

**Before the Oil Conservation Division  
Examiner Hearing July 9, 2020**

***Case No. 21213; Order No. R-20996-A  
IN THE MATTER OF THE APPLICATION OF  
MARATHON OIL PERMIAN, LLC TO POOL  
ADDITIONAL PARTIES UNDER THE TERMS  
OF ORDER NO. R-20966, EDDY COUNTY, NEW MEXICO.***



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

**IN THE MATTER OF THE APPLICATION OF  
MARATHON OIL PERMIAN, LLC TO POOL  
ADDITIONAL PARTIES UNDER THE TERMS  
OF ORDER NO. R-20966, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 21213  
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## **Tab 1: Marathon Leases**

Exhibit 1-A: Aldemir Lease

Exhibit 1-B: Campos Lease

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Producer's 88-Producer's Revised 1994 New Mexico Form 342P, Paid-up

**OIL & GAS LEASE**

THIS AGREEMENT made this 26<sup>th</sup> day of August, 2005 between Stephanie R. Aldemir, a married woman dealing in her sole and separate property, Mission Viejo, CA 92692, herein called Lessor (whether one or more) and Madison M. Hinkle, Post Office Box 2292, Roswell, NM 88202-2292, Lessee.

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Eddy County, New Mexico, to-wit:

**TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.**  
Section 8: N1/2NE1/4, SE1/4NE1/4, NE1/4SE1/4, S1/2SE1/4

Said land is estimated to comprise 240.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Five (5) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such condition as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

Madison M. Hinkle  
P O Box 2292  
Roswell NM 88202-2292

- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors, and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the decedent or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.
- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

*Stephanie R. Aldemir*  
 \_\_\_\_\_  
 Stephanie R. Aldemir

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

STATE OF CALIFORNIA

COUNTY OF Orange

This instrument was acknowledged before me on this 2<sup>nd</sup> day of Sept., 2005, Stephanie R. Aldemir, a  
married woman dealing in her sole and separate property

*see Attached Acknowledgment*  
 \_\_\_\_\_  
 Notary Public.



My Commission Expires: Nov. 29, 2005

### CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT



State of California

County of Orange

On 09/02/05 before me, Kimberly Fishman, Notary Public,  
Date Name and Title of Officer

personally appeared \*\*\*Stephanie R. Aldemir\*\*\*,  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

*Kimberly Fishman*

#### OPTIONAL

#### Description of Attached Document

Title or Type of Document: Oil And Gas Lease

Document Date: 00,0000 #of Pages 2 P.P.

Signer(s) Other Than Named Above: \_\_\_\_\_

RECEPTION NO: 0510834 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 09/08/2005 8:33 AM  
BOOK 0610 PAGE 0892 *Ronda Nelson*  
JEAN BLENDEN, COUNTY CLERK



Producer's 88-Producer's Revised 1994 New Mexico Form 342P, Paid-up

OIL & GAS LEASE

THIS AGREEMENT made this 5th day of August, 2005 between Christine Campos, a married woman dealing in her sole and separate property, 32722 Jonathan, Dana Point, CA 92629, herein called Lessor (whether one or more) and Madison M. Hinkle, Post Office Box 2292, Roswell, NM 88202-2292, Lessee

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Eddy County, New Mexico, to-wit:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M.  
Section 8: N1/2NE1/4, SE1/4NE1/4, NE1/4SE1/4, S1/2SE1/4

Said land is estimated to comprise 240.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, One Sixth (1/6) of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of One Sixth (1/6) of the gas used, provided that on gas sold on or off the premises, the royalties shall be One Sixth (1/6) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such condition as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

Madison M. Hinkle  
P O Box 2292  
Roswell NM 88202-2292

- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors, and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith, and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.
- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

*Christine Campos*  
 Christine Campos

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

STATE OF CALIFORNIA

COUNTY OF Orange

This instrument was acknowledged before me on this 15th day of August, 2005, by Christine Campos, a married woman dealing in her sole and separate property.



*Lisa Gardner - See attached*  
 Notary Public,

My Commission Expires: Dec. 21, 2006

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Orange } ss.
On 8/15/05 before me, Lisa Gardner, Notary Public
personally appeared Christine Campos

personally known to me
proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.
Lisa Gardner
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Oil & Gas Lease
Document Date: 8/15/05 Number of Pages: 1
Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer

Signer's Name: See attached
Individual
Corporate Officer - Title(s):
Partner - Limited General
Attorney-in-Fact
Trustee
Guardian or Conservator
Other:
Signer Is Representing:



RECEPTION NO: 0510832 STATE OF NEW MEXICO, COUNTY OF EDDY
RECORDED 09/08/2005 8:30 AM
BOOK 0610 PAGE 0887
JEAN BLENDEN, COUNTY CLERK



