

CASE NO. 21367

**APPLICATION OF TAP ROCK RESOURCES, LLC
FOR APPROVAL OF A UNIT AGREEMENT, LEA COUNTY, NEW MEXICO**

EXHIBITS

- A. Application and Proposed Ad
- B. Landman's Affidavit
- C. Geologist's Affidavit
- D. Affidavit of Notice
- E. Affidavit of Publication

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TAP ROCK RESOURCES,
LLC FOR APPROVAL OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.

Case No. 21367

APPLICATION

Tap Rock Resources, LLC applies for an order approving the Unit Agreement for the proposed Seinfeld Unit Area, and in support thereof, states:

1. Applicant is a working interest owner in the proposed Seinfeld Unit Area, an exploratory unit comprising 4,043.44 acres of federal and fee lands in Lea County, New Mexico, described as follows:

Township 24 South, Range 35 East, NMPM
Section 22: All
Section 26: All
Section 27: All
Section 28: E/2E/2, SW/4NE/4, and W/2SE/4
Section 33: E/2E/2 and W/2NE/4
Section 34: All
Section 35: All

Township 25 South, Range 35 East, NMPM
Section 3: Lots 1-4, S/2N/2

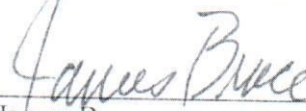
2. The Bureau of Land Management has preliminarily approved the Unit Agreement.
3. Applicant requests that Tap Rock Operating, LLC be named operator of the Unit Area.
4. Approval of this application will prevent waste, protect correlative rights, and conserve natural resources.

WHEREFORE, applicant requests that, after hearing, the Division enter its order approving the relief requested herein.

EXHIBIT

A

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

Attorney for Tap Rock Resources, LLC

PROPOSED ADVERTISEMENT

Case No. _____:

Application of Tap Rock Resources, LLC for approval of a unit agreement, Lea County, New Mexico: Applicant seeks approval of the Unit Agreement for the Seinfeld Unit Area, comprising 4,043.44 acres of federal and fee lands, described as follows:

Township 24 South, Range 35 East, NMPM

Section 22: All

Section 26: All

Section 27: All

Section 28: E/2E/2, SW/4NE/4, and W/2SE/4

Section 33: E/2E/2 and W/2NE/4

Section 34: All

Section 35: All

Township 25 South, Range 35 East, NMPM

Section 3: Lots 1-4, S/2N/2

The proposed unit area is centered approximately 10-1/2 miles northwest of Jal, New Mexico.

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

**APPLICATION OF TAP ROCK OPERATING, LLC
FOR APPROVAL OF A UNIT AGREEMENT
LEA COUNTY, NEW MEXICO**

Case No. 21367

AFFIDAVIT OF ERICA HIXSON

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.
2. I am employed as a Landman with Tap Rock Operating, LLC ("Tap Rock"), and I am familiar with the subject application and the lands involved.
3. This affidavit is submitted in connection with the filing by Tap Rock of the above-referenced unit agreement application.
4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
5. The purpose of this application is to get approval of the Unit Agreement for the Seinfeld Unit (the "Unit") described herein.
6. No opposition is expected.
7. Tap Rock seeks approval of the Unit Agreement for the Seinfeld Unit Area, comprising 4,043.44 acres of federal and fee lands described as follows: Township 24 South, Range 35 East: Section 22: ALL, Section 26: ALL, Section 27: ALL, Section 28: E/2E/2, SW/4NE/4 and W/2SE/4, Section 33: E/2E/2 and W/2NE/4, Section 34: ALL, Section 35: ALL, Township 25 South, Range 35 East: Section 3: Lots 1-4, S/2N/2 in Lea County, New Mexico.

Exhibit 1 is a map of the proposed Unit area. The initial obligation well will be the Gipple Federal Com #214H, API # 30-025-46671 (the "Initial Well").

8. **Exhibit 1** shows that the Unit will be comprised of Federal and Fee acreage.

9. A C-102 for the Initial Well is attached as **Exhibit 2**. The Initial Well will develop the WC-025 G-09 S243532M; WOLFBONE Pool (Pool Code 98098), which is an oil pool.

1. The proposed surface hole, bottom hole, and first take point for the Initial Well can be found in the attached **Exhibit 2**.

2. The parties who own an interest in the Unit are shown on **Exhibit 3**. As shown on the exhibit, the working interest/operating rights and royalty interest owners are fully committed to the Unit and a portion of the overriding interest owners have committed.

3. **Exhibit 4** is a copy of the Unit Agreement.

4. **Exhibit 5** is a copy of the recording supplement for the Unit Operating Agreement.

5. **Exhibit 6** is a copy of the preliminary Unit approval for the Seinfeld Federal Exploratory Unit area embracing 4043.44 acres (Unit number NMNM 141169X) as set forth in this application received by Tap Rock on May 22, 2020.

6. **Exhibit 7** is a copy of the Unit proposal letter to the interest owners.

7. **Exhibit 8** is a copy of the ratification and joinder in the Unit from all parties that have committed to the Unit and the Unit Agreement to date.

8. **Exhibit 9** is a copy of the Authority For Expenditure ("AFE") for the Initial Well that shows the estimated costs to drill, complete and produce said well which are fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

9. I have conducted a diligent search of the public records in Lea County, New Mexico, where the Unit will be located, and conducted phone directory and computer searches to obtain contact information for parties entitled to notification. I mailed a Unit proposal letter to all parties with an interest in the Unit. Tap Rock has made a good faith effort to obtain voluntary commitment of all the interest owners for the Unit.

10. The Exhibits to this Affidavit were prepared by me, or compiled from Tap Rock's company business records.

11. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT

Erica Hixson

Erica Hixson

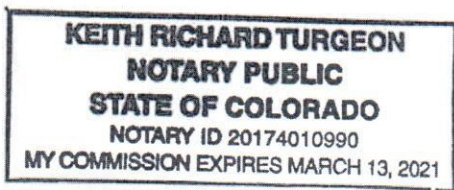
STATE OF COLORADO)
)ss
COUNTY OF JEFFERSON)

Subscribed to and sworn before me this 3rd day of August, 2020.

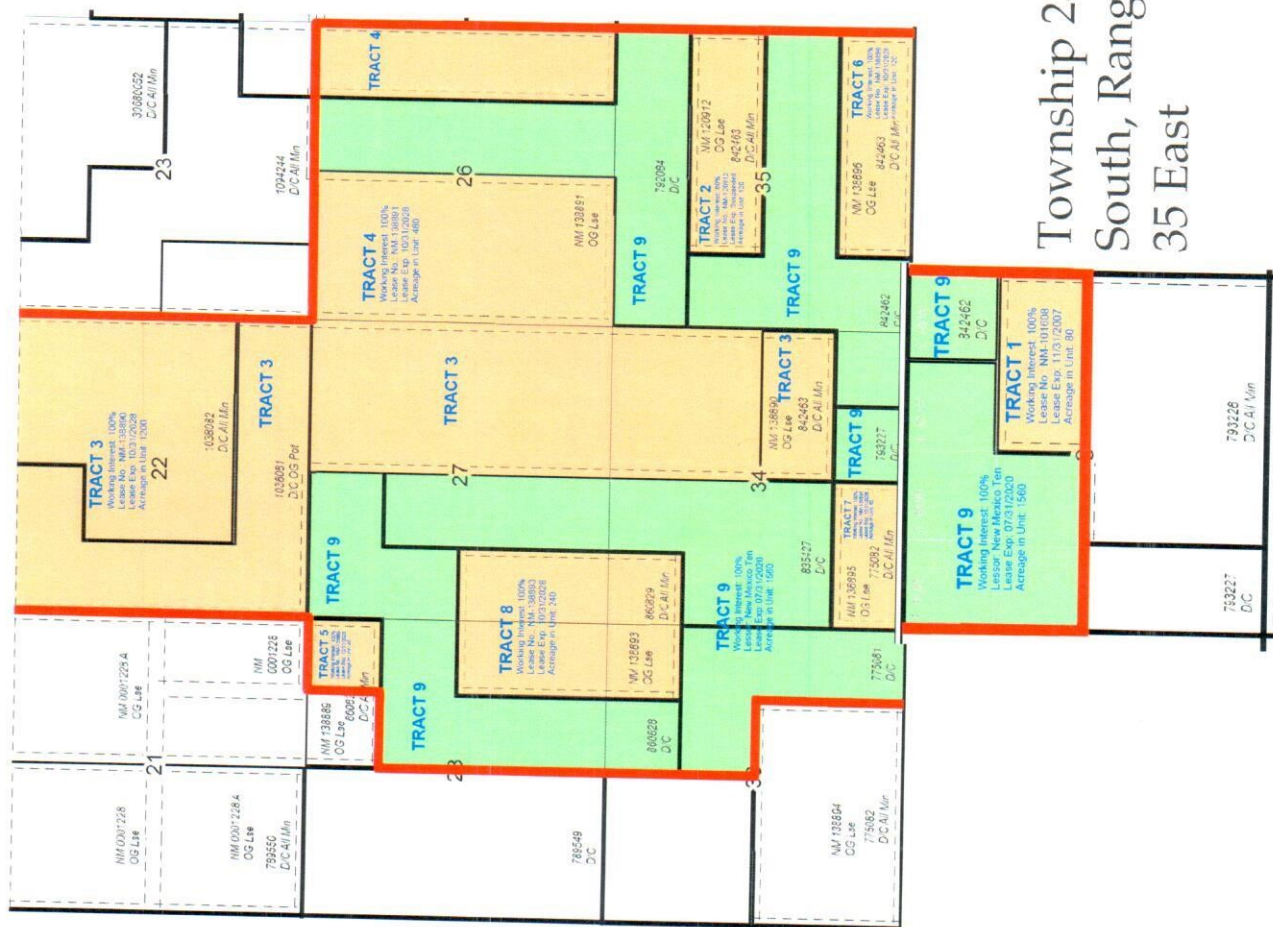
Keith R. Turgeon

Notary Public

My Commission expires 03/13/2021.



Township 25
South, Range
35 East



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

HOBBS OCD

JAN 02 2020

RECEIVED

BLM/p/p

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

¹⁰Surface Location

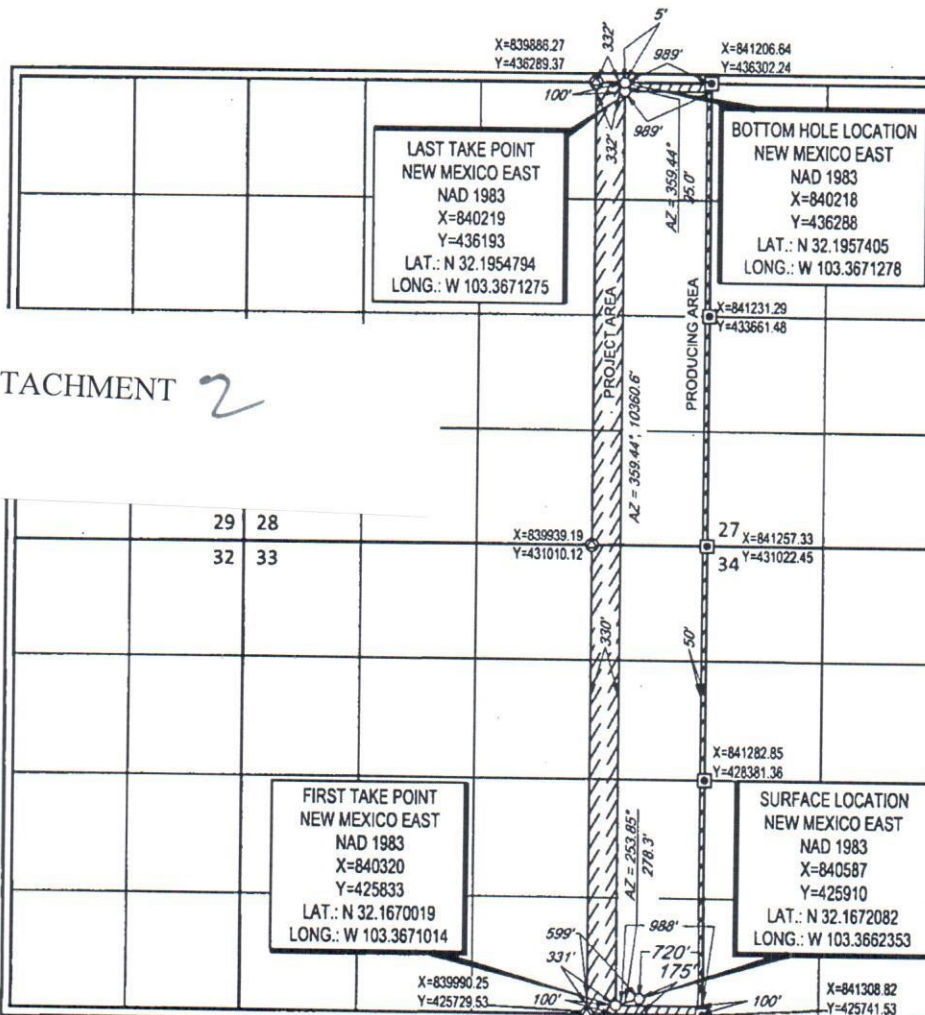
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	33	24-S	35-E	-	175'	SOUTH	720'	EAST	LEA

¹¹Bottom 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	-	5'	NORTH	989'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.



¹⁷OPERATOR 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.

Cory Walk 02-06-19

Signature Date

Cory Walk

Printed Name

cory@permitswest.com

E-mail Address

¹⁸SURVEYOR 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

MICHAEL BROWN
NEW MEXICO
18329
PROFESSIONAL SURVEYOR

Certificate Number

ATTACHMENT 2

Interest and Commitment Status



Working Interest

<u>Type of Interest</u>	<u>Owner</u>	<u>Commitment Status</u>	<u>Acreage in Unit</u>	<u>Working Interest in Unit</u>
Record Title/Operating Rights	Tap Rock Resources LLC	Fully Committed	3427.84	84.78%
Record Title/Operating Rights	American Shale Energy LLC	Fully Committed	15.6	0.39%
Record Title/Operating Rights	Franklin Mountain Energy LLC (Reversionary Interest to Oxy Y-1)	Fully committed	600	14.84%
			Total:	4043.44

Royalty and Overriding Royalty Interest

<u>Type of Interest</u>	<u>Owner</u>	<u>Commitment Status</u>
Royalty Interest	Bureau of Land Management	Fully Committed
Royalty Interest	Tap Rock NM10 Minerals LLC	Fully Committed
Overriding Royalty	Tap Rock Minerals LLC	Fully Committed
Overriding Royalty	Crown Rock Minerals, L.P.	Fully Committed
Overriding Royalty	Cayuga Royalties, LLC	Not yet received
Overriding Royalty	Foundation Minerals, LLC	Not yet received
Overriding Royalty	Franklin Mountain Royalty Investments, LLC	Not yet received
Overriding Royalty	Mavros Minerals II, LLC	Not yet received
Overriding Royalty	Monticello Minerals, LLC	Not yet received
Overriding Royalty	Oak Valley Mineral and Land, LP	Not yet received
Overriding Royalty	Prevail Energy, LLC	Not yet received
Overriding Royalty	Rheiner Holdings, LLC	Not yet received
Overriding Royalty	Southeast Texas Oil and Gas, Inc.	Not yet received
Overriding Royalty	Southwest Texas Energy, Inc.	Not yet received
Overriding Royalty	Viper Energy Partners	Not yet received
Overriding Royalty	MRC Permian Company	Not yet received

ATTACHMENT

3

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

UNIT AGREEMENT
FOR DEVELOPMENT AND OPERATION
OF THE
SEINFELD UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO

NO. **NMNM 141169X**

THIS AGREEMENT, entered into as of the _____ day of December 2019, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

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

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

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

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

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

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations and State of New Mexico leases and rules and regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal and State of New Mexico lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas

ATTACHMENT 4

operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the unit area, containing 4,043.44 acres, more or less, in Lea County, New Mexico.

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

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

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

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

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

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

(e) All legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot

or tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are in or entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 180 days elapsing between the completion of one such well and the commencement of the next such well. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the AO and promptly notify all parties in interest. All lands reasonably proved productive of unitized substances in paying quantities by diligent drilling operations after the aforesaid five-year period shall become participating in the same manner as during said first five-year period. However, when such diligent drilling operations cease, all nonparticipating lands not then entitled to be in a participating area shall be automatically eliminated effective as of the 91st day thereafter.

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances."

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

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and

obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the AO and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the AO, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

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

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

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

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

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

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

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

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

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

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

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location approved by the AO, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until the Wolfcamp formation has been tested with at least a 1-mile horizontal well or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill the horizontal portion of said well to a length in excess of 5,280 feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one or more well(s) at a time, allowing not more than six months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall

be deemed to limit the right of the Unit Operator to resign as provided in Section 5, hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

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

Until the establishment of a participating area, the failure to commence a well subsequent to the drilling of the initial obligation well, or in the case of multiple well requirements, if specified, subsequent to the drilling of those multiple wells, as provided for in this (these) section(s), within the time allowed including any extension of time granted by the AO, shall cause this agreement to terminate automatically. Upon failure to continue drilling diligently any well other than the obligation well(s) commenced hereunder, the AO may, after 15 days notice to the Unit Operator, declare this unit agreement terminated. Failure to commence drilling the initial obligation well, or the first of multiple obligation wells, on time and to drill it diligently shall result in the unit agreement approval being declared invalid ab initio by the AO. In the case of multiple well requirements, failure to commence drilling the required multiple wells beyond the first well, and to drill them diligently, may result in the unit agreement approval being declared invalid ab initio by the AO.

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

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

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

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

plan of development and operation where such action is justified because of unusual conditions or circumstances.

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

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, or as soon thereafter as required by the AO, the Unit Operator shall submit for approval by the AO, a schedule, based on subdivision of the public land survey or aliquot parts thereof, of all land then regarded as reasonably proved to be productive of unitized substances in paying quantities. These lands shall constitute a participating area on approval of the AO, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of each initial participating area. The schedule shall also set forth the percentage of unitized substances to be allocated, as provided in Section 12, to each committed tract in the participating area so established, and shall govern the allocation of production commencing with the effective date of the participating area. A different participating area shall be established for each separate pool or deposit of unitized substances or for any group thereof which is produced as a single pool or zone, and any two or more participating areas so established may be combined into one, on approval of the AO. When production from two or more participating areas is subsequently found to be from a common pool or deposit, the participating areas shall be combined into one, effective as of such appropriate date as may be approved or prescribed by the AO. The participating area or areas so established shall be revised from time to time, subject to the approval of the AO, to include additional lands then regarded as reasonably proved to be productive of unitized substances in paying quantities or which are necessary for unit operations, or to exclude lands then regarded as not reasonably proved to be productive of unitized substances in paying quantities, and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first of the month in which the knowledge or information is obtained on which such revision is predicated; provided however, that a more appropriate effective date may be used if justified by Unit Operator and approved by the AO. No land shall be excluded from a participating area on account of depletion of its unitized substances, except that any participating area established under the provisions of this unit agreement shall terminate automatically whenever all completions in the formation on which the participating area is based are abandoned.

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

In the absence of agreement at any time between the Unit Operator and the AO as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have,

been established, the portion of all payments affected thereby shall, except royalty due the United States and the State of New Mexico, be impounded in a manner mutually acceptable to the owners of committed working interests. Royalties due the United States and the State of New Mexico shall be determined by the AO and State and the amount thereof shall be deposited, as directed by the AO and State, until a participating area is finally approved and then adjusted in accordance with a determination of the sum due as Federal or State royalty on the basis of such approved participating area.

