in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1                | 40                            | 12.500000%   |
| 2                | 160                           | 50.000000%   |
| 3                | 120                           | 37.500000%   |
| Total            | 320                           | 100.0000%  |