Producer's 88-Producer's Revised 1994 New Mexico Form 342P, Paid-up

OIL & GAS LEASE

THIS AGREEMENT made this 26<sup>th</sup> day of August, 2005 between Ronald C. Robbins, a married man dealing in his sole and separate property, 215 6<sup>th</sup> Street, Petaluma, CA 94952, herein called Lessor (whether one or more) and Madison M. Hinkle, Post Office Box 2292, Roswell, NM 88202-2292, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Eddy County, New Mexico, to-wit:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M.  
Section 8- N1/2NE1/4, SE1/4NE1/4, NE1/4SE1/4, S1/2SE1/4

Said land is estimated to comprise 240.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected, (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three sixteenths (3/16) of the amount realized from such sale, (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such condition as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

Madison M. Hinkle  
P O Box 2292  
Roswell NM 88202-2292

Producer's 88-Producer's Revised 1994 New Mexico Form 342P, Paid-up

OIL & GAS LEASE

THIS AGREEMENT made this 26<sup>th</sup> day of August, 2005 between Ronald C. Robbins, a married man dealing in his sole and separate property, 215 6<sup>th</sup> Street, Petaluma, CA 94952, herein called Lessor (whether one or more) and Madison M. Hinkle, Post Office Box 2292, Roswell, NM 88202-2292, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Eddy County, New Mexico, to-wit:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, N.M.P.M.  
Section 8, NE/2NE/14, SE/4NE/14, NE/4SE/14, SE/2SE/14

Said land is estimated to comprise 240.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected, (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such condition as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

Madison M. Hinkle  
P O Box 2292  
Roswell NM 88202-2292

- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors, and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the decedent or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith, and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.
- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

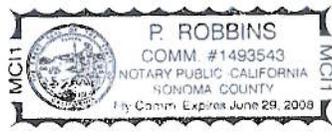
*[Signature]*  
 \_\_\_\_\_  
 Ronald C. Robbins

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

STATE OF CALIFORNIA

COUNTY OF Sonoma

This instrument was acknowledged before me on this second day of Sept, 2005, by Ronald C. Robbins, a married man dealing in his sole and separate property.



*[Signature]*  
 \_\_\_\_\_  
 Notary Public

My Commission Expires: X 6-29-08

RECEPTION NO: 0510833 STATE OF  
 NEW MEXICO, COUNTY OF EDDY  
 RECORDED 09/08/2005 8:32 AM  
 BOOK 0610 PAGE 0890 *Ronald Robbins*  
 JEAN BLENDE, COUNTY CLERK



**Tab 2: May 13, 2020 email  
from Sugar Creek to Marathon**

## Karlene S. Schuman

---

**From:** Ryan Hartwig <ryan.sugarcreek@gmail.com>  
**Sent:** Monday, May 18, 2020 2:58 PM  
**To:** Rule, Clayton W. (MRO)  
**Subject:** [External] Re: Sec. 8-23S-27E - Eddy County, NM - OGLs

### **Beware of links/attachments.**

Clayton:

Would you be available for a quick phone call tomorrow morning regarding Sugar Creek's leases in Sec. 8-23-27?

Thanks,

Ryan Hartwig, CPL  
Wake Energy, LLC  
(405) 664-2824

On May 13, 2020, at 2:52 PM, Ryan Hartwig <ryan.sugarcreek@gmail.com> wrote:

Clayton:

Good afternoon. I am emailing to give you the heads up that Sugar Creek Resources owns 80.0 acres of top leases in the E/2 of Sec. 8-23S-27E, Eddy County, NM. Two of these leases are recorded of record and the other will be recorded by tomorrow. Since Marathon's base leases have expired due to the lack of commercial production from the Cypress Well, are you agreeable to willingly release the base leases? If Marathon is instead interested in purchasing Sugar Creek's leases due to Marathon's development plans for Section 8, we would be willing to discuss that as well.

Thanks and have a great day.

Ryan Hartwig  
Sugar Creek Resources  
[\(405\) 664-2824](tel:4056642824)



## **Tab 3: Sugar Creek Top Leases**

Exhibit 3-A: Robbins Top Lease

Exhibit 3-B: Campos Top Lease

Exhibit 3-C: Aldemir Top Lease

**OIL & GAS LEASE  
(Paid Up)**

THIS LEASE AGREEMENT (the "Lease") is made this 23<sup>rd</sup> day of March, 2020, (the "Effective Date"), between **Ronald Robbins**, whose mailing address is 215 6th St., Petaluma, CA 94952, the "Lessor" (whether one or more), and **Sugar Creek Resources, LLC**, whose mailing address is P.O. Box 5074, Edmond, OK 73083, the "Lessee".