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

12. ALLOCATION OF PRODUCTION. All unitized substances produced from a participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating and other production or development purposes, for repressuring or recycling in accordance with a plan of development and operations that has been approved by the AO, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land and unleased Federal or State land, if any, included in the participating area established for such production. Each such tract shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land and unleased Federal or State land, if any, included in said participating area. There shall be allocated to the working interest owner(s) of each tract of unitized land in said participating area, in addition, such percentage of the production attributable to the unleased Federal and State land within the participating area as the number of acres of such unitized tract included in said participating area bears to the total acres of unitized land in said participating area, for the payment of the compensatory royalty specified in Section 17 of this agreement. Allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, including compensatory royalty obligations under Section 17, shall be prescribed as set forth in the unit operating agreement or as otherwise mutually agreed by the affected parties. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular part or tract of the participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from the latter participating area for sale during the life of this agreement, shall be considered to be the gas so transferred, until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as such area was defined at the time that such transferred gas was finally produced and sold.

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

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

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

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

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

Royalty due the United States shall be computed as provided in 30 CFR Group 200 and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided in Section 12 at the rates specified in the respective Federal leases, or at such other rate or rates as may be authorized by law or regulation and approved by the

AO; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

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

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

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

17. DRAINAGE.

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

(b) Whenever a participating area approved under Section 11 of this agreement contains unleased Federal or State lands, the value of 12-1/2 percent of the production that would be allocated to such Federal lands under Section 12 of this agreement, if such lands were leased, committed and entitled to participation and the appropriate State of New Mexico royalty rate, shall be payable as compensatory royalties to the Federal and State Governments. Parties to this agreement holding working interests in committed leases within the applicable participating area shall be responsible for such compensatory royalty payment on the volume of production reallocated from the unleased Federal and State lands to their unitized tracts under Section 12. The value of such production subject to the payment of said royalties shall be determined pursuant to 30 CFR Part 206 and the terms of the State of New Mexico leases, rules and regulations. Payment of compensatory royalties on the production reallocated from unleased Federal and State land to the committed tracts within the participating area shall fulfill the Federal and State royalty obligation for such production, and said production shall be subject to no further Federal royalty assessment under Section 14 of this agreement. Payment of compensatory royalties as provided herein shall accrue from the date the committed tracts in the participating area that includes

unleased Federal and State lands receive a production allocation, and shall be due and payable monthly by the last day of the calendar month next following the calendar month of actual production. If leased Federal or State lands receiving a production allocation from the participating area become unleased, compensatory royalties shall accrue from the date the Federal or State lands become unleased. Payment due under this provision shall end when the unleased Federal or State tract is leased or when production of unitized substances ceases within the participating area and the participating area is terminated, whichever occurs first.

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

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

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

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

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

(e) Any Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of unitized substances in paying quantities is established under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with provisions of this agreement, prior to the end of

the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years, and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act, as amended.

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

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

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

If the public interest requirement is not satisfied, the segregation of a lease and/or extension of a lease pursuant to 43 CFR 3107.3-2 and 43 CFR 3107.4, respectively, shall not be effective.

(h) Any lease, other than a Federal lease, having only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

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

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

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

or

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

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

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

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

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

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

22. APPEARANCES. The Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department

of the Interior and to appeal from orders issued under the regulations of said Department or to apply for relief from any of said regulations, or in any proceedings relative to operations before the Department, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at its own expense to be heard in any such proceeding.

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

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

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

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

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

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

28. NONJOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written

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

29. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

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

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

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

- (a) Accept those working interest rights subject to this agreement and the unit operating agreement; or
- (b) Lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement; or

(c) Provide for the independent operation of any part of such land that is not then included within a participating area established hereunder.

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

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

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

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

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

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

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

OPERATOR:

TAP ROCK OPERATING, LLC

By: _____

Name: Clayton Sporich

Title: VP-Land & Legal

NONOPERATOR AND WORKING INTEREST OWNERS:

TAP ROCK RESOURCES, LLC

By: _____

Name: Clayton Sporich

Title: VP-Land & Legal

AMERICAN SHALE ENERGY LLC

By: _____

Name: _____

Title: _____

FRANKLIN MOUNTAIN ENERGY LLC

By: _____

Name: _____

Title: _____

Unit Agreement Guidelines

1. Executed agreement to be legally complete.
2. Agreement submitted for approval must contain Exhibit A and B in accordance with models shown in §3186.1-1 and §3186.102 of this title.
3. Consents should be identified (in pencil) by tract numbers as listed in Exhibit B and assembled in that order as far as practical. Unit agreements submitted for approval shall include a list of the overriding royalty interest owners who have executed ratifications of the unit agreement. Subsequent joinders by overriding royalty interest owners shall be submitted in the same manner, except each must include or be accompanied by a statement that the corresponding working interest owner has consented in writing to such joinder. Original ratifications of overriding royalty owners will be kept on file by the unit Operator or his designated agent.
4. All leases held by option should be noted on Exhibit B with an explanation as to the type of option, i.e., whether for operating rights only, for full leasehold record title, or for certain interests to be earned by performance. In all instances, optionee committing such interests is expected to exercise option promptly.
5. All owners of oil and gas interests must be invited to joint the unit agreement, and statement to that effect must accompany executed agreement, together with summary of results of such invitations. A written reason for all interest owners who have not joined shall be furnished by the unit operator.
6. In the event fish and wildlife lands are included, and the following as a separate section:

"Wildlife Stipulation. Nothing in this agreement shall modify the special Federal lease stipulations applicable to lands under the jurisdiction of the United State Fish and Wildlife Service."

7. In the event National Forest System lands are included within the unit area, add the following as a separate section:

"Forest Land Stipulation. Notwithstanding any other terms and conditions contained in this agreement, all of the stipulations and conditions of the individual leases between the United States and its lessees or their successors or assigns embracing lands within the unit area included for the protection of lands or functions under the jurisdiction of the Secretary of Agriculture shall remain in full force and effect the same as though this agreement had not been entered into, and no modification thereof is authorized except with the prior consent in writing of the Regional Forester, United States Forest Service,
_____."

9. In the event reclamation lands are included, add the following as a new separate section:

"Reclamation Lands. Nothing in this agreement shall modify the special Federal lease stipulations applicable to lands under the jurisdiction of the Bureau of reclamation."

10. In the event a powersite is embraced in the proposed unit area, the following section should be added:

"Powersite. Nothing in this agreement shall modify the special Federal lease stipulations applicable to lands under the jurisdiction of the Federal Energy Regulatory Commission."

11. In the event special surface stipulations have been attached to any of the Federal oil and gas leases to be included, add the following as a separate section:

"Special Surface Stipulations. Nothing in this agreement shall modify the special Federal lease stipulations attached to the individual Federal oil leases."

12. In the event State lands are included in the proposed unit area, add the appropriate State Lands Section as separate section. (See §3181.4(a) of this title).

13. In the event restricted Indian lands are involved, consult the AO regarding the appropriate requirements under §3181.4(b) of this title.

14. In the event a prior well was completed within the unit area include the following as the first paragraph of Section 11, Participation After Discovery:

"Determination as to whether a well completed within the Unit Area prior to the effective date of this agreement is capable of producing unitized substances in paying quantities shall be deferred until an initial participating area is established as the result of the completion of a well for production in paying quantities in accordance with Section 9 hereof."

Exhibit "A" to that certain Unit Agreement for Development and Operation of the Seinfeld Unit Area located in Lea County,
New Mexico
Page 1 of 2
Township 24 South Range 35 East Lea County, NM

BUREAU OF LAND MANAGEMENT
STATUS OF PUBLIC DOMAIN
LAND AND MINERALS

OG Plat

T24S R35E

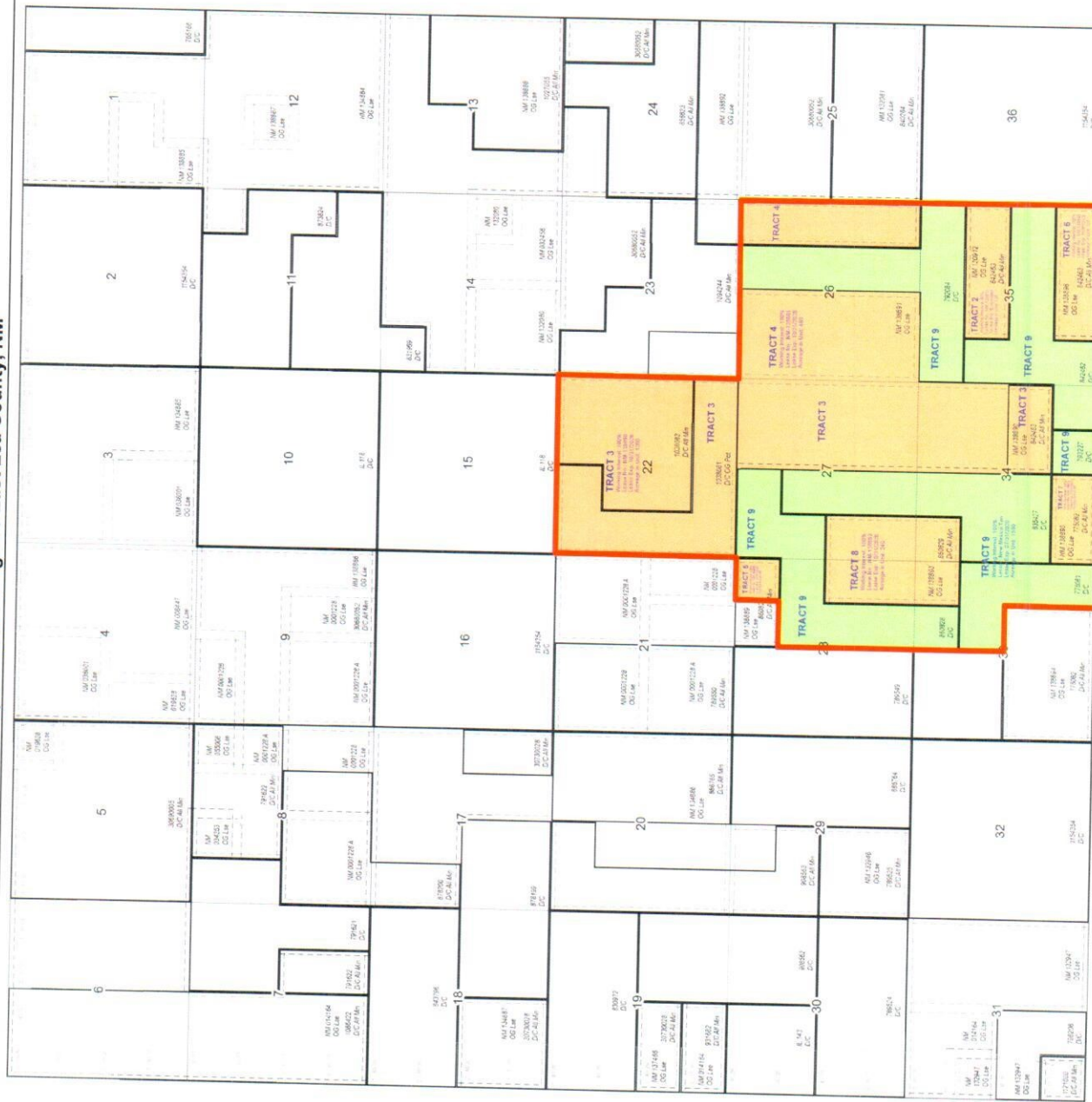
Entire Township included in
NM 057354, EO Wd NM 1 Post Res 6 (3/11/1936)



NOTE: Serial Numbers displayed are in the Bureau's
LR2000 system format. A zero in the 7th position (from the right)
is a "prefix" zero. Ex. NM 0012345. Six digit serial numbers
have no "prefix" zero. Ex. NM 012345.

Revised Date: 11/28/2018

T 24 S
R 35 E
NMPM



CAVEAT STATEMENT
This plat in the Bureau's possession should be used
only as a graphic display of the township survey data. Records,
drawings and other data changes which may have been affected
by the Bureau and not reflected on this plat are not shown. Refer to the
original survey for official survey information.

0 0.25 0.5 1 mile
1 inch = 30 chains
1:23,760

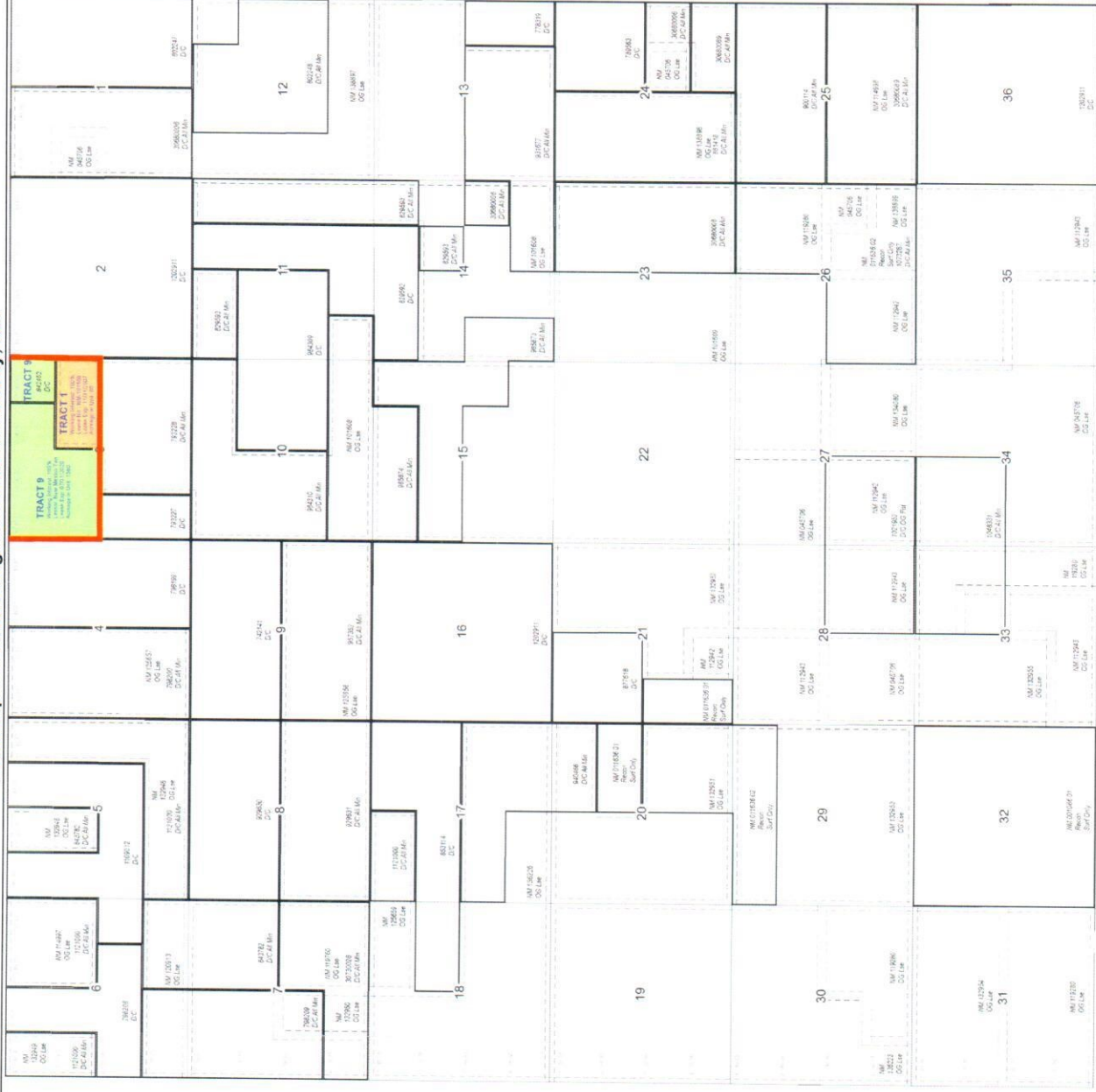
Exhibit "A" to that certain Unit Agreement for Development and Operation of the Seinfeld Unit Area located in Lea County,
New Mexico
Page 2 of 2
Township 24 South Range 35 East Lea County, NM

BUREAU OF LAND MANAGEMENT
STATUS OF PUBLIC DOMAIN
LAND AND MINERALS

OG Plat

TZ55 R35E

Entire Township included in
NM 03734, EO 12611 (not Res 6 (5/11/1926))
Cl of Public Lands NM 056202 (Cl No 30-06-01)



NOTE: Serial Numbers displayed are in the Bureau's
L20000 system format. A zero in the 7th position (from the right),
is a "prefix" zero. Ex: NM 0012345. Six digit serial numbers
have no "prefix" zero. Ex: NM 012345.

Revised Date: 11/28/2018

T 25 S
R 35 E
NM 012345

CAVEAT STATEMENT
This plat is the Bureau's Record of Title and should be used
as a guide only. It is not a warranty of title or a guarantee of
accuracy. It does not reflect the changes which may have been affected
by lateral movements of rivers or other bodies of water. Refer to the
original survey for official survey information.



Exhibit "B" to that certain Unit Agreement for Development and Operation of the Seinfeld Unit Area located in Lea County, New Mexico

BLM Leases

Commitment Status	Tract	BLM Lease Number	Lease Description (in Unit)	Status	Type of Interest	Record Title	Working Interest Percentage	Royalty Interest Percentage	Overriding Royalty Interest Percentage	Lease Date	Lease Expiration	Lease Acreage Count	Lease Acreage in Unit
Partially Committed	1	NM-101608	T24S R35E Section 3 S2NE	HBP	Record Title/Operating Rights Royalty Interest Overriding Royalty Overriding Royalty Overriding Royalty Overriding Royalty	Tap Rock Resources LLC Bureau of Land Management Crown Rock Minerals, L.P. Viper Energy Partners Marros Minerals II, LLC Foundation Minerals, LLC Oak Valley Mineral and Land, LP	100%	12.5%	9.9375000% 2.4375000% 0.0562500% 0.000625 0.000625	12/1/1998	11/31/2008	1600	80
	2	NM-120912	T24S R35E Section 3S S2NE, SENW	Undeveloped	Record Title/Operating Rights Record Title/Operating Rights Royalty Interest Overriding Royalty Overriding Royalty Overriding Royalty Overriding Royalty Overriding Royalty	Tap Rock Resources, LLC American Shale Energy LLC Bureau of Land Management Franklin Mountain Royalty Investments, LLC Cavada Royalties, LLC Franklin Energy, LLC Rhiner Holdings, LLC Monticello Minerals, LLC Southeast Texas Oil and Gas, Inc. Southwest Texas Energy, Inc.	87%	12.5%	6.400578% 1.519071% 1.047003% 0.765001% 0.268047% 0.135000% 0.817500%	11/1/2008	Suspended	120	120
Partially Committed													
Fully Committed	3	NM-138890	T24S R35E Section 22: ALL T24S R35E Section 27: E2 T24S R35E Section 34: NE, N2SE	Undeveloped	Record Title/Operating Rights Royalty Interest Overriding Royalty Interest	Tap Rock Resources, LLC Bureau of Land Management Tap Rock Minerals, LLC	100%	12.5%	12.5%	11/1/2018	10/31/2028	1200	1200
Not yet committed	4	NM-138891	T24S R35E Section 26: W2, E2E2	Undeveloped	Record Title/Operating Rights Royalty Interest Overriding Royalty	Franklin Mountain Energy LLC Bureau of Land Management Franklin Mountain Royalty Investments, LLC	100%	12.5%	12.5%	11/1/2018	10/31/2028	1120	480
Not yet committed	5	NM-138889	T24S R35E Section 28: NENE	Undeveloped	Record Title/Operating Rights Royalty Interest Overriding Royalty	Franklin Mountain Energy LLC Bureau of Land Management Franklin Mountain Royalty Investments, LLC	100%	12.5%	10.5%	11/1/2018	10/31/2028	160	40
Fully Committed	6		T24S R35E Section 3S: S2SE, SESEW	Undeveloped	Record Title/Operating Rights Royalty Interest Overriding Royalty Interest	Tap Rock Resources, LLC Bureau of Land Management Tap Rock Minerals, LLC	100%	12.5%	2.0%	11/1/2018	10/31/2028	120	120
Not yet committed	7	NM-138895	T24S R35E Section 34: S2SW	Undeveloped	Record Title/Operating Rights Royalty Interest Overriding Royalty	Franklin Mountain Energy LLC Bureau of Land Management Franklin Mountain Royalty Investments, LLC MRC Permat Company	100%	12.5%	10.5% 2.0%	11/1/2018	10/31/2028	80	80
Partially Committed	8	NM-138893	T24S R35E Section 28: E2SE T24S R35E Section 27: W2SW T24S R35E Section 34: NNW T24S R35E Section 33: NENE	Undeveloped	Record Title/Operating Rights Royalty Interest Overriding Royalty Interest	Tap Rock Resources, LLC Bureau of Land Management Tap Rock Minerals, LLC	100%	12.5%	12.5%	11/1/2018	10/31/2028	240	240
Fee Leases													
Commitment Status	Tract	Lessor	Status	Record Title	Working Interest Percentage	Overriding Royalty Percentage	Total BLM Acres 2360						
Lands in Sanfiled Unit Area from this OGA:													

Unit Recapitulation

Royalty Interest

Tap Rock New Mexico Ten Minerals LLC

25%

Total Fee Acres

1683.44

Recording Supplement

Attached to and made part of the Unit Operating Agreement by and between Tap Rock Operating, LLC, as Operator, and Tap Rock Resources, LLC, et al, as Non-Operators for the Seinfeld Unit Area located in Lea County, New Mexico

**MEMORANDUM OF UNIT OPERATING AGREEMENT,
MORTGAGE AND FINANCING STATEMENT**

STATE OF NEW MEXICO

§

COUNTY OF LEA

§

§

THIS AGREEMENT, entered into by and between Tap Rock Operating, LLC, as "Unit Operator", and the signatory parties other than Operator, hereinafter referred to individually as "Non-Operator," and collectively as "Non-Operators."

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the lands identified in Exhibit "A" (said land, Leases and Interests being hereinafter called the "Unit Area");

WHEREAS, the parties hereto have executed a Unit Operating Agreement dated _____, 2020 (herein the "Unit Operating Agreement"), covering the Unit Area for the purpose of exploring and developing such lands, Leases and Interests for Oil and Gas; and

WHEREAS, the parties hereto have executed this agreement for the purpose of imparting notice to all persons of the rights and obligations of the parties under the Unit Operating Agreement and for the further purpose of perfecting those rights capable of perfection.

NOW, THEREFORE, in consideration of the mutual rights and obligations of the parties hereto, it is agreed as follows:

1. This agreement supplements the Unit Operating Agreement, which Agreement in its entirety is incorporated herein by reference, and all terms used herein shall have the meaning ascribed to them in the Unit Operating Agreement.
2. The parties do hereby agree that:
 - A. The Oil and Gas Leases and/or Oil and Gas Interests of the parties comprising the Unit Area shall be subject to and burdened with the terms and provisions of this agreement and the Unit Operating Agreement, and the parties do hereby commit such Leases and Interests to the performance thereof.
 - B. The exploration and development of the Unit Area for Oil and Gas shall be governed by the terms and provisions of the Unit Operating Agreement, as supplemented by this agreement.
 - C. All costs and liabilities incurred in operations under this agreement and the Unit

ATTACHMENT 5

Operating Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Unit Area shall be owned, by the parties hereto, as provided in the Unit Operating Agreement.

D. Regardless of the record title ownership to the Oil and Gas Leases and/or Oil and Gas Interests identified on Exhibit "A," all production of Oil and Gas from the Unit Area shall be owned by the parties as provided in the Unit Operating Agreement; provided nothing contained in this agreement shall be deemed an assignment or cross-assignment of interests covered hereby.

E. Each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Unit Area as provided in the Unit Operating Agreement.

F. An overriding royalty, production payment, net profits interest or other burden payable out of production hereafter created, assignments of production given as security for the payment of money and those overriding royalties, production payments and other burdens payable out of production heretofore created and defined as Subsequently Created Interests in the Unit Operating Agreement shall be (i) borne solely by the party whose interest is burdened therewith, (ii) subject to suspension if a party is required to assign or relinquish to another party an interest which is subject to such burden, and (iii) subject to the lien and security interest hereinafter provided if the party subject to such burden fails to pay its share of expenses chargeable hereunder and under the Unit Operating Agreement, all upon the terms and provisions and in the times and manner provided by the Unit Operating Agreement.

G. The Oil and Gas Leases and/or Oil and Gas Interests which are subject hereto may not be assigned or transferred except in accordance with those terms, provisions and restrictions in the Unit Operating Agreement regulating such transfers. This agreement and the Unit Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, devisees, legal representatives, and assigns, and the terms hereof shall be deemed to run with the Oil and Gas Leases and Oil Leases and/or Oil and Gas Interests within the Unit Area.

H. The parties shall have the right to acquire an interest in wells proposed to be abandoned and interests to be relinquished as a result of non-participation in operations, all in accordance with the terms and provisions of the Unit Operating Agreement.

I. The rights and obligations of the parties, the adjustment of interests, each party's right to propose operations, obligations with respect to participation in operations on the Unit Area, the consequences of a failure to participate in operations, the rights and obligations of the parties regarding the marketing of production, and the rights and remedies of the parties for failure to comply with financial obligations shall be as provided in the Unit Operating Agreement.

J. Each party's interest under this agreement and under the Unit Operating Agreement shall be subject to relinquishment for its failure to participate in subsequent operations and each party's share of production and costs shall be reallocated on the basis of such relinquishment, all upon the terms and provisions provided in the Unit Operating Agreement.

K. All other matters with respect to exploration and development of the Unit Area and the ownership and transfer of the Oil and Gas Leases and/or Oil and Gas Interest therein shall be governed by the terms and provisions of the Unit Operating Agreement.

3. The parties hereby grant reciprocal liens and security interests as follows:

A. Each party grants to the other parties hereto a lien upon any interest it now owns

or hereafter acquires in Oil and Gas Leases and Oil and Gas Interests in the Unit Area, and a security interest and/or purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this agreement and the Unit Operating Agreement including but not limited to payment of expense, interest and fees, the proper disbursement of all monies paid under this agreement and the Unit Operating Agreement, the assignment or relinquishment of interest in Oil and Gas Leases as required under this agreement and the Unit Operating Agreement, and the proper performance of operations under this agreement and the Unit Operating Agreement. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Unit Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this agreement and the Unit Operating Agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from the sale of production at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing.

B. Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement and the Unit Operating Agreement by, through or under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement and the Unit Operating Agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest granted by the Unit Operating Agreement and this instrument as to all obligations attributable to such interest under this agreement and the Unit Operating Agreement whether or not such obligations arise before or after such interest is acquired.

C. To the extent that the parties have a security interest under the Uniform Commercial Code of the state in which the Unit Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any party in the payment of its share of expenses, interest or fees, or upon the improper use of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by such party, plus interest, has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such defaulting party's share of Oil and Gas. All purchasers of production may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in this paragraph.

D. If any party fails to pay its share of expenses within one hundred-twenty (120) days after rendition of a statement therefor by Operator the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the

interest of each such party bears to the interest of all such parties. The amount paid by each party so paying its share of the unpaid amount shall be secured by the liens and security rights described in this paragraph 3 and in the Unit Operating Agreement, and each paying party may independently pursue any remedy available under the Unit Operating Agreement or otherwise.

E. If any party does not perform all of its obligations under this agreement or the Unit Operating Agreement, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this agreement or the Unit Operating Agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshalling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder or under the Unit Operating Agreement, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

F. The lien and security interest granted in this paragraph 3 supplements the rights granted under the Unit Operating Agreement.

G. To the extent permitted by applicable law, Non-Operators agree that Operator may invoke or utilize the mechanics' or materialmen's lien law of the state in which the Unit Area is situated in order to secure the payment to Operator of any sum due under this agreement and the Unit Operating Agreement for services performed or materials supplied by Operator.

H. The above described security will be financed at the wellhead of the well or wells located on the Unit Area and this Recording Supplement may be filed in the land records in the County or Parish in which the Unit Area is located, and as a financing statement in all recording offices required under the Uniform Commercial Code or other applicable state statutes to perfect the above-described security interest, and any party hereto may file a continuation statement as necessary under the Uniform Commercial Code, or other state laws.

4. This agreement shall be effective as of the date of the Unit Operating Agreement as above recited. Upon termination of this agreement and the Unit Operating Agreement and the satisfaction of all obligations thereunder, Operator is authorized to file of record in all necessary recording offices a notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon the request of Operator, if Operator has complied with all of its financial obligations.

5. This agreement and the Unit Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. No sale, encumbrance, transfer or other disposition shall be made by any party of any interest in the Leases or Interests subject hereto except as expressly permitted under the Unit Operating Agreement and, if permitted, shall be made expressly subject to this agreement and the Unit Operating Agreement and without prejudice to the rights of the other parties. If the transfer is permitted, the assignee of an ownership interest in any Oil and Gas Lease shall be deemed a party to this agreement and the Unit Operating Agreement as to the interest assigned from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall

relieve such party of obligations previously incurred by such party under this agreement or the Unit Operating Agreement with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted under this agreement and the Unit Operating Agreement in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Section 28.3 of the Unit Operating Agreement and hereby shall continue to burden the interest transferred to secure payment of any such obligations.

6. In the event of a conflict between the terms and provisions of this agreement and the terms and provisions of the Unit Operating Agreement, then, as between the parties, the terms and provisions of the Unit Operating Agreement shall control.

7. This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Unit Area or which own, in fact, an interest in the Unit Area. In the event that any provision herein is illegal or unenforceable, the remaining provisions shall not be affected, and shall be enforced as if the illegal or unenforceable provision did not appear herein.

IN WITNESS WHEREOF, this agreement shall be effective as of the _____ day of _____, 2020.

OPERATOR AND WORKING INTEREST OWNER:

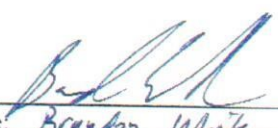
By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

NONOPERATOR AND WORKING INTEREST OWNER:

Franklin Mountain Energy, LLC

By: 
Name: Brandon White
Title: VP- Corporate Development

ATTEST:

ACKNOWLEDGEMENTS

STATE OF _____ §

COUNTY OF _____ §

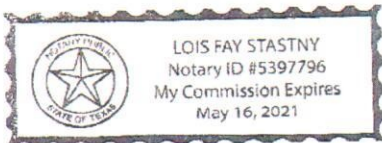
This instrument was acknowledged before me on _____, 2020 by Clayton Sporich, as Vice President – Land & Legal of Tap Rock Operating, LLC, a Delaware limited liability company, on behalf of said limited liability company.

Notary Public in and for the State of _____
Notary's Name Printed: _____
Notary's commission expires: _____

STATE OF Texas §

COUNTY OF Harris §

This instrument was acknowledged before me on July 20, 2020 by Brandon L. White, as Vice President of Franklin Mountain Energy LLC, a Delaware, LLC, on behalf of said _____.



Lois Fay Stastny
Notary Public in and for the State of Texas
Notary's Name Printed: Lois Fay Stastny
Notary's commission expires: 5-16-2021

Exhibit "A"

Description of Unit Area

Attached to and made a part of that certain Memorandum of Unit Operating Agreement, Mortgage and Financing Statement by and between Tap Rock Operating, LLC, as Operator, and Tap Rock Resources, LLC, et al, as Non-Operator(s).

Township 24 South, Range 35 East, NMPM

Section 22: All

Section 26: All

Section 27: All

Section 28: E/2E/2, SW/4NE/4, W/2SE/4

Section 33: E/2E/2, W/2NE/4

Section 34: All

Section 35: All

Township 25 South, Range 35 East, NMPM

Section 3: Lots 1-4, S/2N/2

Comprising 4,043.44 acres, more or less, in Lea County, New Mexico



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
www.blm.gov/new-mexico



In Reply Refer To:
3180 (NM92500)
NMNM 141169X

May 22, 2020

Reference:
Application and Request for Designation
Seinfeld Federal Exploratory Unit
NMNM 141169X

Dana Arnold
Tap Rock Resources
602 Park Point Drive
Suite 200
Golden, CO 80401

Dear Dana Arnold:

Your application of May 22, 2020, filed with the Bureau of Land Management (BLM) New Mexico State Office (NMSO), requests the re-designation of the **Seinfeld Federal Exploratory Unit** area, embracing **4,043.44 acres**, more or less, in Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to public interest requirements and unit plan regulations 43 CFR 3180, the land requested, as outlined on your plat marked Exhibit "A", **Seinfeld Federal Exploratory Unit**, Lea County, New Mexico, is hereby designated as a logical unit area and has been assigned agreement number **NMNM 141169X**. This unit designation is for all oil and gas in any and all formations of the unitized lands and is valid for a period of one year from the date of this letter.

The unit agreement submitted for the area designated will provide for the drilling of one (1) obligation well to test the **Wolfcamp formation** with at least a one-mile horizontal well in the following location:

Name: Gipple Fed Com 214H
Surface Hole Location: SE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 33, T.24S, 35E
Bottom Hole Location: NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 28, T.24S, 35E

As stated in Section 3 in the unit agreement unitized substances are as follows:

ATTACHMENT

6

All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances."

Participating areas within the Seinfeld Unit area shall encompass those lands proven capable of production of unitized substances in paying quantities and shall be based on the productive drainage areas of individual unit wells as determined by reasonable economical, geological, and engineering analysis.

Any producible wells that exist in the unit area prior to unitization will not be considered for recognition as unit wells until after establishment of an initial participating area based on the aforementioned obligation well.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be re-submitted to this office for preliminary approval. In the absence of any type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be considered for approval if submitted in approvable status within one (1) year from receipt of this letter. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted that, in our opinion, does not serve the public interest or does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Please include a separate recapitulation table of the latest commitment status of the interests in each tract when the executed agreement is submitted for final approval.

In preparing Exhibits "A" and "B", the format of the sample exhibits of the model form shall be followed. A minimum of three copies of the executed agreement shall be submitted with your request for final approval.

As provided in 43 CFR 3165.3(b), you may request an administrative review of this decision before the State Director. Per 43 CFR 3165.4, you may appeal any instructions, orders, or decisions issued by the BLM New Mexico State Office directly to the Interior Board of Land Appeals pursuant to the regulations found at 43 CFR 4. A copy of Form 1842-1, *Information on Taking Appeals to the Interior Board of Land Appeals*, is enclosed.

Sincerely,

**JAMES
GLOVER**

James Glover
Chief, Branch of Reservoir Management
BLM New Mexico

Digitally signed by
JAMES GLOVER
Date: 2020.05.22
13:49:11 -06'00'

Enclosures

- 1 - Designated Seinfeld Federal Exploratory Unit Agreement
- 2 - BLM Form 1842-1

cc:

NM92500, M. Dupre



June 11, 2020

Cayuga Royalties, LLC
P. O. Box 540711
Houston, Texas 77254

RE: Seinfeld Unit Agreement and Unit Operating Agreement
Township 24 South, Range 35 East, NMPM
Section 22: All
Section 26: All
Section 27: All
Section 28: E/2E/2, SW/4NE/4, W/2SE/4
Section 33: E/2E/2, W/2NE/4
Section 34: All
Section 35: All
Township 25 South, Range 35 East, NMPM
Section 3: Lots 1-4, S/2N/2
Comprising 4,043.44 acres in Lea County, New Mexico

Ladies and Gentlemen:

By letter dated May 20, 2020, you received copies of the Seinfeld Unit Agreement and Unit Operating Agreement. Tap Rock Operating LLC, as Operator of the Seinfeld Unit, is revising the unit boundary to add acreage not previously included in the May 20, 2020 Agreements. The acreage to be added to the Unit is described as the SW/4NE/4 and W/2SE/4 of Section 28 and W/2NW/4 of Section 33, Township 24 South, Range 35 East, Lea County New Mexico (the "Cosmo K Acreage").

Enclosed are the following documents and pages, which have been revised to include the Cosmo K Acreage and should be substituted into the original forms sent to you in the May 20, 2020 letter.

- 1) Bureau of Land Management approval of the revised Seinfeld Unit boundaries
- 2) Revisions to Unit Operating Agreement Exhibits
 - a. Exhibit "A" – revised description of the lands to include Cosmo K Acreage.
 - b. Exhibit "2" – changed MRC Permian Company to Franklin Mountain Energy LLC pursuant to the Assignment and Bill of Sale recorded at Book 2165, Page 481, Lea County Records (the "Assignment").
 - c. Exhibit "8" – Revised description of the lands to include Cosmo K Acreage.
 - d. Exhibit "10" – Revised to add Drilling Block #6, which includes Cosmo K Acreage and also reflect the Assignment.

ATTACHMENT 7



3) Revisions to Unit Agreement

- a. Changed acreage number in the Agreement to include Cosmo K Acreage and revised signature blocks to reflect the Assignment.
- b. Revised Exhibit "A" to reflect Cosmo K Acreage.
- c. Revised Exhibit "B" to reflect Cosmo K Acreage and the Assignment.

As a Royalty Interest Owner in the Unit Area, please execute and notarize the Ratification and Joinder where indicated and return to my attention at the letterhead address. Thank you in advance for your attention to this matter.

If you have any questions please contact Erica Hixson at ehixson@taprk.com or 720-460-3316.

Sincerely,

TAP ROCK OPERATING, LLC

Rachelle Reese

Rachelle Reese

Senior Land Administrator

720-460-3495

rreese@taprk.com



June 8, 2020

Franklin Mountain Energy LLC
2401 E. 2nd Avenue, Suite 300
Denver, CO 80206

RE: Seinfeld Unit Agreement and Unit Operating Agreement
Township 24 South, Range 35 East, NMPM
Section 22: All
Section 26: All
Section 27: All
Section 28: E/2E/2, SW/4NE/4, W/2SE/4
Section 33: E/2E/2, W/2NE/4
Section 34: All
Section 35: All
Township 25 South, Range 35 East, NMPM
Section 3: Lots 1-4, S/2N/2
Comprising 4,043.44 acres in Lea County, New Mexico

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- b. Revised Exhibit "A" to reflect Cosmo K Acreage.
- c. Revised Exhibit "B" to reflect Cosmo K Acreage and the Assignment.

As a Working Interest Owner in the Unit Area, please execute and notarize the Ratification and Joinder of Unit Agreement and Unit Operating Agreement where indicated and return to my attention at the letterhead address.

If you have any questions please contact Erica Hixson at ehixson@taprk.com or 720-460-3316.