1. Lessor, in consideration of TEN DOLLARS and other consideration, the receipt of which is acknowledged, and of the royalties and agreements of the Lessee provided for in this Lease, grants, leases and lets exclusively to Lessee for the purpose of investigating, by geological, geophysical, seismic and other means, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things to produce, save, take care of, treat, process, store and transport said minerals, the following described land in **Eddy County, New Mexico**.

**Township-23-South, Range-27-East, N.M.P.M. Section 8:  
N/2 NE/4; SE/4 NE/4; NE/4 SE/4; S/2 SE/4**

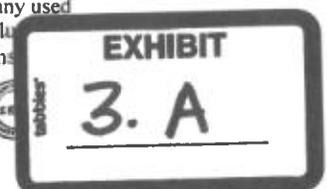
2. It is hereby agreed that this lease shall remain in force for a term of three (3) years from this date (herein call primary term) and as long thereafter as oil or gas or either of them, is produced from said land by the lessee.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 22% of that produced and saved from the land, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from the land and used off the lease premises or used in the manufacture of gasoline or other products, the market value at the well of 22% of the gas used, provided that on gas sold on or off the lease premises, the royalties shall be 22% of the amount realized from the sale; (c) and at any time when this Lease is not validated by other provisions and there is a gas and/or condensate well on the land, or land pooled with the land, and said gas is not being sold or used and the well is shut in, either before or after production, then on or before 90 days after the well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this Lease by the party making the payment or tender, and so long as the shut-in royalty is paid or tendered this Lease shall not terminate and it shall be considered under its terms that gas is being produced from the leased premises in paying quantities. Each payment shall be paid or tendered to the party or parties who at the time of the payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct the error within 30 days after Lessee has received written notice by certified mail from the party or parties entitled to receive payment together with the written instruments (or certified copies) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the lease premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for the term and under the conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in the contract or regulatory orders.

4. This is a Paid-Up Lease and Lessee shall not be obligated during the primary term to commence or continue any operations of any character or to make any payments in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision of paragraph 3 above.

5. Lessee is granted the right and power, from time to time, to pool or combine this Lease, the land covered by it, or any part, subsurface depth, or horizon of the land with any other land, leases or mineral estates, for the production of oil or gas. Units pooled by the terms of this Lease shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which the land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the lease premises are located and the units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any unit shall be considered for all purposes, except the payment of royalty, as operations conducted on or production from the land subject to this Lease. There shall be allocated to the land covered by this Lease included in any unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in Lease or unit operations, which the net oil or gas acreage in the land covered by this Lease includes the unit bears to the total number of surface acres in the unit. The production so allocated shall be cons

Reception: 2004487 Book: 1135 Page: 0411 Pages: 4  
Recorded: 04/06/2020 02:42 PM Fee: \$25.00  
Eddy County, New Mexico ~ Robin Van Natta, County Clerk  
eRecorded Document



for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the land covered by this Lease and included in a unit in the same manner as though produced from the land under the terms of this Lease. Any pooled unit designated by Lessee, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time.

6. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee is then engaged in actual drilling operations thereon, and is acting with reasonable diligence and dispatch as a prudent operator, then this Lease shall continue in force so long as operations are being continuously prosecuted to complete such well. If, after expiration of the primary term, production on this lease or on acreage pooled therewith should cease from any cause, this lease shall not terminate provided that Lessee commences drilling or reworking operations within ninety (90) days from such cessation and proceeds with reasonable diligence and dispatch, and if production and paying quantities results from such operations, this Lease shall continue in force so long as production in commercial quantities continues.

7. Lessee shall have free use of oil, gas and water from the land, except water from Lessor's wells and tanks, for all operations under this Lease, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on the land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on the land without Lessor's consent.

8. The rights of Lessor or Lessee to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to their respective heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division shall be binding on Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies of them constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of an owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to the deceased's estate or heirs, executor, or administrator until the time Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to the sums. An assignment of this Lease in whole or in part shall, to the extent of the assignment, relieve and discharge Lessee of any obligations under this Lease and, if Lessee or an assignee of a part or parts of this Lease shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from the Lessee or an assignee or fail to comply with any of the provisions of this Lease, the default shall not affect this Lease insofar as it covers a part of the lands on which Lessee or any assignee shall properly comply or make the payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this Lease, or from conducting drilling or reworking operations on this Lease, or from producing oil or gas by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duties under this Lease shall be suspended, and Lessee shall not be liable for failure to comply with the terms of this Lease; and, this Lease shall be extended while and so long as Lessee is prevented by any cause from conducting drilling or reworking operations or from producing oil or gas; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.