Sincerely,

TAP ROCK OPERATING, LLC

Rachelle Reese

Rachelle Reese

Senior Land Administrator

720-460-3495

rreese@taprk.com


RATIFICATION AND JOINDER OF UNIT
AGREEMENT AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **Seinfeld Unit Area**, located in Lea County, New Mexico, which has received preliminary approval on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 14th day of JUNE, 2020.


Name: John Hargis
Title: President

CORPORATE/TRUST/PARTNERSHIP ACKNOWLEDGEMENT

STATE OF _____ §

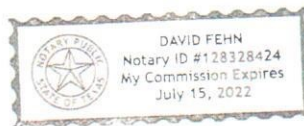
COUNTY OF _____ §

This instrument was acknowledged before me by John Hargis, as President, of Southeast Texas Oil and Gas Inc., this 14th day of June, 2020.

Witness my hand and official seal:


Notary Public

My Commission Expires
July 15, 2022



INDIVIDUAL ACKNOWLEDGEMENT

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me by _____ this _____ day of _____, 2020.

Witness my hand and official seal:

Notary Public

My Commission Expires

ATTACHMENT 


RATIFICATION AND JOINDER OF UNIT
AGREEMENT AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **Seinfeld Unit Area**, located in Lea County, New Mexico, which has received preliminary approval on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 9 day of June, 2020.

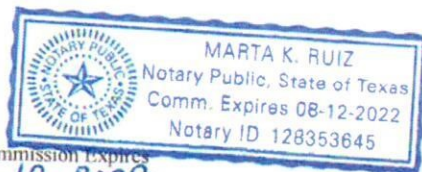

Name: Jeff Beard
Title: Executive Vice President JW


CORPORATE/TRUST/PARTNERSHIP ACKNOWLEDGEMENT

STATE OF Texas §
COUNTY OF Midland §

This instrument was acknowledged before me by Jeff Beard as Exec.
Vice President of CrownRock Minerals, LP
this 9th day of June, 2020.

Witness my hand and official seal:




Notary Public

My Commission Expires
8.12.2022

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me by _____ this _____ day
of _____, 2020.

Witness my hand and official seal:

Notary Public

My Commission Expires


RATIFICATION AND JOINDER OF UNIT
AGREEMENT AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **Seinfeld Unit Area**, located in Lea County, New Mexico, which has received preliminary approval on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 20th day of July, 2020.


Name: Brandon White
Title: VP- Corporate Development

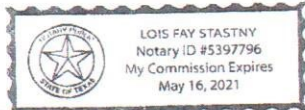
CORPORATE/TRUST/PARTNERSHIP ACKNOWLEDGEMENT

STATE OF Texas §

COUNTY OF Harris §

This instrument was acknowledged before me by Brandon L. White, as Vice President of Franklin Mountain Energy, this 20th day of July, 2020.

Witness my hand and official seal:



My Commission Expires
5-16-2021

Lois Fay Stastny
Notary Public

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF §

COUNTY OF §

This instrument was acknowledged before me by _____ this _____ day of _____, 2020.

Witness my hand and official seal:

Notary Public

My Commission Expires


RATIFICATION AND JOINDER OF UNIT
AGREEMENT AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **Seinfeld Unit Area**, located in Lea County, New Mexico, which has received preliminary approval on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 15 day of May, 2020.



Name: Clayton Sponch
Title: VP Land & Legal
Tap Rock Minerals LLC

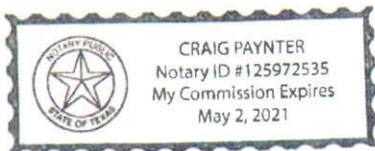
CORPORATE/TRUST/PARTNERSHIP ACKNOWLEDGEMENT

STATE OF Texas §

COUNTY OF Dallas §

This instrument was acknowledged before me by Clayton Sponch, as VP of
Land and Legal of Tap Rock Minerals, LLC
this 15 day of May, 2020.

Witness my hand and official seal:





Notary Public

My Commission Expires
May 2, 2021

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF Texas

§

COUNTY OF Dallas

§

This instrument was acknowledged before me by Clayton Sporick this 15 day
of May, 2020.

Witness my hand and official seal:



SK
Notary Public

My Commission Expires
May 2, 2021


RATIFICATION AND JOINDER OF UNIT
AGREEMENT AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **Seinfeld Unit Area**, located in Lea County, New Mexico, which has received preliminary approval on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 15 day of may, 2020.



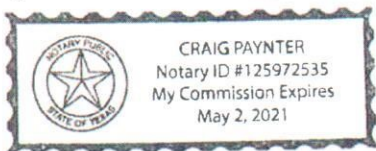
Name: Clayton Sporich
Title: VP Land & Legal
Tap Rock NMIO LLC

CORPORATE/TRUST/PARTNERSHIP ACKNOWLEDGEMENT

STATE OF Texas §
COUNTY OF Dallas §

This instrument was acknowledged before me by Clayton Sporich, as VP of
Land and Legal of Tap Rock New Mexico Ten, LLC
this 15 day of May, 2020.

Witness my hand and official seal:





Notary Public

My Commission Expires
May 2, 2021

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF Texas

§

COUNTY OF Dallas

§

This instrument was acknowledged before me by Clayton Sporick this 15 day
of May, 2020.

Witness my hand and official seal:



SK
Notary Public

My Commission Expires

May 2, 2021


RATIFICATION AND JOINDER OF UNIT
AGREEMENT AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **Seinfeld Unit Area**, located in Lea County, New Mexico, which has received preliminary approval on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

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This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 15th day of May, 2020.

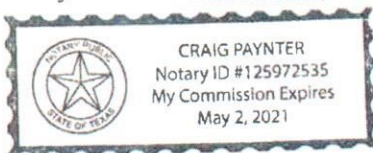

Name: Clayton Sporich
Title: VP Land and Legal
Tap Rock Operating LLC

CORPORATE/TRUST/PARTNERSHIP ACKNOWLEDGEMENT

STATE OF Texas §
COUNTY OF Dallas §

This instrument was acknowledged before me by Clayton Sporich, as VP of
Land and Legal of Tap Rock Operating, LLC
this 15 day of May, 2020.

Witness my hand and official seal:




Notary Public

My Commission Expires
May 2, 2021

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF Texas §

COUNTY OF Dallas §

This instrument was acknowledged before me by Clayton Sporick this 15 day
of May, 2020.

Witness my hand and official seal:



SPK
Notary Public

My Commission Expires
May 2, 2021


RATIFICATION AND JOINDER OF UNIT
AGREEMENT AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the **Seinfeld Unit Area**, located in Lea County, New Mexico, which has received preliminary approval on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 15 day of may, 2020.


Name: Clayton Sporch
Title: VP Land & Legal
Tap Rock Resources LLC

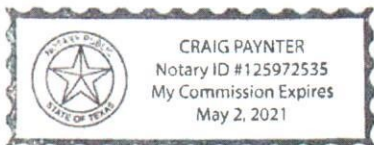
CORPORATE/TRUST/PARTNERSHIP ACKNOWLEDGEMENT


STATE OF Texas §

COUNTY OF Dallas §

This instrument was acknowledged before me by Clayton Sporch, as VP of
Land and Legal of Tap Rock Resources, LLC
this 15 day of May, 2020.

Witness my hand and official seal:




Notary Public

My Commission Expires
May 2, 2021

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF Texas §
COUNTY OF Dallas §

This instrument was acknowledged before me by Clayton Sporich this 15 day
of May, 2020.

Witness my hand and official seal:



SP

Notary Public

My Commission Expires

May 2, 2021

TAP ROCK OPERATING, LLC
602 Park Point Dr, Golden, Colorado 80401
Authorization For Expenditure

ATTACHMENT 9

Name: Gipple Fed Com #214H
AFE #: 0
County: Lea
State: NM

Date: March 24, 2020
MD/TVD: 23175 / 12515
Lateral Length: 10210
Geologic Target: Wolfcamp A

Well Description: Drill, complete, and equip a horizontal Wolfcamp A well with a 10210 mile lateral.

INTANGIBLE DRILLING COSTS			INTANGIBLE COMPLETION COSTS			INTANGIBLE PRODUCTION COSTS		
COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT
1 1	Land - Legal	10,000	2 1	Land - Legal		3 1	Land - Legal	
1 2	Land - Regulatory	5,000	2 2	Land - Regulatory		3 2	Land - Regulatory	
1 3	Land - Surface Damages	20,000	2 3	Land - Surface Damages		3 3	Land - Surface Damages	
1 4	Land - Survey	10,000	2 4	Land - Survey		3 4	Land - Survey	
1 5	Location/Pit Construction	140,000	2 5	Location/Pit Construction		3 5	Location/Pit Construction	5,000
1 6	Remedial Dirtwork	0	2 6	Remedial Dirtwork		3 6	Remedial Dirtwork	
1 7	Reserve/Frac Pit Closing		2 7	Reserve/Frac Pit Closing		3 7	Reserve/Frac Pit Closing	
1 8	Drilling - Contractor	660,711	2 8	Drilling - Contractor		3 8	Drilling - Contractor	
1 9	Mob/Rig Up - Contractor/Trucking	123,250	2 9	Mob/Rig Up - Contractor/Trucking		3 9	Mob/Rig Up - Contractor/Trucking	
1 10	Cementing Services	0	2 10	Cementing Services		3 10	Cementing Services	
1 11	Cementing Equipment	0	2 11	Cementing Equipment		3 11	Cementing Equipment	
1 12	Bits/Drill Out Assemblies	0	2 12	Bits/Drill Out Assemblies	140,586	3 12	Bits/Drill Out Assemblies	
1 13	Fluid Circulation Equipment/Services	113,819	2 13	Fluid Circulation Equipment/Services		3 13	Fluid Circulation Equipment/Services	
1 14	Fluids/Chemicals	336,930	2 14	Fluids/Chemicals	114,278	3 14	Fluids/Chemicals	
1 15	WBM Cuttings/Wastewater Disposal	275,670	2 15	WBM Cuttings/Wastewater Disposal		3 15	WBM Cuttings/Wastewater Disposal	
1 16	OBM Cuttings/Chemical Disposal	102,100	2 16	OBM Cuttings/Chemical Disposal		3 16	OBM Cuttings/Chemical Disposal	
1 17	Fuel/Power	157,348	2 17	Fuel/Power	662,500	3 17	Fuel/Power	
1 18	Water	0	2 18	Water	1,058,090	3 18	Water	
1 19	Directional Drilling	277,931	2 19	Directional Drilling		3 19	Directional Drilling	
1 20	Mud Logging	27,911	2 20	Mud Logging		3 20	Mud Logging	
1 21	Open/Cased/Production Hole Logs	0	2 21	Open/Cased/Production Hole Logs	10,550	3 21	Open/Cased/Production Hole Logs	
1 22	Coring	0	2 22	Coring		3 22	Coring	
1 23	Geologic Supervision	0	2 23	Geologic Supervision		3 23	Geologic Supervision	
1 24	Engineering Supervision	0	2 24	Engineering Supervision		3 24	Engineering Supervision	
1 25	Consultant Supervision	141,613	2 25	Consultant Supervision	156,000	3 25	Consultant Supervision	20,000
1 26	Freight/Transportation	20,000	2 26	Freight/Transportation	4,110	3 26	Freight/Transportation	10,000
1 27	Labor	0	2 27	Labor	22,190	3 27	Labor	85,000
1 28	Supplies - Surface	2,500	2 28	Supplies - Surface	4,110	3 28	Supplies - Surface	
1 29	Supplies - Living Quarters	1,000	2 29	Supplies - Living Quarters	4,110	3 29	Supplies - Living Quarters	
1 30	Rentals - Surface	71,468	2 30	Rentals - Surface	50,030	3 30	Rentals - Surface	
1 31	Rentals - Living Quarters	36,190	2 31	Rentals - Living Quarters	42,490	3 31	Rentals - Living Quarters	
1 32	Rentals - Downhole	0	2 32	Rentals - Downhole	0	3 32	Rentals - Downhole	
1 33	Rentals - Pipe & Handling Tools	0	2 33	Rentals - Pipe & Handling Tools	0	3 33	Rentals - Pipe & Handling Tools	
1 34	Rentals - Frac Stack		2 34	Rentals - Frac Stack	150,095	3 34	Rentals - Frac Stack	
1 35	Rentals - Frac Tanks		2 35	Rentals - Frac Tanks	95,800	3 35	Rentals - Frac Tanks	
1 36	Coil Tubing Unit/Workover Rig		2 36	Coil Tubing Unit/Workover Rig	309,444	3 36	Coil Tubing Unit/Workover Rig	70,000
1 37	Wireline/Slickline/Perforating		2 37	Wireline/Slickline/Perforating	501,550	3 37	Wireline/Slickline/Perforating	
1 38	Temporary Packers/Plugs		2 38	Temporary Packers/Plugs	78,000	3 38	Temporary Packers/Plugs	
1 39	High Pressure Pump Truck		2 39	High Pressure Pump Truck	152,200	3 39	High Pressure Pump Truck	
1 40	Stimulation		2 40	Stimulation	3,446,989	3 40	Stimulation	
1 41	Rentals - Pressure Control		2 41	Rentals - Pressure Control		3 41	Rentals - Pressure Control	
1 42	Flowback Services		2 42	Flowback Services	130,225	3 42	Flowback Services	
1 43	Water Transfer Services		2 43	Water Transfer Services	172,125	3 43	Water Transfer Services	
1 44	Flowback Water Trucking & Disposal		2 44	Flowback Water Trucking & Disposal	141,788	3 44	Flowback Water Trucking & Disposal	
1 45	Permanent Equipment Installation		2 45	Permanent Equipment Installation		3 45	Permanent Equipment Installation	
1 46	Pipeline Tapping Services		2 46	Pipeline Tapping Services		3 46	Pipeline Tapping Services	
1 47	Plugging & Abandonment	0	2 47	Plugging & Abandonment		3 47	Plugging & Abandonment	
1 53	Overhead	13,235	2 53	Overhead	31,650	3 53	Overhead	5,000
1 54	Insurance	41,715	2 54	Insurance		3 54	Insurance	
1 55	Contingency	129,420	2 55	Contingency	575,542	3 55	Contingency	19,500
TOTAL INTANGIBLE DRILLING COSTS:		\$2,717,811	TOTAL INTANGIBLE COMPLETION COSTS:		\$8,054,451	TOTAL INTANGIBLE PRODUCTION COSTS:		\$214,500

TANGIBLE DRILLING COSTS			TANGIBLE COMPLETION COSTS			TANGIBLE PRODUCTION COSTS		
COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT
4 60	Conductor Casing	0	5 60	Conductor Casing		6 60	Conductor Casing	
4 61	Surface Casing	42,599	5 61	Surface Casing		6 61	Surface Casing	
4 62	1st Intermediate Casing	153,263	5 62	1st Intermediate Casing		6 62	1st Intermediate Casing	
4 63	2nd Intermediate Casing	350,189	5 63	2nd Intermediate Casing		6 63	2nd Intermediate Casing	
4 64	Production Casing	431,138	5 64	Production Casing	22,500	6 64	Production Casing	
4 65	Tubing		5 65	Tubing	40,000	6 65	Tubing	60,000
4 66	Wellhead	0	5 66	Wellhead		6 66	Wellhead	43,500
4 67	Permanent Packers/Hangers/Plugs		5 67	Permanent Packers/Hangers/Plugs		6 67	Permanent Packers/Hangers/Plugs	5,000
4 68	Tanks		5 68	Tanks		6 68	Tanks	
4 69	Production Vessels		5 69	Production Vessels		6 69	Production Vessels	82,000
4 70	Compressors		5 70	Compressors		6 70	Compressors	
4 71	Surface Flowlines		5 71	Surface Flowlines		6 71	Surface Flowlines	50,000
4 72	Gathering Lines		5 72	Gathering Lines		6 72	Gathering Lines	10,000
4 73	Valves & Controllers		5 73	Valves & Controllers		6 73	Valves & Controllers	
4 74	Artificial Lift Equipment		5 74	Artificial Lift Equipment		6 74	Artificial Lift Equipment	35,000
4 75	Instrumentation & Measurement		5 75	Instrumentation & Measurement		6 75	Instrumentation & Measurement	
4 76	Electrical Grounding/Safety Equipment		5 76	Electrical Grounding/Safety Equipment		6 76	Electrical Grounding/Safety Equipment	
4 77	Permanent Equipment Installation		5 77	Permanent Equipment Installation		6 77	Permanent Equipment Installation	
4 80	Other - Surface		5 80	Other - Surface		6 80	Other - Surface	
4 81	Other - Downhole		5 81	Other - Downhole		6 81	Other - Downhole	
TOTAL TANGIBLE DRILLING COSTS:		\$977,189	TOTAL TANGIBLE COMPLETION COSTS:		\$62,500	TOTAL TANGIBLE PRODUCTION COSTS:		\$285,500
TOTAL DRILLING COSTS:		\$3,695,000	TOTAL COMPLETION COSTS:		\$8,116,951	TOTAL PRODUCTION COSTS:		\$500,000
						TOTAL WELL COST:		\$12,311,951

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____ VP - EXPLORATION _____
CFO _____ VP - OPERATIONS _____
VP - LAND & LEGAL _____ SENIOR GEOLOGIST _____

NON OPERATING PARTNER APPROVAL:

COMPANY NAME: _____
SIGNED BY: _____ TITLE: _____
WORKING INTEREST (%): _____ DATE: _____
TAX ID: _____ APPROVAL: _____

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

APPLICATION OF TAP ROCK OPERATING, LLC
FOR APPROVAL OF A UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

Case No. 21367

AFFIDAVIT OF EMILY LANGE

I, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Tap Rock Operating, LLC ("Tap Rock"), and I am familiar with the subject applications and the geology involved.
3. This affidavit is submitted in connection with the filing by Tap Rock of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
 - a. I hold a Bachelor's degree in Geology from the University of Southern California, which I completed in 2012. I am currently working towards a Master's degree in Geology at Southern Methodist University.
 - b. I have been employed as a petroleum geologist since 2013. I have worked in New Mexico since 2015.
5. **Exhibits 11-14** are Gun Barrel diagrams showing the planned Wolfcamp horizontal spacing for the Unit. These diagrams show the existing development, as well as the projected development in the Wolfcamp. In **Exhibit 11**, moving from West to East, the

wells are spaced approximately 550' away, at their closest, from the nearest well in the same zone. In **Exhibits 12-14**, moving from West to East all wells are spaced 660' away from the nearest well in the same zone. Green circles represent drilled and producing wells, blue circles represent drilled and not yet producing wells & orange circles represent near term future development. The Gipple 214H, shown on **Exhibit 11**, is the Initial Obligation Well for the Unit. Tap Rock has also identified an additional deeper target, denoted by a black dashed circle, that is uniformly deposited across the Unit, and will be developed at a future date as an exploration target within the Wolfcamp C horizon. A nearby type log has been included (for log descriptions, see **Exhibit 17**) to show approximate depths and reservoir quality of the selected landing zones.

6. **Exhibit 15** is a Wolfcamp Subsea Structure Map. The map shows the location of the Seinfeld Unit outlined by the purple box. The map is the top of the Wolfcamp formation in subsea vertical depth with contour intervals of 25'. Control points for the structure are shown with values in purple. There is a monoclinial dip down to the southwest. The orientation of the Seinfeld Unit wells will be approximately along strike. Offset producers are shown with circles identifying specific Wolfcamp targets. I do not observe any major faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval with horizontal wells.

7. **Exhibit 16** is Wolfcamp Isopach Map. The map shows the location of the Seinfeld Unit outlined by the purple box. The map is the thickness of the Wolfcamp section with contour intervals of 10'. Control points for the isopach are shown with values in purple. The Wolfcamp thickens to the southwest. Offset producers are shown with circles identifying specific Wolfcamp targets. I do not observe any major faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval with horizontal wells.

8. **Exhibit 17** shows the Wolfcamp Targets in the Unit with a Wolfcamp Stratigraphic Cross Section (flattened on the top of the Third Bone Spring Sand horizon). Each well displays a triple combo log. Track 1 has a gamma ray log with interpreted color fill for lithology scaled from 0 to 200 api units and a caliper log scaled from 0 to 16. For gamma ray, the blue colors indicate carbonate, yellow to orange are sandstone/siltstones, and the darker browns are shale facies. For caliper, higher values indicate irregularities in hole diameter. Track 2 has the deep resistivity log, scaled from 0.2 ohm*m to 2000 ohm*m. Track 3 is the porosity track and contains the red neutron porosity curve and the blue density porosity curve, both scaled from 30% to -10%. The pink shading on the neutron porosity curve highlights anything greater than 15% to identify zones with increased clay content. The green shading on the density porosity curve highlights anything greater than 10% porosity. This density cutoff indicates the best rock properties for reservoir evaluation. The cross-section identifies the key tops used to evaluate reservoirs and landing targets for the Seinfeld Unit Wells. Orange color-filled circles on the depth track of Well 1 and the black dashed circle on Well 2 represent planned & future landing targets, respectively, for the Wells. The targeted reservoir has a thickness from ~500-650', and exhibits consistent reservoir facies throughout the Unit.

9. **Exhibits 18-21** are Gun Barrel diagrams showing the planned Bone Spring horizontal spacing for the Unit. These diagrams show the existing development, as well as the projected development in the Bone Spring. Moving from West to East, the wells are spaced approximately 550' away, at their closest, from the nearest well in the same zone. In **Exhibits 18-19**, moving from West to East all wells are spaced 1,320' away from the nearest well in the same zone for the First Bone Sand target. Green circles represent drilled and producing wells & orange

circles represent near term future development. Tap Rock has also identified additional targets, denoted by a black dashed circle, that are uniformly deposited across the Unit, and will be developed at a future date as exploration targets within the Upper Avalon, Second Bone Spring Sand, and Third Bone Spring Carbonate horizons. A nearby type log has been included (for log descriptions, see **Exhibit 24**) to show approximate depths and reservoir quality of the selected landing zones.

10. **Exhibit 22** is a Bone Spring Subsea Structure Map. The map shows the location of the Seinfeld Unit outlined by the purple box. The map is the top of the Bone Spring formation in subsea vertical depth with contour intervals of 25'. Control points for the structure are shown with values in purple. There is a monoclinial dip down to the west. The orientation of the Seinfeld Unit wells will be approximately along strike. Offset producers are shown with circles identifying specific Bone Spring targets. I do not observe any major faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval with a horizontal well.

11. **Exhibit 23** is Bone Spring Isopach Map. The map shows the location of the Seinfeld Unit outlined by the purple box. The map is the thickness of the Bone Spring section with contour intervals of 10'. Control points for the isopach are shown with values in purple. The Bone Spring thickens to the southwest. Offset producers are shown with circles identifying specific Wolfcamp targets. I do not observe any major faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval with a horizontal well.

12. **Exhibit 24** shows the Bone Spring Targets in the Unit with a Bone Spring Stratigraphic Cross Section (flattened on the top of the Bone Spring horizon). Each well displays a triple combo log. Track 1 has a gamma ray log with interpreted color fill for lithology scaled from 0 to 200 api units and a caliper log scaled from 0 to 16. For gamma ray, the blue colors

indicate carbonate, yellow to orange are sandstone/siltstones, and the darker browns are shale facies. For caliper, higher values indicate irregularities in hole diameter. Track 2 has the deep resistivity log, scaled from 0.2 ohm*m to 2000 ohm*m. Values less than 50 ohm*m are shaded blue to help identify more water saturated zones. Track 3 is the porosity track and contains the red neutron porosity curve and the blue density porosity curve, both scaled from 30% to -10%. The pink shading on the neutron porosity curve highlights anything greater than 15% to identify zones with increased clay content. The green shading on the density porosity curve highlights anything greater than 10% porosity. This density cutoff indicates the best rock properties for reservoir evaluation. The cross-section identifies the key tops used to evaluate reservoirs and landing targets for the Seinfeld Unit Wells. The orange color-filled circle and the black dashed circle on the depth track of Well 1 represent planned & future landing targets, respectively, for the Wells. The targeted reservoir has a thickness from ~3,100-3,200', and exhibits consistent reservoir facies throughout the Unit.

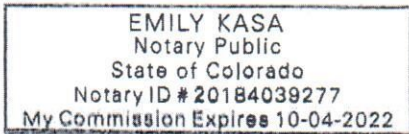
13. Based on my geologic study of the area, I conclude the following:
 - a. The Unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
14. The Exhibits to this Affidavit were prepared by me, or compiled from Tap Rock's company business records.
15. The granting of this Application is in the interests of conservation and the prevention of waste.
16. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT

Emily Lange
EMILY DANGE

STATE OF COLORADO)
)ss
COUNTY OF JEFFERSON)

Subscribed to and sworn before me this 4th day of August, 2020.



EPK
Notary Public

My Commission expires 10.4.2022.

Wolfcamp Target Zone Development

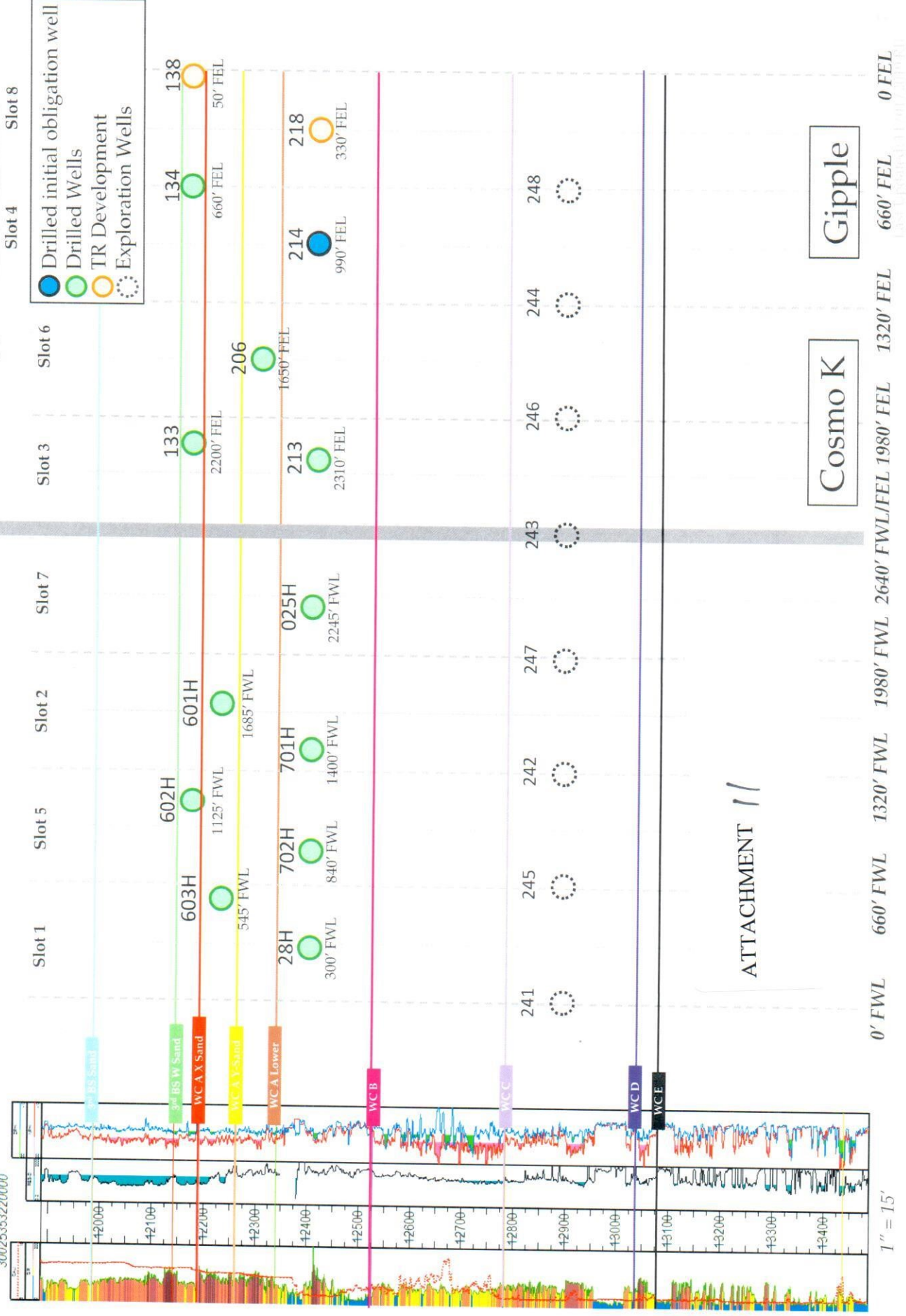
COG OPERATING
OXY BANANA GIRL FEDERAL

30025353220000
*2



Coonskin Unit (W/2 Sec 28 & 33)

Cosmo K/Gipple (E/2 Sec 28 & 33)



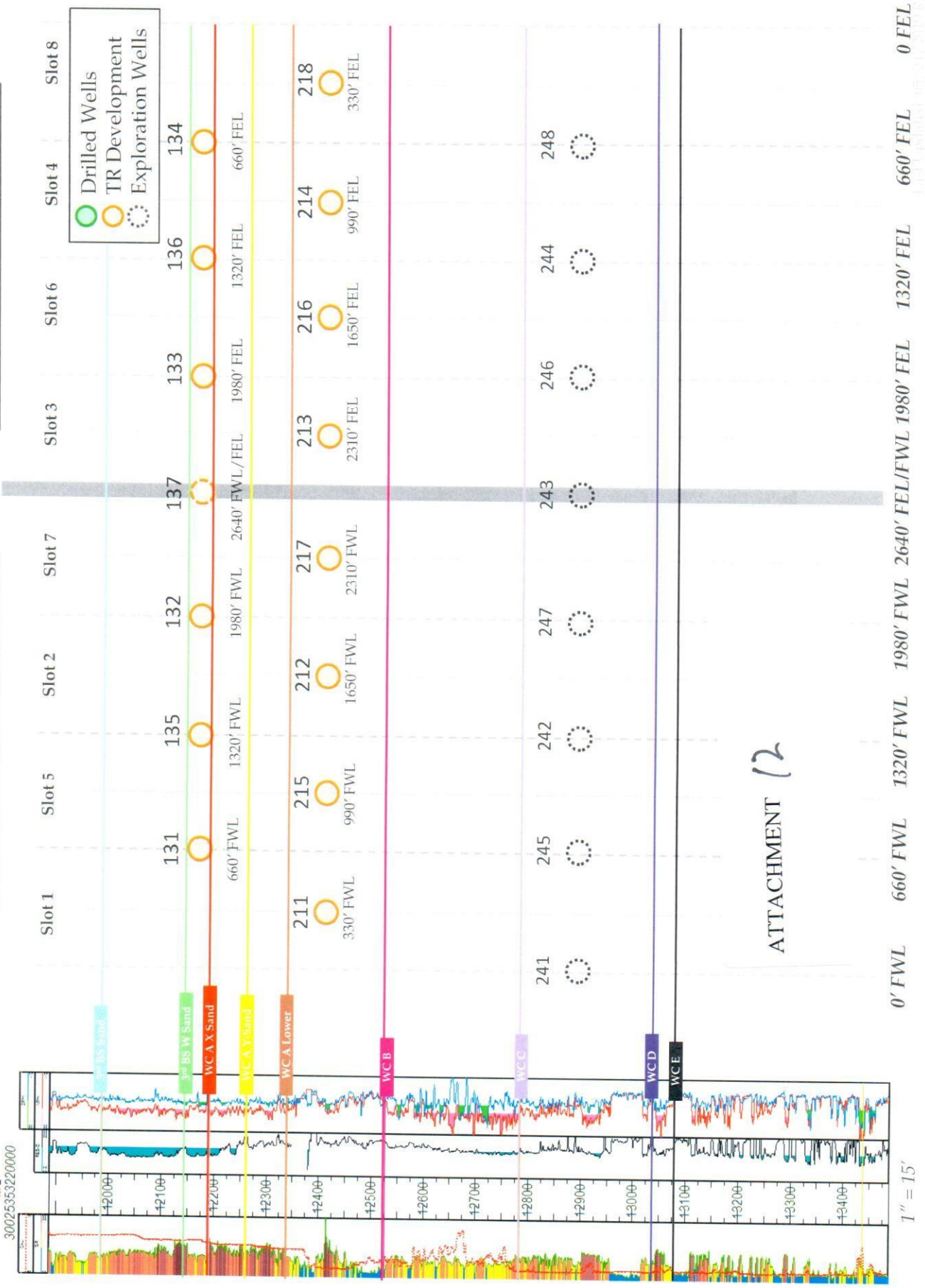
Wolfcamp Target Zone Development



COG OPERATING
OXY BANANA GIRL FEDERAL

Man Hands (W/2 sec 27 & 22)

Man Hands (E/2 sec 27 & 22)



ATTACHMENT 12

Wolfcamp Target Zone Development

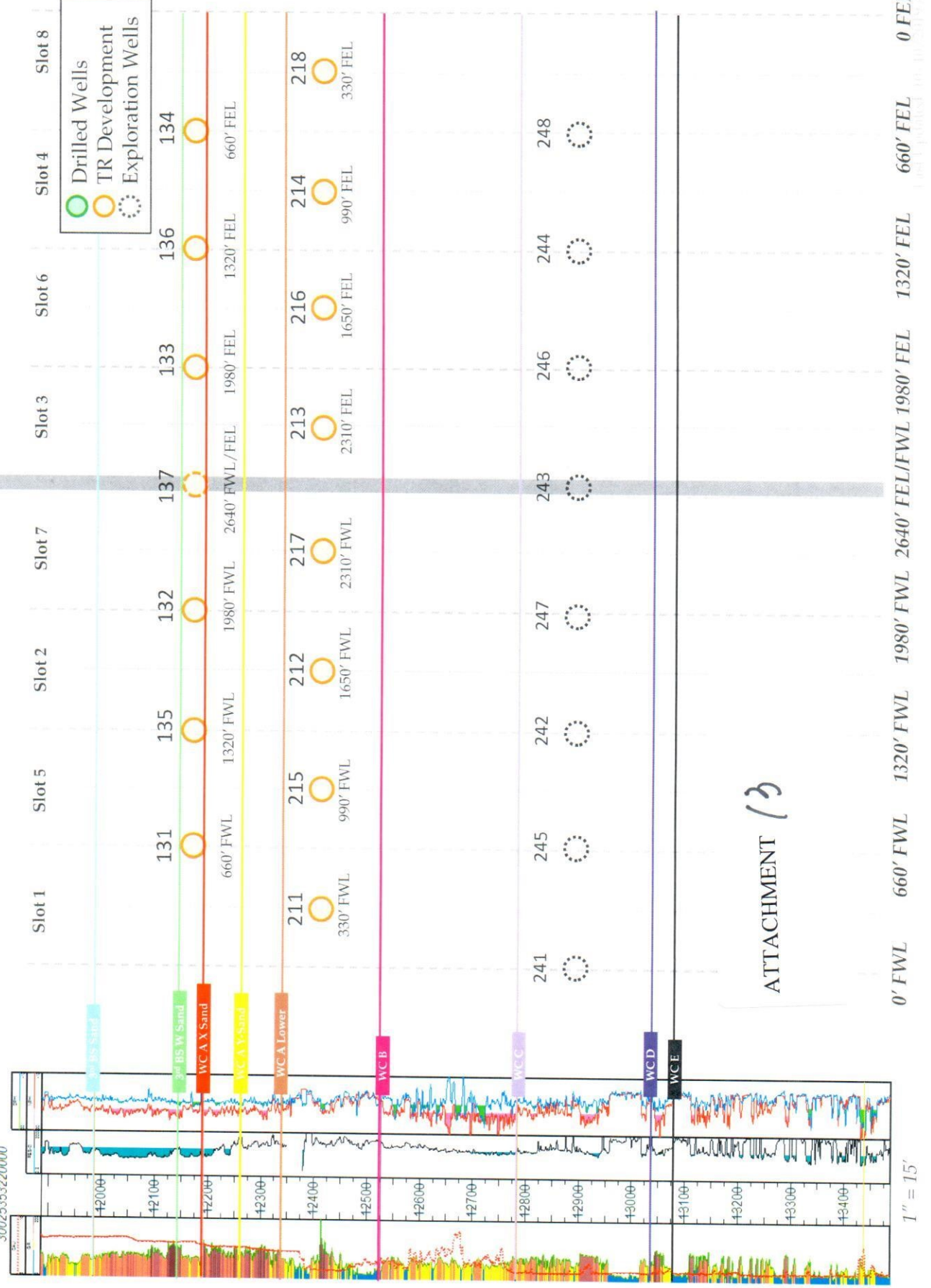
COG OPERATING
OXY BANANA GIRL FEDERAL

30025353220000
2



Mulva (W/2 sec 34 & 3)

Mulva (E/2 sec 34 & 3)