10. Lessor warrants and agrees to defend the title to the land and agrees that Lessee at its option may discharge any tax, mortgage or other lien on the land. In the event Lessee does so, it shall be subrogated to the lien with the right to enforce same and to apply royalties and shut-in royalties payable under the terms of this Lease toward satisfying same. Without impairment of Lessee's rights under the warranty, If this Lease covers a lesser interest in the oil or gas in all or any part of the land than the entire and undivided fee simple estate (whether Lessor's interest is specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than the full interest, shall be paid only in the proportion which the interest, if any, covered by this Lease, bears to the whole and undivided fee simple estate in the land. Should any one or more of the parties named above as Lessors fail to execute this Lease, it shall nevertheless be binding on the party or parties executing the Lease.

11. Lessee and Lessee's successors, heirs and assigns, shall have the right at any time to surrender this Lease, in whole or in part, to Lessor or Lessor's heirs, successors, and assigns by delivering or mailing a release to the Lessor, or by placing a release of record in the county in which the land is situated. Then, Lessee shall be relieved from all obligations, expressed or implied of this Lease as to acreage surrendered, and then the shut-in royalty payable under the terms of this Lease shall be reduced in the proportion that the acreage covered by this Lease is reduced by the release or releases.

12. Notwithstanding any other provisions of this lease, at the end of the primary term, all acreage not included in a proration unit as designated by the New Mexico Oil Conservation Division, and depths one hundred feet (100') below the deepest depth drilled, will revert to Lessor, unless Lessee is drilling a well on the leased premises or on land pooled therewith, in which event the lease will be held in its entirety as long as not more than one-hundred eighty days elapses between the completion of one well and the commencement of another.

13. UNRELEASED OIL AND GAS LEASE(S): It is expressly acknowledged that certain oil and gas lease(s) currently burdening lessor's mineral interest in the above-described lands of record are unreleased of record, including, but not limited to the following oil and gas leases: (1) lease dated August 26, 2005, recorded in the Office of the County Clerk, Eddy County, New Mexico, in Book 610, at Page 890 (the "Existing Lease(s)"). To the extent the Existing Leases remain in effect as to all or any portion of the above-described lands, this lease covers Lessor's reversionary interest in the above-described lands and is hereby vested in interest, but is subordinate to the Existing Leases, and is to vest in possession upon (i) expiration, termination or release of said Existing Leases; or (ii) the date of this oil and gas lease, whichever is later.

14. Notwithstanding anything to the contrary herein provided, the primary term of this lease shall be extended by the number of days from this date to the date all Existing Leases are released or the date of the entry of a final unappealable order entered by a court of competent jurisdiction declaring the Existing Leases of no force and effect. Notwithstanding the foregoing, should Lessee assign this lease, in whole or in part, prior to the release or judicial determination declaring the Existing Leases of no force and effect, then notwithstanding anything to the contrary in this lease, the primary term of this lease shall be for three (3) years from and after the date of such assignment. However, in no event shall the primary term hereof exceed five (5) years from the execution date of this Lease.

15. The terms of this Lease are specifically subject to the terms and conditions set forth in that certain Letter Agreement, between Lessor and Lessee, dated March 23, 2020.

This Lease is executed by the Lessor as of the date of the acknowledgement below, but shall be deemed effective as of the Effective Date stated above.

Signed this 31 day of March, 2020.

GRANTOR

  
\_\_\_\_\_  
Ronald Robbins

THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was sworn to, subscribed and acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by Ronald Robbins.

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

Commission Expires:

Return To:

  
SUGAR CREEK  
RESOURCES  
P.O. Box 5074  
Edmond, OK 73083

*See attached*

### ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
 County of Sonoma )

On March 31, 2020 before me, P. Robbins, notary public  
 (insert name and title of the officer)

personally appeared Ronald Robbins  
 who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature *[Handwritten Signature]* (Seal)

**OIL & GAS LEASE  
(Paid Up)**

THIS LEASE AGREEMENT (the "Lease") is made this 23<sup>rd</sup> day of March, 2020, (the "Effective Date"), between **Christine Campos**, whose mailing address is 32772 Jonathan Circle, Dana Point, CA 92629, the "Lessor" (whether one or more), and **Sugar Creek Resources, LLC**, whose mailing address is P.O. Box 5074, Edmond, OK 73083, the "Lessee".

1. Lessor, in consideration of TEN DOLLARS and other consideration, the receipt of which is acknowledged, and of the royalties and agreements of the Lessee provided for in this Lease, grants, leases and lets exclusively to Lessee for the purpose of investigating, by geological, geophysical, seismic and other means, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Eddy County, New Mexico.

**Township-23-South, Range-27-East, N.M.P.M. Section 8:  
N/2 NE/4; SE/4 NE/4; NE/4 SE/4; S/2 SE/4**

2. It is hereby agreed that this lease shall remain in force for a term of three (3) years from this date (herein call primary term) and as long thereafter as oil or gas or either of them, is produced from said land by the lessee.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 25% of that produced and saved from the land, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from the land and used off the lease premises or used in the manufacture of gasoline or other products, the market value at the well of 25% of the gas used, provided that on gas sold on or off the lease premises, the royalties shall be 25% of the amount realized from the sale; (c) and at any time when this Lease is not validated by other provisions and there is a gas and/or condensate well on the land, or land pooled with the land, and said gas is not being sold or used and the well is shut in, either before or after production, then on or before 90 days after the well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this Lease by the party making the payment or tender, and so long as the shut-in royalty is paid or tendered this Lease shall not terminate and it shall be considered under its terms that gas is being produced from the leased premises in paying quantities. Each payment shall be paid or tendered to the party or parties who at the time of the payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct the error within 30 days after Lessee has received written notice by certified mail from the party or parties entitled to receive payment together with the written instruments (or certified copies) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the lease premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for the term and under the conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in the contract or regulatory orders.

4. This is a Paid-Up Lease and Lessee shall not be obligated during the primary term to

Reception: 2005211 Book: 1135 Page: 111  
Recorded: 04/28/2020 02:21 PM Fee: \$25.00  
Eddy County, New Mexico ~ Robin Van Natta,  
eRecorded Document



commence or continue any operations of any character or to make any payments in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision of paragraph 3 above.

5. Lessee is granted the right and power, from time to time, to pool or combine this Lease, the land covered by it, or any part, subsurface depth, or horizon of the land with any other land, leases or mineral estates, for the production of oil or gas. Units pooled by the terms of this Lease shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which the land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the lease premises are located and the units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any unit shall be considered for all purposes, except the payment of royalty, as operations conducted on or production from the land subject to this Lease. There shall be allocated to the land covered by this Lease included in any unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in Lease or unit operations, which the net oil or gas acreage in the land covered by this Lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the land covered by this Lease and included in a unit in the same manner as though produced from the land under the terms of this Lease. Any pooled unit designated by Lessee, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time.

6. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee is then engaged in actual drilling operations thereon, and is acting with reasonable diligence and dispatch as a prudent operator, then this Lease shall continue in force so long as operations are being continuously prosecuted to complete such well. If, after expiration of the primary term, production on this lease or on acreage pooled therewith should cease from any cause, this lease shall not terminate provided that Lessee commences drilling or reworking operations within ninety (90) days from such cessation and proceeds with reasonable diligence and dispatch, and if production and paying quantities results from such operations, this Lease shall continue in force so long as production in commercial quantities continues.

7. Lessee shall have free use of oil, gas and water from the land, except water from Lessor's wells and tanks, for all operations under this Lease, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on the land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on the land without Lessor's consent.

8. The rights of Lessor or Lessee to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to their respective heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division shall be binding on Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies of them constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of an owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to the deceased's estate or heirs, executor, or administrator until the time Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to the

sums. An assignment of this Lease in whole or in part shall, to the extent of the assignment, relieve and discharge Lessee of any obligations under this Lease and, if Lessee or an assignee of a part or parts of this Lease shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from the Lessee or an assignee or fail to comply with any of the provisions of this Lease, the default shall not affect this Lease insofar as it covers a part of the lands on which Lessee or any assignee shall properly comply or make the payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this Lease, or from conducting drilling or reworking operations on this Lease, or from producing oil or gas by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duties under this Lease shall be suspended, and Lessee shall not be liable for failure to comply with the terms of this Lease; and, this Lease shall be extended while and so long as Lessee is prevented by any cause from conducting drilling or reworking operations or from producing oil or gas; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.

10. Lessor warrants and agrees to defend the title to the land and agrees that Lessee at its option may discharge any tax, mortgage or other lien on the land. In the event Lessee does so, it shall be subrogated to the lien with the right to enforce same and to apply royalties and shut-in royalties payable under the terms of this Lease toward satisfying same. Without impairment of Lessee's rights under the warranty, If this Lease covers a lesser interest in the oil or gas in all or any part of the land than the entire and undivided fee simple estate (whether Lessor's interest is specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than the full interest, shall be paid only in the proportion which the interest, if any, covered by this Lease, bears to the whole and undivided fee simple estate in the land. Should any one or more of the parties named above as Lessors fail to execute this Lease, it shall nevertheless be binding on the party or parties executing the Lease.