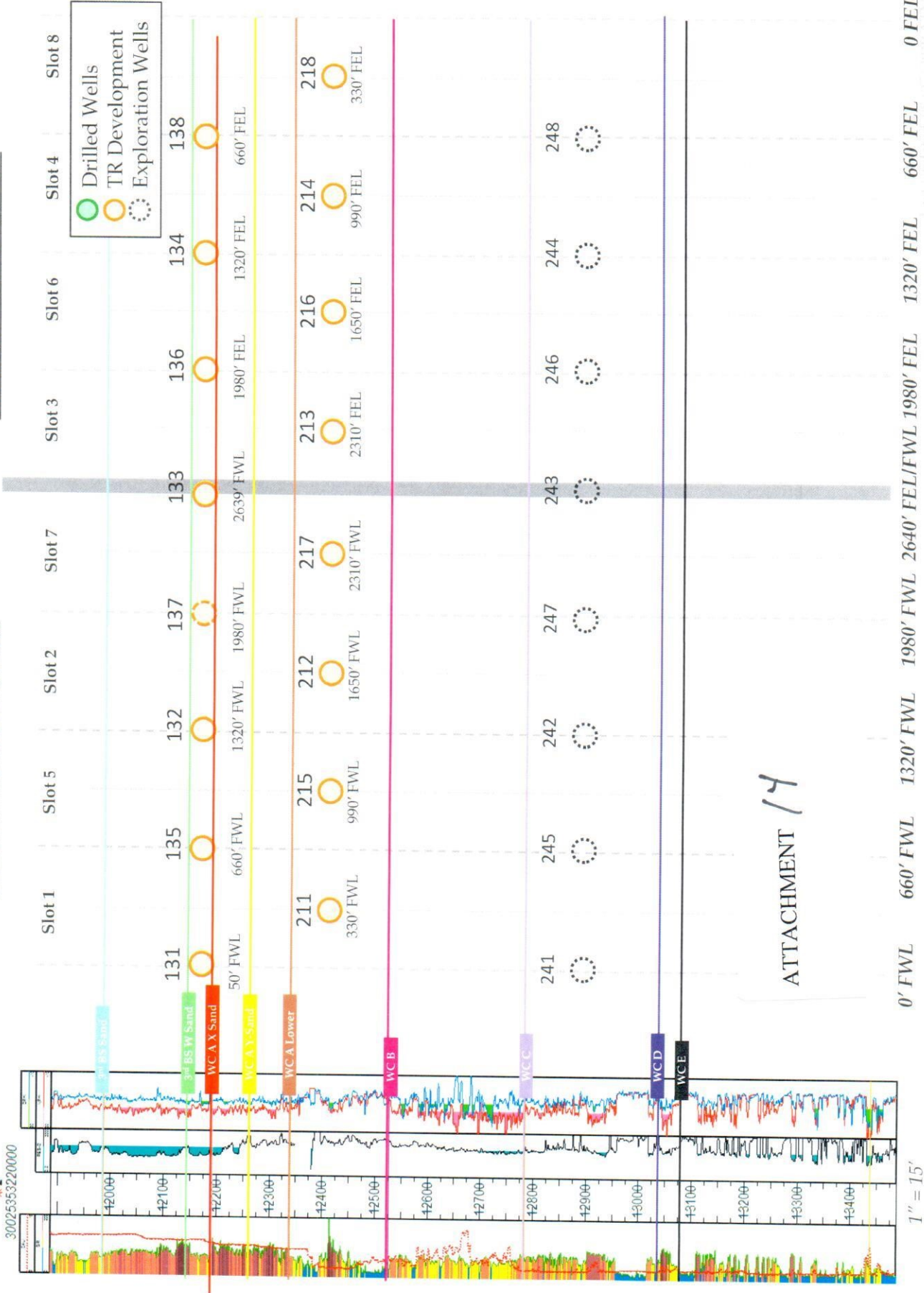
Wolfcamp Target Zone Development

COG OPERATING
OXY BANANA GIRL FEDERAL

30025353220000

Yada (W/2 sec 35 & 26)

Yada (E/2 sec 35 & 26)



ATTACHMENT 14



Wolfcamp Structure Map

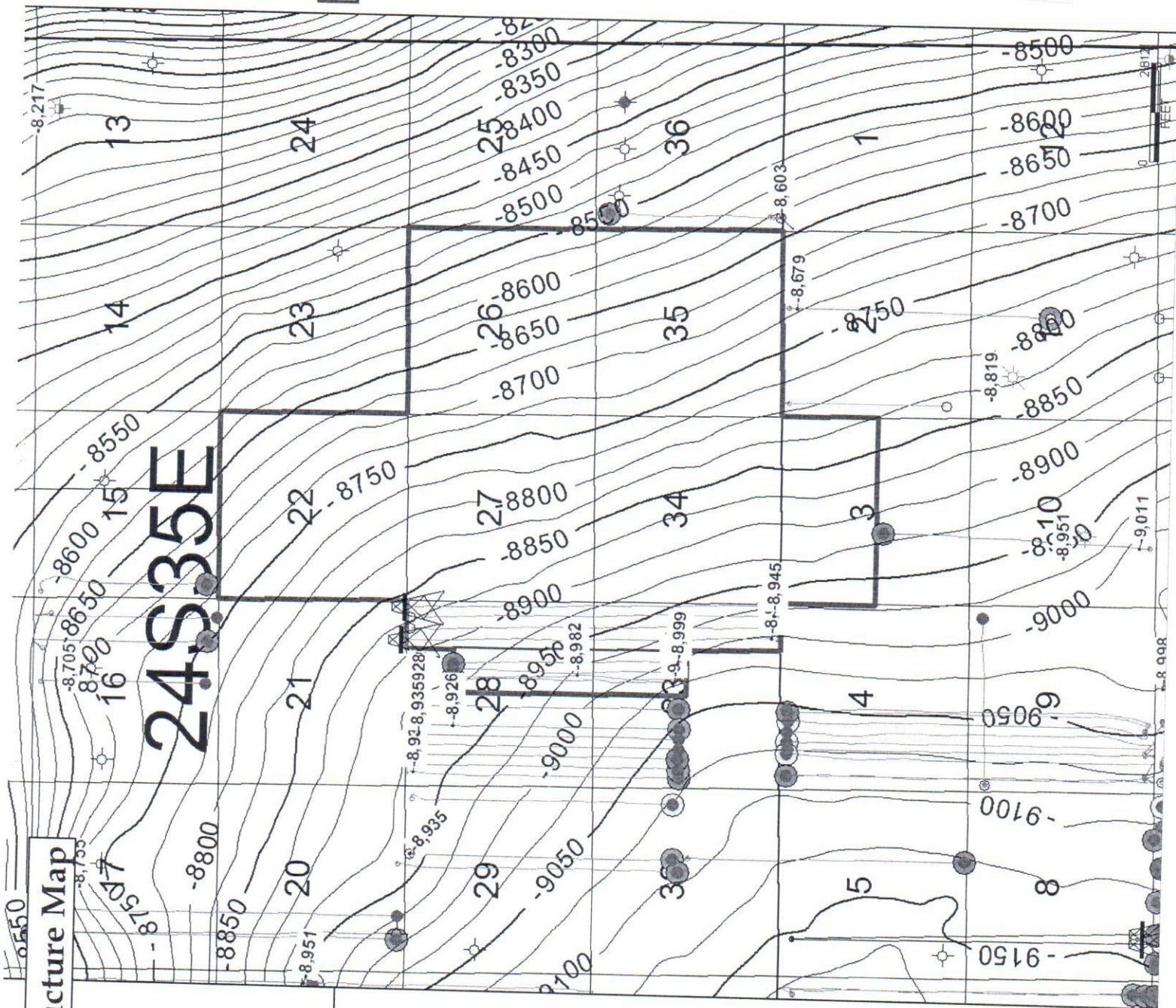


Contour Interval: 25'



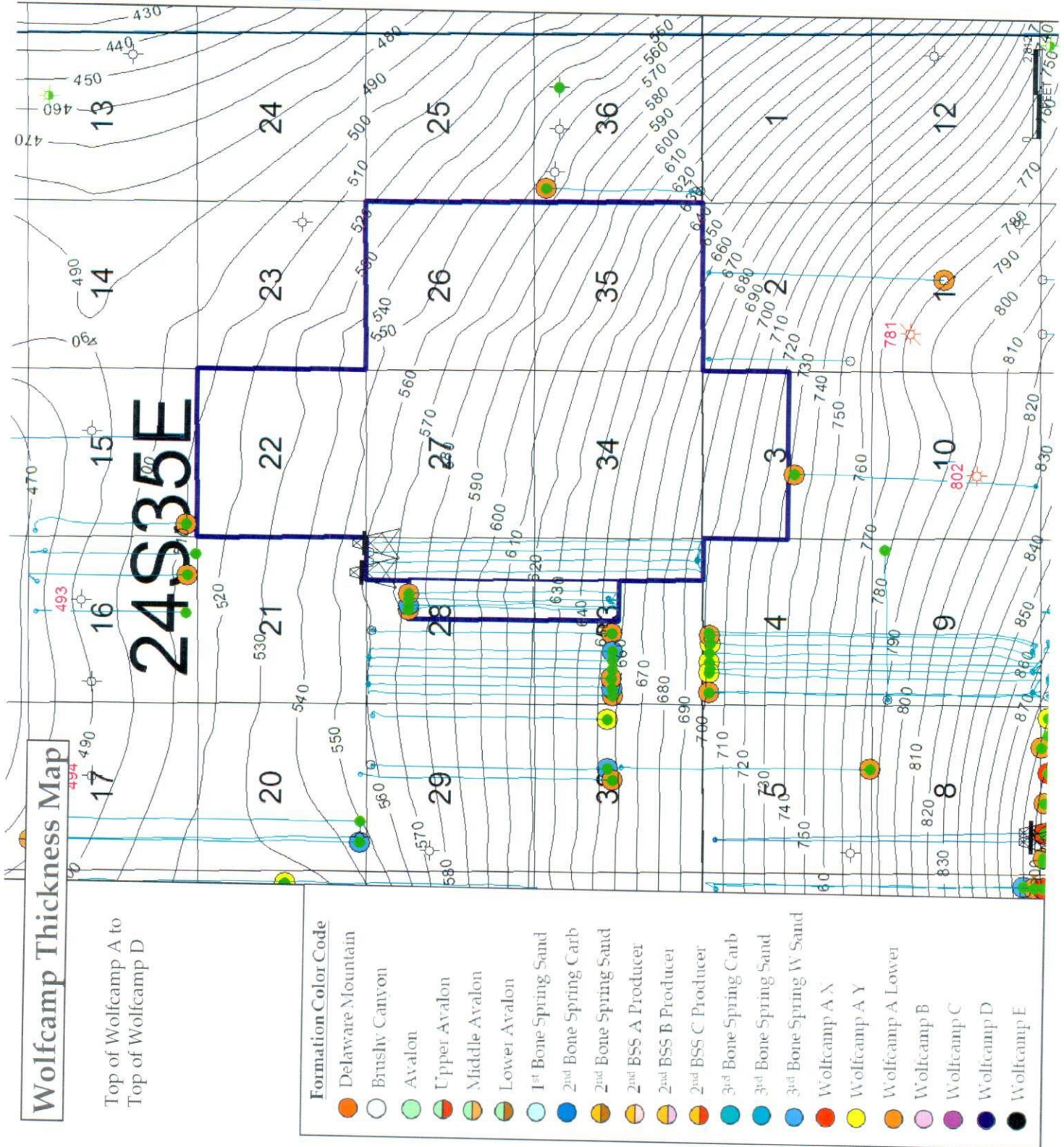
Seinfeld Federal
Unit

ATTACHMENT 15



Formation Color Code

- Delaware Mountain
- Brushy Canyon
- Avalon
- Upper Avalon
- Middle Avalon
- Lower Avalon
- 1st Bone Spring Sand
- 2nd Bone Spring Carb
- 2nd Bone Spring Sand
- 2nd BSS A Producer
- 2nd BSS B Producer
- 2nd BSS C Producer
- 3rd Bone Spring Carb
- 3rd Bone Spring Sand
- 3rd Bone Spring W Sand
- Wolfcamp A X
- Wolfcamp A Y
- Wolfcamp A Lower
- Wolfcamp B
- Wolfcamp C
- Wolfcamp D
- Wolfcamp E

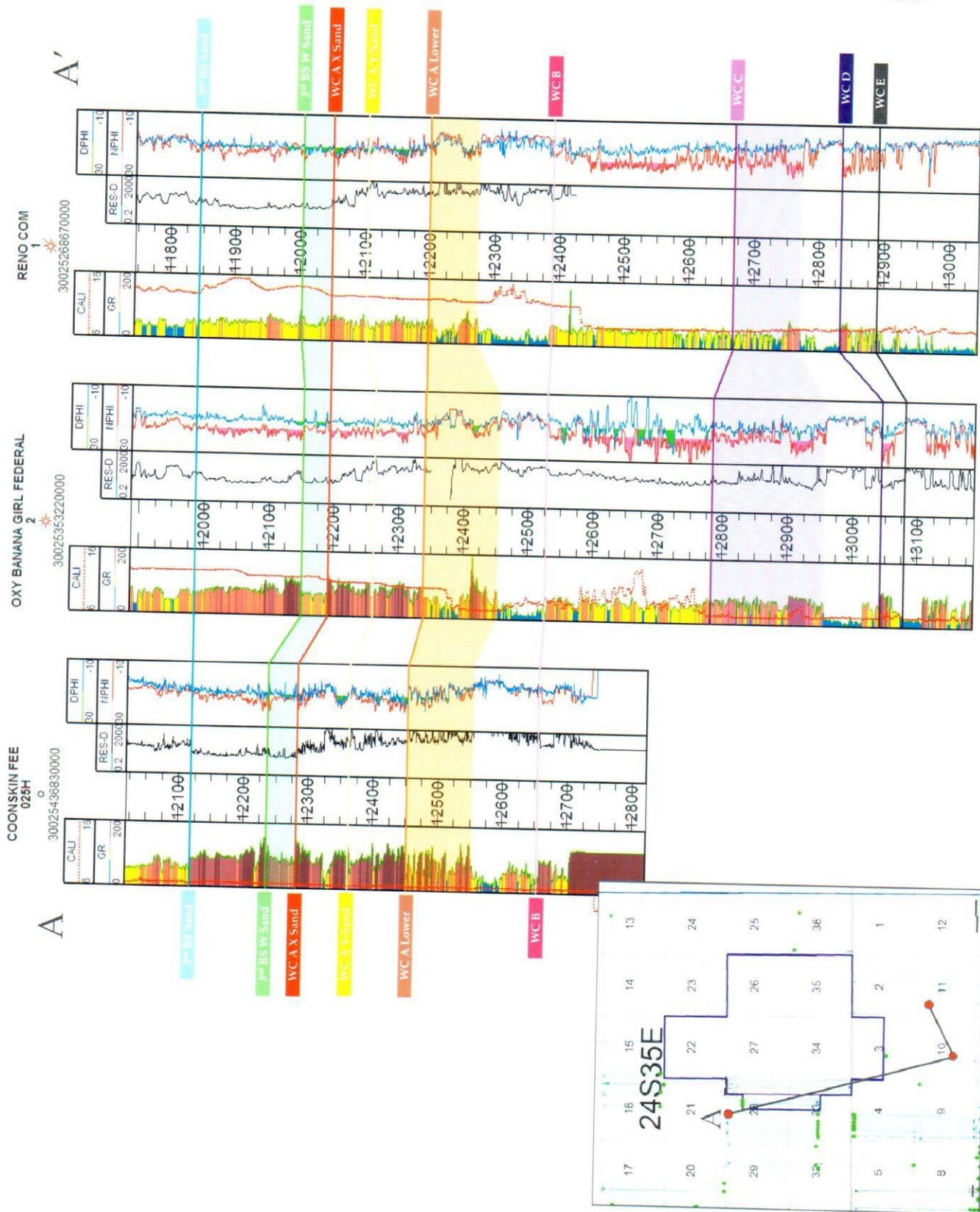


Seinfeld Wolfcamp Targets



ATTACHMENT 17

1" = 25'



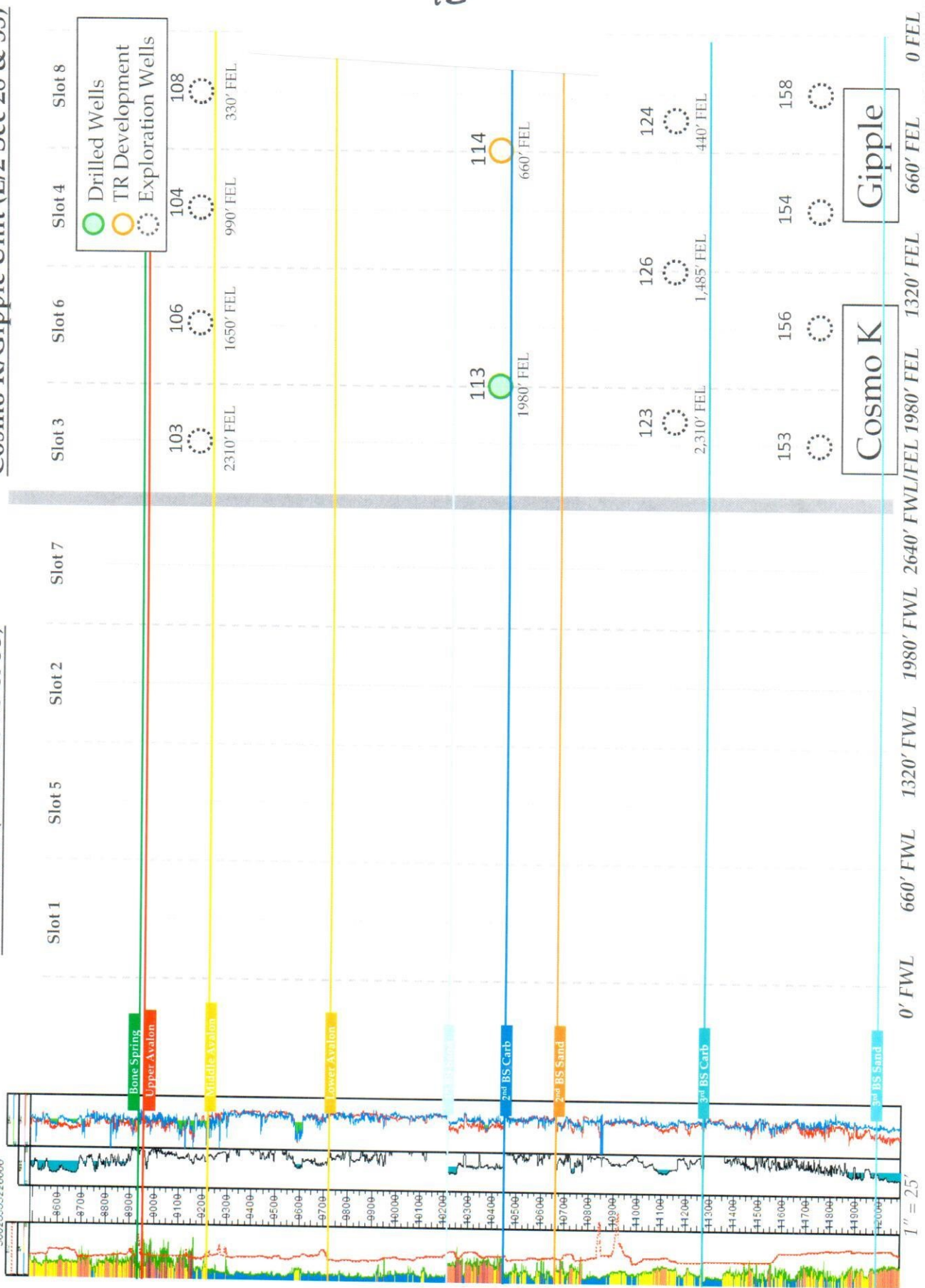
Bone Spring Target Zone Development

COG OPERATING
OXY BANANA GIRL FEDERAL



Coonskin (W/2 Sec 28 & 33)

Cosmo K/Gipple Unit (E/2 Sec 28 & 33)