11. Lessee and Lessee's successors, heirs and assigns, shall have the right at any time to surrender this Lease, in whole or in part, to Lessor or Lessor's heirs, successors, and assigns by delivering or mailing a release to the Lessor, or by placing a release of record in the county in which the land is situated. Then, Lessee shall be relieved from all obligations, expressed or implied of this Lease as to acreage surrendered, and then the shut-in royalty payable under the terms of this Lease shall be reduced in the proportion that the acreage covered by this Lease is reduced by the release or releases.

12. Notwithstanding any other provisions of this lease, at the end of the primary term, all acreage not included in a proration unit as designated by the New Mexico Oil Conservation Division, and depths one hundred feet (100') below the deepest depth drilled, will revert to Lessor, unless Lessee is drilling a well on the leased premises or on land pooled therewith, in which event the lease will be held in its entirety as long as not more than one-hundred eighty days elapses between the completion of one well and the commencement of another.

13. UNRELEASED OIL AND GAS LEASE(S): It is expressly acknowledged that certain oil and gas lease(s) currently burdening lessor's mineral interest in the above-described lands of record are unreleased of record, including, but not limited to the following oil and gas leases: (1) lease dated August 5, 2005, recorded in the Office of the County Clerk, Eddy County, New Mexico, in Book 610, at Page 887 (the "Existing Lease(s)"). To the extent the Existing Leases remain in effect as to all or any portion of the above-described lands, this lease covers Lessor's reversionary interest in the above-described lands and is hereby vested in interest, but is subordinate to the Existing Leases, and is to vest in possession upon (i) expiration, termination or release of said Existing Leases; or (ii) the date of this oil and gas lease, whichever is later.

14. Notwithstanding anything to the contrary herein provided, the primary term of this lease shall be extended by the number of days from this date to the date all Existing Leases are released or the date of the entry of a final unappealable order entered by a court of competent jurisdiction declaring the Existing Leases of no force and effect. Notwithstanding the foregoing, should Lessee assign this lease, in whole or in part, prior to the release or judicial determination declaring the Existing Leases of no force and effect, then notwithstanding anything to the contrary in this lease, the primary term of this lease shall be for three (3) years from and after the date of such assignment. However, in no event shall the primary term hereof exceed five (5) years from the execution date of this Lease.

15. The terms of this Lease are specifically subject to the terms and conditions set forth in that certain Letter Agreement, between Lessor and Lessee, dated March 23, 2020.

This Lease is executed by the Lessor as of the date of the acknowledgement below, but shall be deemed effective as of the Effective Date stated above.

Signed this 25 day of April, 2020.

GRANTOR

Christine Campos  
Christine Campos

THE STATE OF California  
COUNTY OF Orange

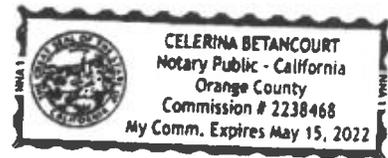
The foregoing instrument was sworn to, subscribed and acknowledged before me on the 25 day of April, 2020, by Christine Campos.

[Signature]  
Notary Public

Commission Expires: May 15, 2022

Return To:

SUGAR CREEK  
RESOURCES  
P O Box 5074  
Edmond, OK 73083



**OIL & GAS LEASE  
(Paid Up)**

THIS LEASE AGREEMENT (the "Lease") is made this 23<sup>rd</sup> day of March, 2020, (the "Effective Date"), between **Stephanie Aldemir**, whose mailing address is 26 Ironwood, Mission Viejo CA 92692, the "Lessor" (whether one or more), and **Sugar Creek Resources, LLC**, whose mailing address is P.O. Box 5074, Edmond, OK 73083, the "Lessee".

1. Lessor, in consideration of TEN DOLLARS and other consideration, the receipt of which is acknowledged, and of the royalties and agreements of the Lessee provided for in this Lease, grants, leases and lets exclusively to Lessee for the purpose of investigating, by geological, geophysical, seismic and other means, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Eddy County, New Mexico.

**Township-23-South, Range-27-East, N.M.P.M. Section 8:  
N/2 NE/4; SE/4 NE/4; NE/4 SE/4; S/2 SE/4**

2. It is hereby agreed that this lease shall remain in force for a term of three (3) years from this date (herein call primary term) and as long thereafter as oil or gas or either of them, is produced from said land by the lessee.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 25% of that produced and saved from the land, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from the land and used off the lease premises or used in the manufacture of gasoline or other products, the market value at the well of 25% of the gas used, provided that on gas sold on or off the lease premises, the royalties shall be 25% of the amount realized from the sale; (c) and at any time when this Lease is not validated by other provisions and there is a gas and/or condensate well on the land, or land pooled with the land, and said gas is not being sold or used and the well is shut in, either before or after production, then on or before 90 days after the well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this Lease by the party making the payment or tender, and so long as the shut-in royalty is paid or tendered this Lease shall not terminate and it shall be considered under its terms that gas is being produced from the leased premises in paying quantities. Each payment shall be paid or tendered to the party or parties who at the time of the payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct the error within 30 days after Lessee has received written notice by certified mail from the party or parties entitled to receive payment together with the written instruments (or certified copies) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the lease premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for the term and under the conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in the contract or regulatory orders.