ATTACHMENT 18

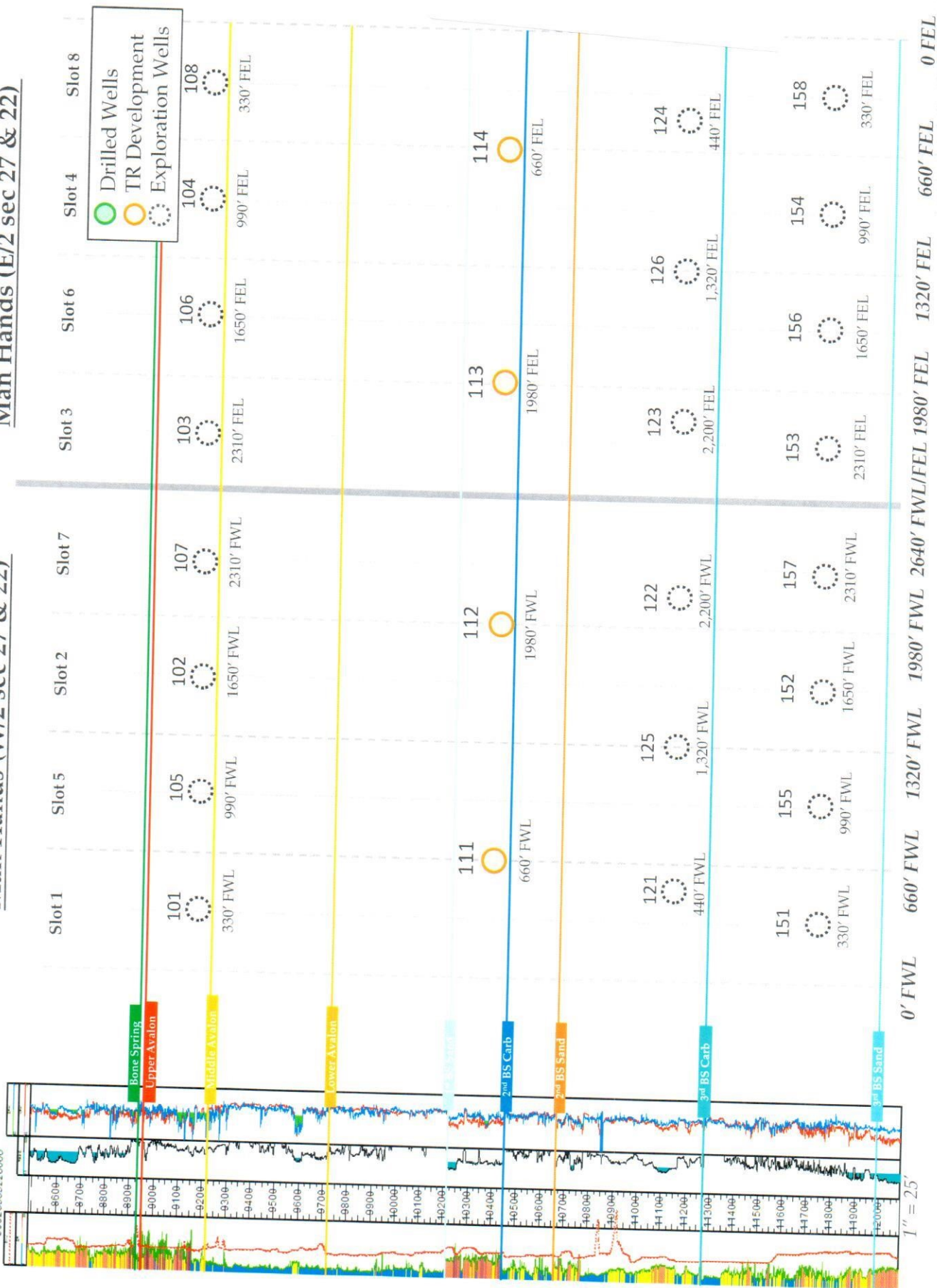
Bone Spring Target Zone Development



COG OPERATING
OXY BANANA GIRL FEDERAL
30025353220000

Man Hands (W/2 sec 27 & 22)

Man Hands (E/2 sec 27 & 22)



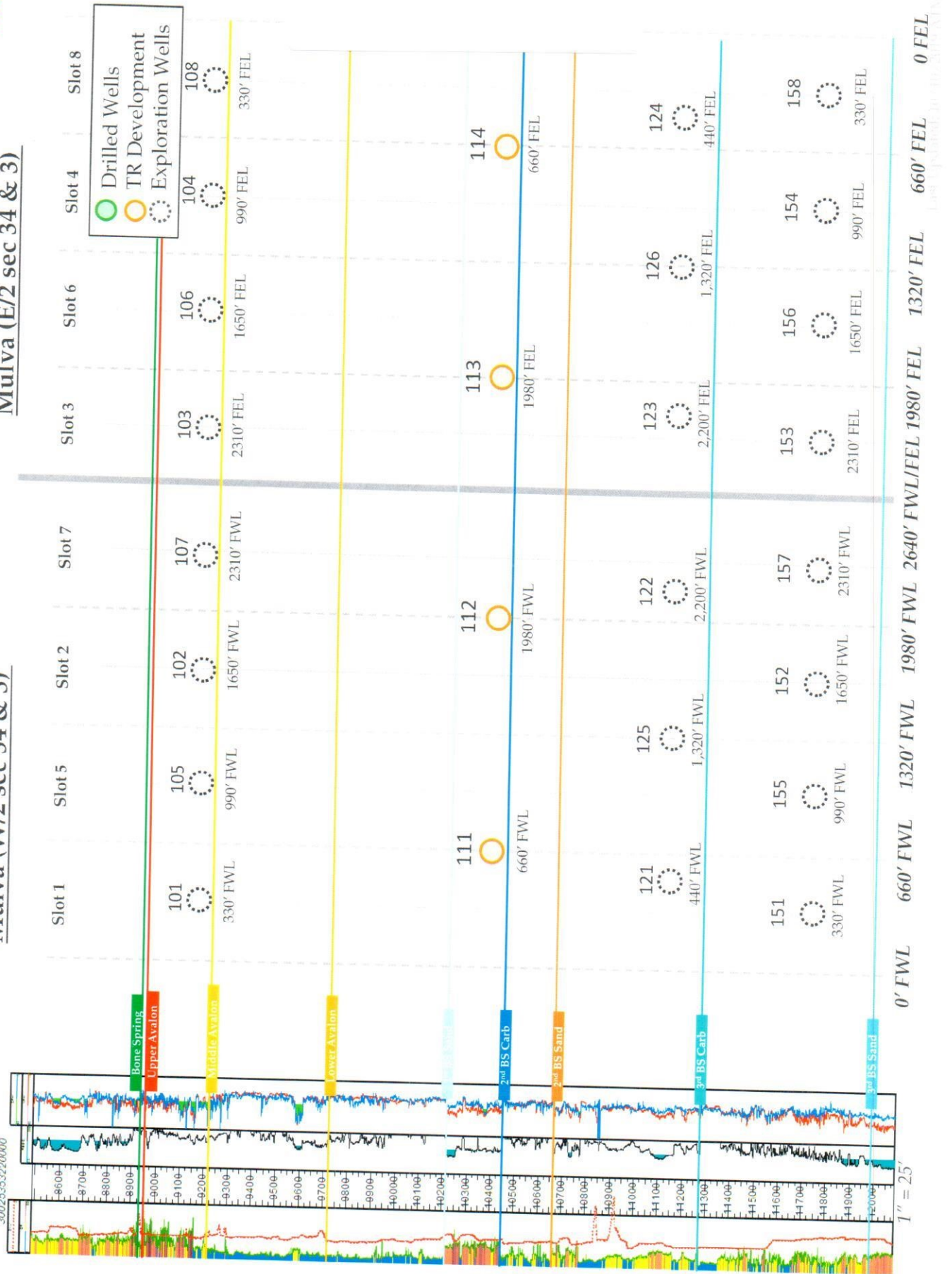
Bone Spring Target Zone Development



ATTACHMENT 20

Mulva (E/2 sec 34 & 3)

Mulva (W/2 sec 34 & 3)



Bone Spring Target Zone Development

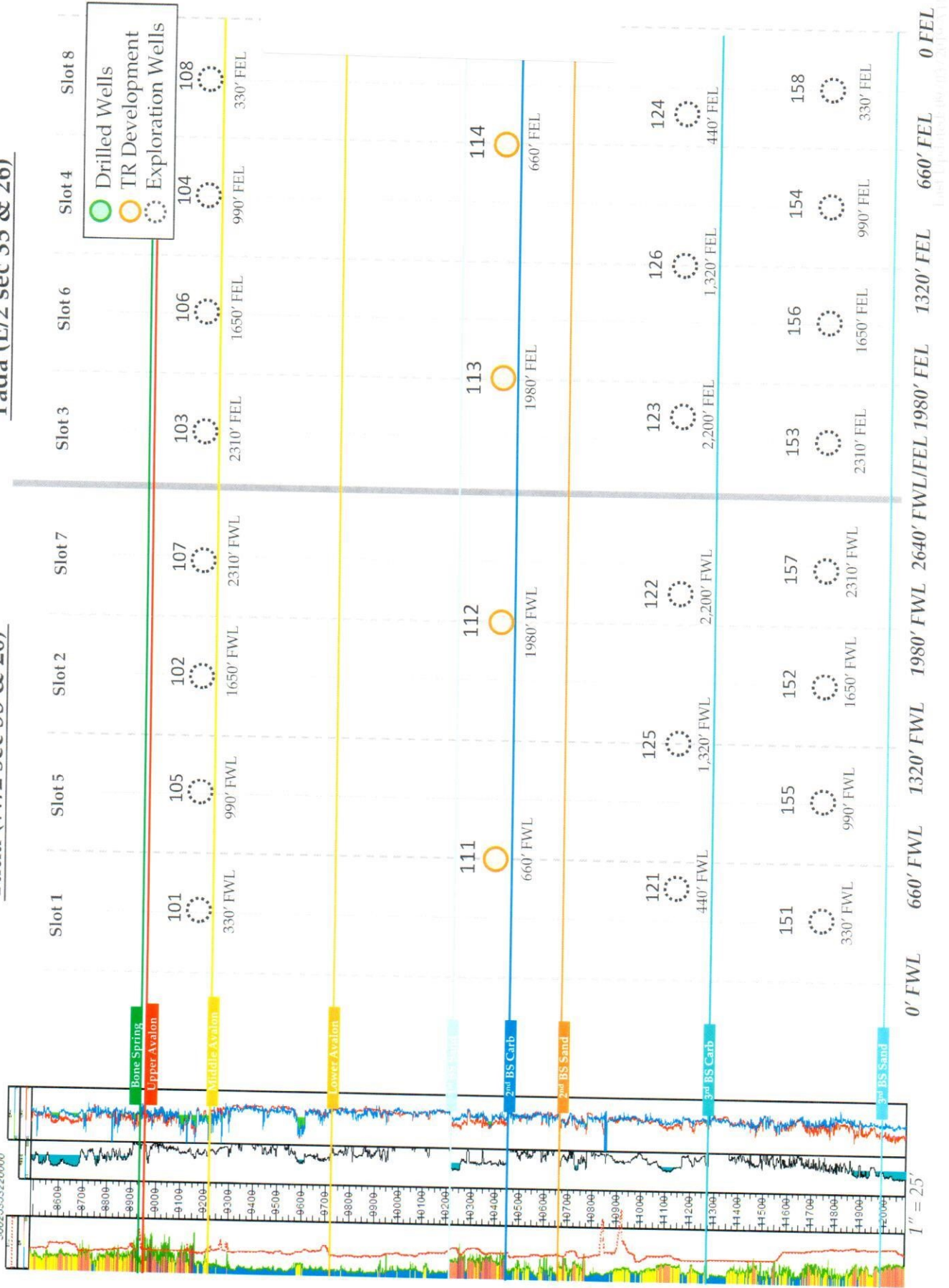


COG OPERATING
OXY BANANA GIRL FEDERAL

3002333220000

Yada (W/2 sec 35 & 26)

Yada (E/2 sec 35 & 26)



Contour Interval: 25'



Seinfeld Federal
Unit

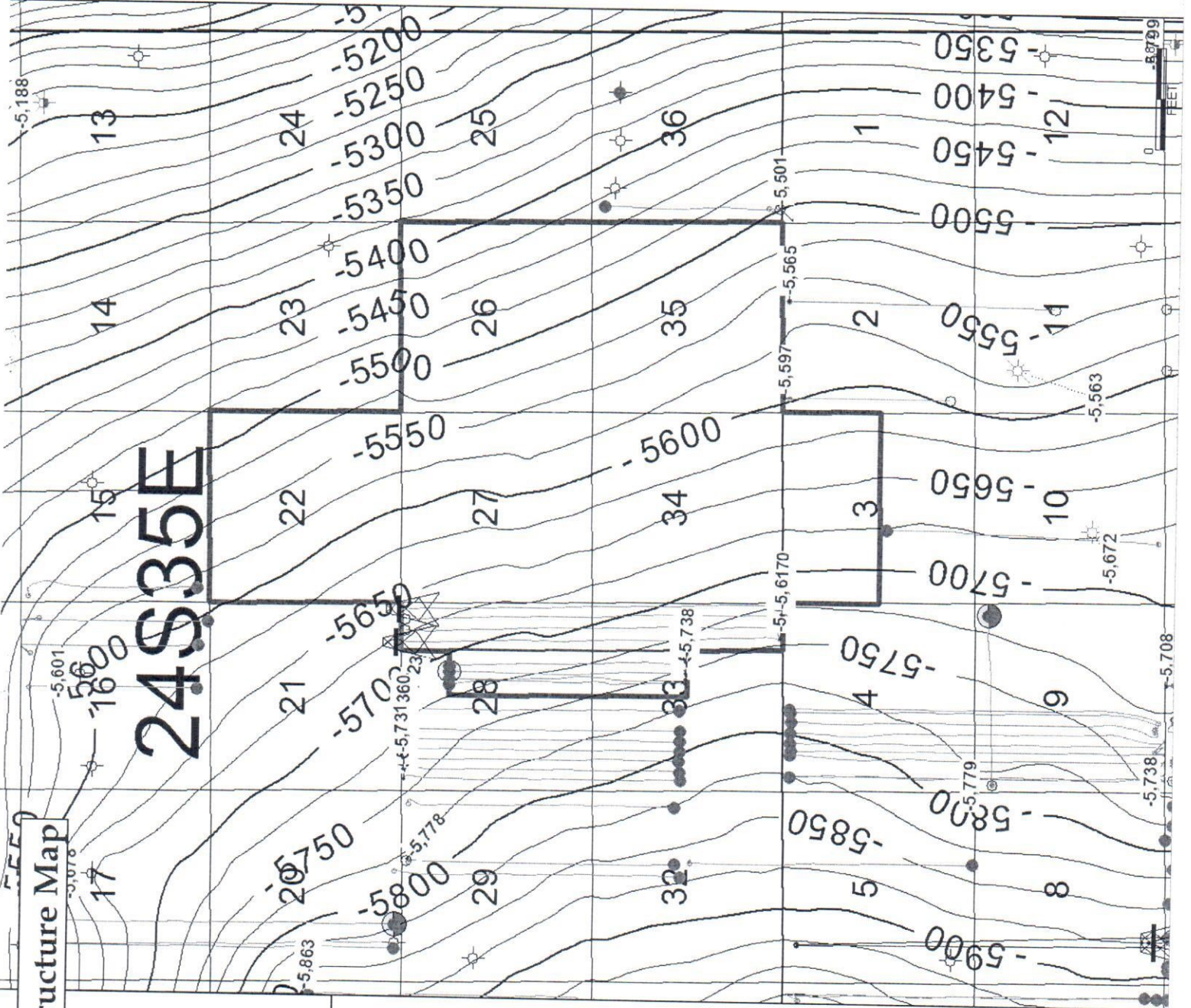
ATTACHMENT 22

Bone Spring Structure Map

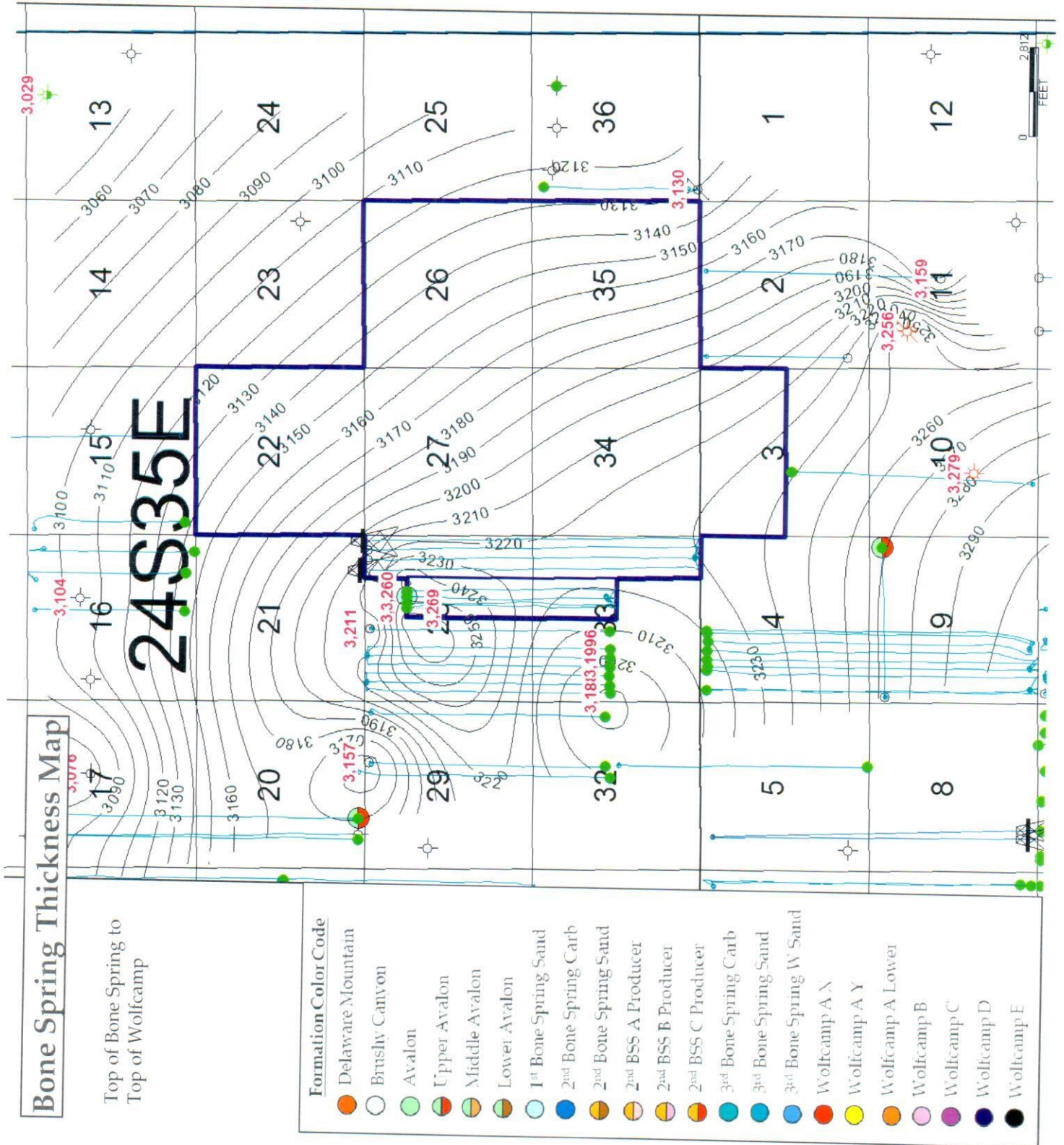
24S35E

Formation Color Code

- Delaware Mountain
- Brushy Canyon
- Avalon
- Upper Avalon
- Middle Avalon
- Lower Avalon
- 1st Bone Spring Sand
- 2nd Bone Spring Carb
- 2nd Bone Spring Sand
- 2nd BSS A Producer
- 2nd BSS B Producer
- 2nd BSS C Producer
- 3rd Bone Spring Carb
- 3rd Bone Spring Sand
- 3rd Bone Spring W Sand
- Wolfcamp A X
- Wolfcamp A Y
- Wolfcamp A Lower
- Wolfcamp B
- Wolfcamp C
- Wolfcamp D
- Wolfcamp E



Contour Interval: 10'
Seinfeld Federal
Unit



Seinfeld Bone Spring Targets

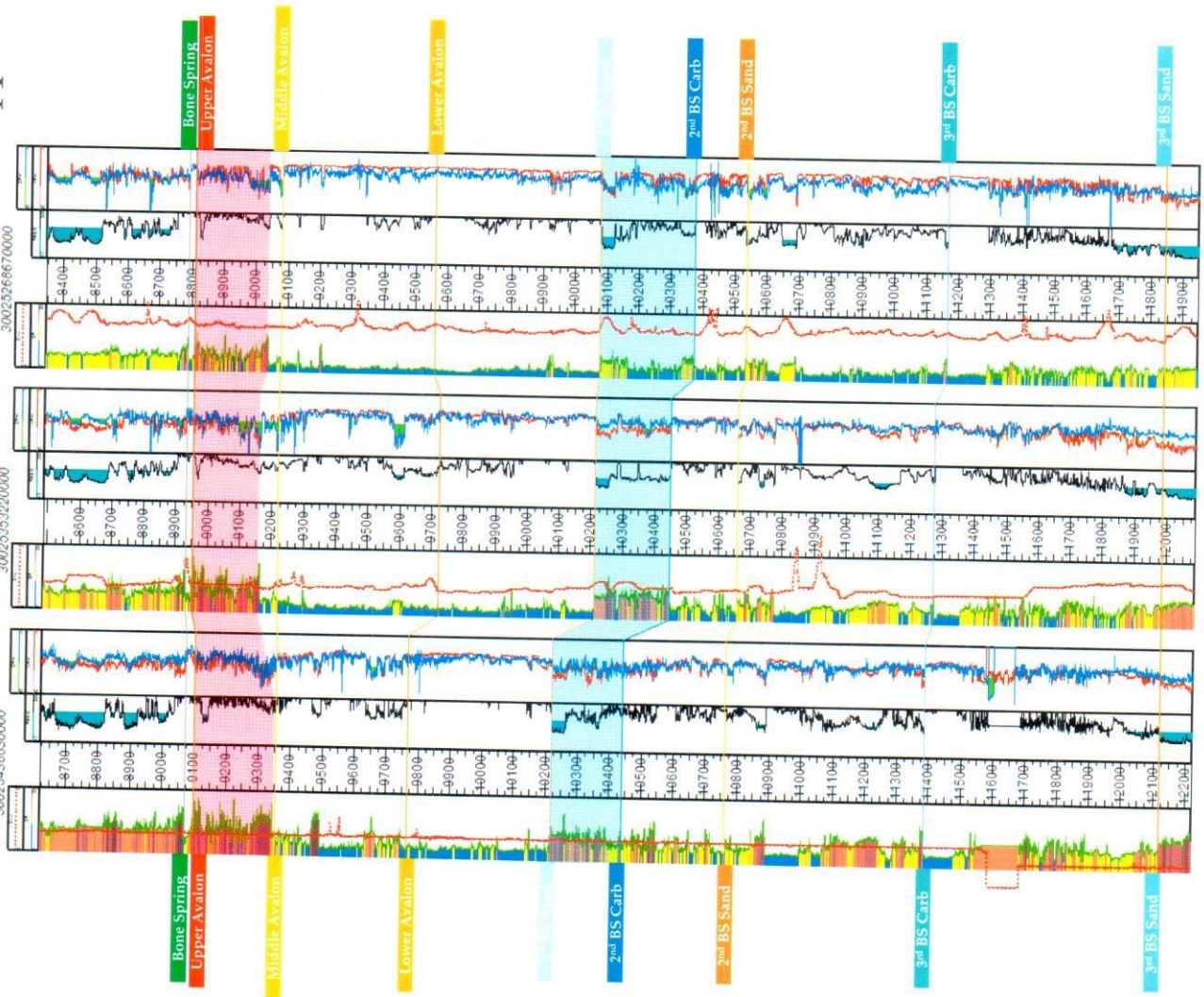
COG OPERATING LLC
COO/SK/FFEE
30025436630000

COG OPERATING
OXY BANANA GIRL FEDERAL
30025333220000

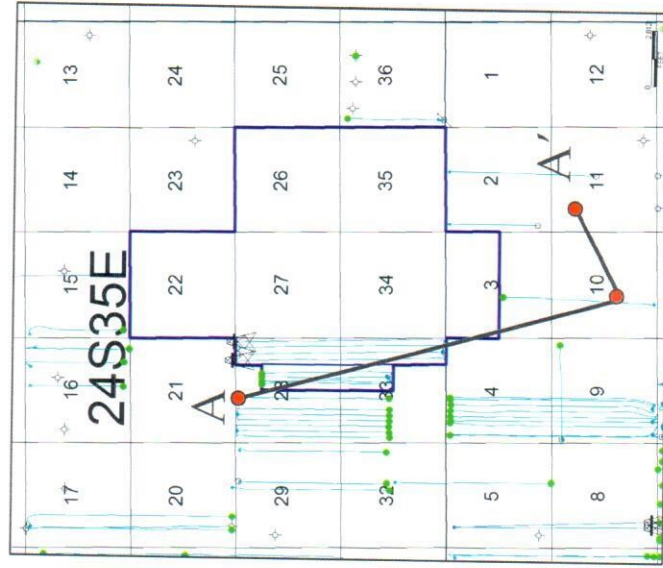
PACIFIC ENTERPRISES OIL COMPANY USA
RENO COM
30025266670000

A'

A



ATTACHMENT 24



1" = 25'

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

APPLICATION OF TAP ROCK RESOURCES,
LLC FOR APPROVAL OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.

Case No. 21367

SELF-AFFIRMED STATEMENT OF NOTICE

COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Tap Rock Resources, LLC.
3. Tap Rock Resources, LLC has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: Aug. 4, 2020

James Bruce
James Bruce

EXHIBIT D

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

July 16, 2020

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is an application for approval of a unit agreement, filed with the New Mexico Oil Conservation Division by Tap Rock Resources, LLC, seeking approval of the Unit Agreement for the Seinfeld Unit Area, comprising 4,043.44 acres of federal and fee lands, described as follows:

Township 24 South, Range 35 East, NMPM

Section 22: All

Section 26: All

Section 27: All

Section 28: E/2E/2, SW/4NE/4, and W/2SE/4

Section 33: E/2E/2 and W/2NE/4

Section 34: All

Section 35: All

Township 25 South, Range 35 East, NMPM

Section 3: Lots 1-4, S/2N/2

This case is scheduled for hearing at 8:15 a.m. on Thursday, August 6, 2020. You are not required to attend this hearing, but as an interest owner that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date. **This is a voluntary unit, and you cannot be forced to join in the unit agreement.**

ATTACHMENT

A

Due to the Wuhan Flu epidemic, the hearing will be held remotely. Persons may view and participate in the hearing through one of the following links:

Meeting number: 968 329 152

Password: YQe6KZBe3n6

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system

Dial [968329152@nmemnrd.webex.com](tel:968329152@nmemnrd.webex.com)

You can also dial 173.243.2.68 and enter your meeting number.

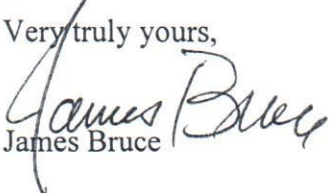
Join by phone

+1-408-418-9388 United States Toll

Access code: 968 329 152

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, July 30, 2020. This statement must be filed with the Division's Santa Fe office at ocd.hearings@state.nm.us. It should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Tap Rock Resources, LLC

EXHIBIT A

American Shale Energy, LLC
Suite 2106
2929 Buffalo Speedway
Houston, Texas 77098

Crown Rock Minerals, L.P.
P.O. Box 51933
Midland, Texas 79710

Foundation Minerals, LLC,
Mavros Minerals II, LLC
Oak Valley Mineral and Land, LP
P.O. Box 50820
Midland, Texas 79710

Franklin Mountain Energy LLC
Franklin Mountain Royalty Investments, LLC
Suite 300
2401 East 2nd Avenue
Denver, Colorado 80206

MRC Permian Company
Suite 1500
5400 LBJ Freeway
Dallas, Texas 75240

OXY Y-1 Company
Suite 110
5 Greenway Plaza
Houston, Texas 77046

Tap Rock Minerals LLC
Tap Rock NM10 Minerals LLC
Suite 200
602 Point Park Drive
Golden, Colorado 80401

Cayuga Royalties, LLC
P.O. Box 540711
Houston, Texas 77254

Monticello Minerals, LLC
5528 Vickery Boulevard
Dallas, Texas 75206

Prevail Energy, LLC
521 Dexter Street
Denver, Colorado 80220

Rheiner Holdings, LLC
P.O. Box 980552
Houston, Texas 77098

Southeast Texas Oil & Gas, Inc.
P.O. Box 22612
Houston, Texas 77227

Southwest Texas Energy, Inc.
Suite 144
9219 Katy Freeway
Houston, Texas 77024

Viper Energy Partners
Suite 1220
500 West Texas Avenue
Midland, Texas 79701

Bureau of Land Management
301 Dinosaur Trail
Santa Fe, New Mexico 87508

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
 ■ Print your name and address on the card so that we can return the card to you.
 ■ Attach this card to the front of space or on the front if space permits.

1. Article Addressed to:

MRC Permian Company
 Suite 1500
 5400 LBJ Freeway
 Dallas, Texas 75240



9590 9402 5751 0003 4179 42

2. Article

7019 2280 0002 1748 1697

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

TR UA

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent
☒ Addressee
 B. Received by (Printed Name) C. Date of Delivery
 4002CT9 8/21/20

Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☐ Priority Mail Express®
☐ Registered Mail™
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Restricted Delivery

1697

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT

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OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postage

Total Postage and Fees

Bureau of Land Management

301 Dinosaur Trail

Santa Fe, New Mexico 87508

Street and Apt. No., or P.O. Box

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

Postmark
HereU.S. Postal Service™
CERTIFIED MAIL® RECEIPT

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OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postage

Total Postage and Fees

MRC Permian Company

Suite 1500

5400 LBJ Freeway

Dallas, Texas 75240

Street and Apt. No., or P.O. Box

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
 ■ Print your name and address on the reverse so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
 301 Dinosaur Trail
 Santa Fe, New Mexico 87508



9590 9402 5751 0003 4297 85

2. Article Addressed to:

7019 2280 0002 1748 1697

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

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COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☐ Agent
☒ Addressee
 B. Received by (Printed Name) C. Date of Delivery
 Regina Duran 7-27-20
 D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☐ Priority Mail Express®
☐ Registered Mail™
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Restricted Delivery

1697

JUL 20 2020

Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

Domestic Return Receipt

TR UA

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

American Shale Energy

Suite 2106
2929 Buffalo Speedway
Houston, Texas 77098



9590 9402 5751 0003 4179 80

Article Number (Transfer from service label)

7019 2280 0002 1748 1659

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

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COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) *D. T. Cav. D 19 RT4* C. Date of Delivery *7/21/20*
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
- ☐ Priority Mail Express®
 - ☐ Registered Mail™
 - ☐ Adult Signature Restricted Delivery
 - ☐ Certified Mail®
 - ☐ Return Receipt for Merchandise
 - ☐ Signature Confirmation™
 - ☐ Signature Confirmation Restricted Delivery
 - ☐ Collect on Delivery Restricted Delivery
 - ☐ Collect on Delivery Restricted Delivery

Domestic Return Receipt

TR 4A

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
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Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$

Total Postage and Fees \$

Sent To *Suite 2106*

Street and Apt. No., or *2929 Buffalo Speedway*

City, State, ZIP+4® *Houston, Texas 77098*

Postmark Here

Am. Shale Energy

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Prevail Energy, LLC
521 Dexter Street
Denver, Colorado 80220



9590 9402 5751 0003 4297 78

Article Number (Transfer from service label)

7019 2280 0002 1748 1376

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

TR 4A

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) *D. T. Cav. D 19 RT4* C. Date of Delivery *7/21/20*
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
- ☐ Priority Mail Express®
 - ☐ Registered Mail™
 - ☐ Adult Signature Restricted Delivery
 - ☐ Certified Mail®
 - ☐ Return Receipt for Merchandise
 - ☐ Signature Confirmation™
 - ☐ Signature Confirmation Restricted Delivery
 - ☐ Collect on Delivery Restricted Delivery
 - ☐ Collect on Delivery Restricted Delivery

Domestic Return Receipt

TR 4A

7019 2280 0002 1748 1376

Domestic Mail Only
For delivery information, visit our website at www.usps.com®.
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Certified Mail Fee \$

- Extra Services & Fees (check box, add fee as appropriate)
- ☐ Return Receipt (hardcopy) \$
- ☐ Return Receipt (electronic) \$
- ☐ Certified Mail Restricted Delivery \$
- ☐ Adult Signature Required \$
- ☐ Adult Signature Restricted Delivery \$
- Postage \$
- Total Postage and Fees \$
- Sent To *Prevail Energy, LLC*
- Street and Apt. No., or *521 Dexter Street*
- City, State, ZIP+4® *Denver, Colorado 80220*
- Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

Domestic Return Receipt

TR 4A

7019 2280 0002 1748 1376

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
■ Print your name and address on the reverse so that we can return the card to you.
■ Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Franklin Mountain Energy LLC
Franklin Mountain Royalty Investments, LLC
Suite 300
2401 East 2nd Avenue
Denver, Colorado 80206



9590 9402 5751 0003 4179 59

2. Article Number (Transfer from service label)

7019 2280 0002 1748 1680

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

TR UA

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
B. Received by (Printed Name) Jessica Gray C. Date of Delivery 7/23/20
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:



3. Service Type
☐ Priority Mail Express®
☐ Registered Mail™
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Collect on Delivery
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Restricted Delivery

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT

Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

Certified Mail Fee \$
Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$
Postage \$

Total Postage and Fees

Franklin Mountain Energy LLC

Franklin Mountain Royalty Investments, LLC

Suite 300

2401 East 2nd Avenue

Denver, Colorado 80206

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

7019 2280 0002 1748 1680

Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$

- Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$
Postage \$

Total Postage and Fees \$

Sent To

OXY Y-1 Company

Suite 110

5 Greenway Plaza

Houston, Texas 77046

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

Postmark
Here

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
■ Print your name and address on the reverse so that we can return the card to you.
■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

OXY Y-1 Company
Suite 110
5 Greenway Plaza
Houston, Texas 77046



9590 9402 5751 0003 4179 35

2. Article Number (Transfer from service label)

7019 2280 0002 1748 1703

(over \$500)

PS Form 3811, July 2015 PSN 7530-02-000-9053

TR UA

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

- A. Signature CV-19 ☒ Agent ☐ Addressee
B. Received by (Printed Name) W. Carver C. Date of Delivery 7-21-20
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

7019 2280 0002 1748 1345

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postmark
Here

Postage	
\$	
Total Postage and Fees	
\$	
Sent To	Southwest Texas Energy, Inc.
	Suite 144
Street and Apt. No.,	9219 Katy Freeway
	Houston, Texas 77024
City, State, ZIP+4®	

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7019 2280 0002 1748 1307

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postmark
Here

Postage	
\$	
Total Postage and Fees	
\$	
Sent To	Cayuga Royalties, LLC
	P.O. Box 540711
Street and Apt. No., or P.O. Box	Houston, Texas 77254
City, State, ZIP+4®	

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7019 2280 0002 1748 1338

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postmark
Here

Postage	
\$	
Total Postage and Fees	
\$	
Sent To	Southeast Texas Oil & Gas, Inc.
	P.O. Box 22612
Street and Apt. No., or P.O. Box	Houston, Texas 77227
City, State, ZIP+4®	

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7019 2280 0002 1748 1673

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postmark
Here

Postage	
\$	
Total Postage and Fees	
\$	
Sent To	Foundation Minerals, LLC,
	Mavros Minerals II, LLC
Street and Apt. No., or P.O. Box	Oak Valley Mineral and Land, LP
	P.O. Box 50820
City, State, ZIP+4®	Midland, Texas 79710

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7019 2280 0002 1748 1710

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees	
Sent To	Tap Rock Minerals LLC
Street and Apt. No.,	Tap Rock NM10 Minerals LLC
	Suite 200
	602 Point Park Drive
	Golden, Colorado 80401
City, State, ZIP+4®	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7019 2280 0002 1748 1383

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees	
Sent To	Monticello Minerals, LLC
Street and Apt. No., or P.O.	5528 Vickery Boulevard
	Dallas, Texas 75206
City, State, ZIP+4®	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7019 2280 0002 1748 1352

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees	
Sent To	Viper Energy Partners
Street and Apt. No., or P.O.	Suite 1220
	500 West Texas Avenue
	Midland, Texas 79701
City, State, ZIP+4®	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

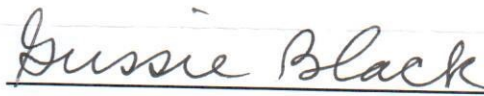
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
July 24, 2020
and ending with the issue dated
July 24, 2020.



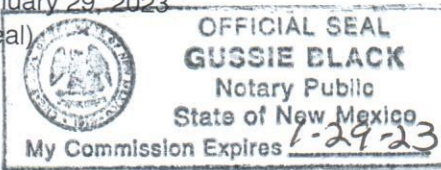
Publisher

Sworn and subscribed to before me this
24th day of July 2020.



Business Manager

My commission expires
January 29, 2023

(Seal) 

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL

LEGAL

LEGAL

LEGAL NOTICE July 24, 2020

To: American Shale Energy, LLC, Bureau of Land Management, Crown Rock Minerals, L.P., Foundation Minerals, LLC, Franklin Mountain Energy, Franklin Mountain Royalty Investments, LLC, Mavros Minerals II, LLC, MRC Permian Company, Oak Valley Mineral and Land, LP, OXY Y-1 Company, Tap Rock Minerals LLC, Tap Rock NM10 Minerals LLC, Cayuga Royalties, LLC, Monticello Minerals, LLC, Prevail Energy, LLC, Rheiner Holdings, LLC, Southeast Texas Oil & Gas, Inc., Southwest Texas Energy, Inc., and Viper Energy Partners, or your successors or assigns: Tap Rock Resources, LLC has filed an application with the New Mexico Oil Conservation Division seeking approval of the Unit Agreement for the Seinfeld Unit Area, comprising 4,043.44 acres of federal and fee lands, described as follows:

Township 24 South, Range 35 East, NMPM

Section 22: All

Section 26: All

Section 27: All

Section 28: E/2E/2, SW/4NE/4, and W/2SE/4

Section 33: E/2E/2 and W/2NE/4

Section 34: All

Section 35: All

Township 25 South, Range 35 East, NMPM

Section 3: Lots 1-4, S/2N/2

As an interest owner to the well unit you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date

The hearing will be conducted at 8:15 a.m. on Thursday, August 6, 2020. During the COVID-19 Public Health Emergency, state buildings are currently closed to the public and the hearing will be held remotely. Persons may view and participate in the hearing through one of the following links:

Meeting number: 968 329 152

Password: YQe6KZBe3n6

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system

Dial 968329152@nmemnrd.webex.com

You can also dial 173.243.2.68 and enter your meeting number.

Join by phone

+1-408-418-9388 United States Toll

Access code: 968 329 152

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, July 30, 2020. This statement must be filed with the Division's Santa Fe office at ocd.hearings@state.nm.us. It should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, jamesbruc@aol.com. The proposed unit area is centered approximately 10-1/2 miles northwest of Jal, New Mexico.
#35671

01101711

00244671

JAMES BRUCE
JAMES BRUCE, ATTORNEY AT LAW
P.O. BOX 1056
SANTA FE, NM 87504

EXHIBIT

E