4. This is a Paid-Up Lease and Lessee shall not be obligated during the primary term to

23

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Recorded: 05/14/2020 08:58 AM Fee: \$25.00  
Eddy County, New Mexico ~ Robin Van Natta, County Clerk

eRecorded Document



commence or continue any operations of any character or to make any payments in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision of paragraph 3 above.

5. Lessee is granted the right and power, from time to time, to pool or combine this Lease, the land covered by it, or any part, subsurface depth, or horizon of the land with any other land, leases or mineral estates, for the production of oil or gas. Units pooled by the terms of this Lease shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which the land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the lease premises are located and the units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any unit shall be considered for all purposes, except the payment of royalty, as operations conducted on or production from the land subject to this Lease. There shall be allocated to the land covered by this Lease included in any unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in Lease or unit operations, which the net oil or gas acreage in the land covered by this Lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the land covered by this Lease and included in a unit in the same manner as though produced from the land under the terms of this Lease. Any pooled unit designated by Lessee, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time.

6. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee is then engaged in actual drilling operations thereon, and is acting with reasonable diligence and dispatch as a prudent operator, then this Lease shall continue in force so long as operations are being continuously prosecuted to complete such well. If, after expiration of the primary term, production on this lease or on acreage pooled therewith should cease from any cause, this lease shall not terminate provided that Lessee commences drilling or reworking operations within ninety (90) days from such cessation and proceeds with reasonable diligence and dispatch, and if production and paying quantities results from such operations, this Lease shall continue in force so long as production in commercial quantities continues.

7. Lessee shall have free use of oil, gas and water from the land, except water from Lessor's wells and tanks, for all operations under this Lease, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on the land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on the land without Lessor's consent.

8. The rights of Lessor or Lessee to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to their respective heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division shall be binding on Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies of them constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of an owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to the deceased's estate or heirs, executor, or administrator until the time Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to the

sums. An assignment of this Lease in whole or in part shall, to the extent of the assignment, relieve and discharge Lessee of any obligations under this Lease and, if Lessee or an assignee of a part or parts of this Lease shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from the Lessee or an assignee or fail to comply with any of the provisions of this Lease, the default shall not affect this Lease insofar as it covers a part of the lands on which Lessee or any assignee shall properly comply or make the payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this Lease, or from conducting drilling or reworking operations on this Lease, or from producing oil or gas by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duties under this Lease shall be suspended, and Lessee shall not be liable for failure to comply with the terms of this Lease; and, this Lease shall be extended while and so long as Lessee is prevented by any cause from conducting drilling or reworking operations or from producing oil or gas; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.

10. Lessor warrants and agrees to defend the title to the land and agrees that Lessee at its option may discharge any tax, mortgage or other lien on the land. In the event Lessee does so, it shall be subrogated to the lien with the right to enforce same and to apply royalties and shut-in royalties payable under the terms of this Lease toward satisfying same. Without impairment of Lessee's rights under the warranty, If this Lease covers a lesser interest in the oil or gas in all or any part of the land than the entire and undivided fee simple estate (whether Lessor's interest is specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than the full interest, shall be paid only in the proportion which the interest, if any, covered by this Lease, bears to the whole and undivided fee simple estate in the land. Should any one or more of the parties named above as Lessors fail to execute this Lease, it shall nevertheless be binding on the party or parties executing the Lease.

11. Lessee and Lessee's successors, heirs and assigns, shall have the right at any time to surrender this Lease, in whole or in part, to Lessor or Lessor's heirs, successors, and assigns by delivering or mailing a release to the Lessor, or by placing a release of record in the county in which the land is situated. Then, Lessee shall be relieved from all obligations, expressed or implied of this Lease as to acreage surrendered, and then the shut-in royalty payable under the terms of this Lease shall be reduced in the proportion that the acreage covered by this Lease is reduced by the release or releases.

12. Notwithstanding any other provisions of this lease, at the end of the primary term, all acreage not included in a proration unit as designated by the New Mexico Oil Conservation Division, and depths one hundred feet (100') below the deepest depth drilled, will revert to Lessor, unless Lessee is drilling a well on the leased premises or on land pooled therewith, in which event the lease will be held in its entirety as long as not more than one-hundred eighty days elapses between the completion of one well and the commencement of another.

13. UNRELEASED OIL AND GAS LEASE(S): It is expressly acknowledged that certain oil and gas lease(s) currently burdening lessor's mineral interest in the above-described lands of record are unreleased of record, including, but not limited to the following oil and gas leases: (1) lease dated August 26, 2005, recorded in the Office of the County Clerk, Eddy County, New Mexico, in Book 610, at Page 892 (the "Existing Lease(s)"). To the extent the Existing Leases remain in effect as to all or any portion of the above-described lands, this lease covers Lessor's reversionary interest in the above-described lands and is hereby vested in interest, but is subordinate to the Existing Leases, and is to vest in possession upon (i) expiration, termination or release of said Existing Leases; or (ii) the date of this oil and gas lease, whichever is later.

14. Notwithstanding anything to the contrary herein provided, the primary term of this lease shall be extended by the number of days from this date to the date all Existing Leases are released or the date of the entry of a final unappealable order entered by a court of competent jurisdiction declaring the Existing Leases of no force and effect. Notwithstanding the foregoing, should Lessee assign this lease, in whole or in part, prior to the release or judicial determination declaring the Existing Leases of no force and effect, then notwithstanding anything to the contrary in this lease, the primary term of this lease shall be for three (3) years from and after the date of such assignment. However, in no event shall the primary term hereof exceed five (5) years from the execution date of this Lease.

15. The terms of this Lease are specifically subject to the terms and conditions set forth in that certain Letter Agreement, between Lessor and Lessee, dated March 23, 2020.

This Lease is executed by the Lessor as of the date of the acknowledgement below, but shall be deemed effective as of the Effective Date stated above.

Signed this 13 day of MAY, 2020.

GRANTOR

Stephanie Aldemir  
Stephanie Aldemir

THE STATE OF California

COUNTY OF Orange

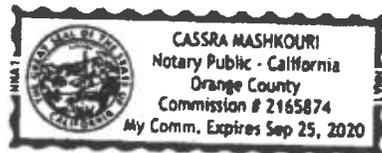
The foregoing instrument was sworn to, subscribed and acknowledged before me on the 13<sup>th</sup> day of May, 2020, by Stephanie Aldemir.

[Signature]  
Notary Public

Commission Expires: 9/25/2020

Return To:

SUGAR CREEK  
RESOURCES  
P.O. Box 5074  
Edmond, OK 73083



**Tab 4: Chart compiling orders**  
**issued in May and June 2020**  
**pooling royalty interests**

**Orders issued in May and June 2020 which pool royalty interests (ORRI and other royalty)**

17-Jun	R-21362	21294	CHEVRON U.S.A. INC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY CHEVRON U.S.A. INC
17-Jun	R-21363	21296	CHEVRON U.S.A. INC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY CHEVRON U.S.A. INC
5-Jun	R-21344	21265	COG OPERATING, LLC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COG OPERATING, LLC
5-Jun	R-21345	21264	COG OPERATING, LLC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COG OPERATING, LLC
5-Jun	R-21347	21093	CATENA RESOURCES OPERATING, LLC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY CATENA RESOURCES OPERATING, LLC
19-May	R-21104-A	21257	SPC RESOURCES, LLC	APPLICATION OF SPC RESOURCES, LLC TO POOL AN ADDITIONAL INTERESTS OWNERS UNDER THE TERMS OF ORDER NO. R-21104, EDDY COUNTY, NEW MEXICO.
19-May	R-21123-A	21258	SPC RESOURCES, LLC	APPLICATION OF SPC RESOURCES, LLC TO POOL AN ADDITIONAL INTERESTS OWNERS UNDER THE TERMS OF ORDER NO. R-21104, EDDY COUNTY, NEW MEXICO.
7-May	R-21274	20911	MATADOR PRODUCTION COMPANY	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY MATADOR PRODUCTION COMPANY
7-May	R-21304	21107	TAP ROCK RESOURCES, LLC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY TAP ROCK RESOURCES, LLC
7-May	R-21319	21180	CATENA RESOURCES OPERATING, LLC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY CATENA RESOURCES OPERATING, LLC
7-May	R-21322	20374	WPX ENERGY PERMIAN, LLC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY WPX ENERGY PERMIAN, LLC
7-May	R-21323	20375	WPX ENERGY PERMIAN, LLC	APPLICATION FOR COMPULSORY POOLING SUBMITTED BY WPX ENERGY PERMIAN, LLC



## **Tab 5: Affidavit of Clayton Rule**



C. Rule  
Clayton W. Rule

SUBSCRIBED AND SWORN to before me this 6th day of July, 2020 by Clayton W. Rule on behalf of Marathon Oil Permian LLC.

Carlos L  
Notary Public

My commission expires: 12/28/2022

