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

APPLICATION OF ROCKWOOD RESOURCES, LLC, et al., TO REOPEN MEWBOURNE OIL COMPANY'S POOLING CASE NO. 21390, LEA COUNTY, NEW MEXICO

Reopen Case No. 22539 Re: Case No. 21390; Order No. R-21527

APPLICATION OF ROCKWOOD RESOURCES, LLC, et al., TO REOPEN MEWBOURNE OIL COMPANY'S POOLING CASE NO. 21391, LEA COUNTY, NEW MEXICO

Reopen Case No. 22540 Re: Case No. 21391; Order No. R-21528

RESPONSE TO MEWBOURNE OIL COMPANY'S SECOND MOTION TO DISMISS

Rockwood Resources, LLC, ("Rockwood"), Christine Brock ("Brock"), and Rebecca J. Babbitt ("Babbitt") (collectively "Rockwood Group") submit their response to Mewbourne Oil Company's ("Mewbourne") Second Motion to Dismiss Rockwood's Applications to Reopen ("Motion"). In support thereof, the following is shown:

I. Introduction:

- 1. Mewbourne filed Applications with the New Mexico Oil Conservation Division ("Division" or "OCD") on July 31, 2020, seeking an order to pool all uncommitted working interests ("WI") in the Bone Spring Formation in spacing units consisting of the N/2 N/2 of Section 3 and 4 (Case No. 21390) and the S/2 N/2 of Sections 3 and 4 (Case No. 21391), all in Township 18 South, Range 32 East, Lea County, New Mexico. Order Nos. R-21527 & R-21528 ("Pooling Orders") were issued pooling the WI.
- 2. Mewbourne listed Brock, Babbitt, and Delbert Ray Utter, as well as six other WI owners as "unlocatable" in Exhibit A-5 that it submitted to the OCD on October 30, 2020.

Rockwood notified Mewbourne that it had located Babbitt and Brock and had acquired their WI by letter agreement on December 2 and 15, 2021, respectively, and by subsequent assignment. Exhibit 1, attached hereto.

- 3. On January 14, 2022, the Rockwood Group filed applications to reopen Case Nos. 21390 and 21391 ("Applications") alleging that Mewbourne failed to exercise reasonable diligence to provide the required notice of Mewbourne's pooling applications resulting in improperly designating Brock and Babbitt, whose WI Rockwood acquired, as "unlocatable." By failing to provide proper notice, Mewbourne deprived them of the right to elect to participate in the wells under the Pooling Orders for the Eastwatch 4/3 B2DA Fed Com #1H well (Order No. R-21527) and the Eastwatch 4/3 B2EH Fed Com #1H well (Order No. R-21528) (collectively "Eastwatch Wells").
- 4. Prior to filing the Applications, Rockwood advised Mewbourne on December 13, 2021, that it had located Babbitt whose WI Rockwood had acquired, requesting that Rockwood be allowed to participate in the wells. Mewbourne agreed to allow Rockwood to participate with the Babbitt WI.
- 5. On December 15, 2021,¹ Rockwood advised Mewbourne that it had located Brock whose WI Rockwood acquired, requesting to participate in the wells with the Brock WI. *See* Exhibit 2, attached hereto. Mewbourne refused to allow Rockwood to participate with the Brock WI and has refused to provide Rockwood with the election letters that it sent to other WI owners as required under ¶ 22 of the Pooling Orders. Therefore, Rockwood cannot determine whether its request to participate with the Brock WI fell within the election period that was established for the other WI

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¹ In prior pleadings, Rockwood listed this date as December 16, 2021; however, review of the emails makes it is clear that Rockwood's first email expressing its intent to participate was sent on December 15, 2021, with a follow-up on December 16, 2021. The emails are attached in Exhibit 2 to clarify the errata.

owners who received election letters pursuant to ¶ 23 of the Pooling Orders.

- 6. At the status conference on March 3, 2022, the OCD directed Mewbourne to file a motion to dismiss addressing all of the pertinent issues. The OCD also indicated that it wanted the parties to discuss the decision in *Delaware Energy, LLC v. New Mexico Oil Conservation Commission*, No. D-101-CV-2019-01070 and the applicability of NMAC 19.15.4.10(A)(2).
- 7. In its Motion, Mewbourne suggests four bases on which to dismiss the Applications to Reopen: (1) the Applications, by which Rockwood is protecting the correlative rights that it acquired from Brock and Babbitt by allowing Rockwood to participate in the wells and which do not seek to change the OCD's decision on operatorship or pooling of those interests, allegedly seek to impair the Division's ability to prevent waste and protect correlative rights (Motion at pp. 3-5); (2) the Oil and Gas Act ("Act") *de novo* process supposedly "confirms" that parties should not be able to challenge pooling orders after they are issued (*id.* at pp. 5-6): (3) Rockwood lacks standing because it cannot establish that Brock or Babbitt, both of whom Mewbourne identified as WI owners in its pooling applications, owned any WI in the lands subject to the pooling orders (*id.*, at pp. 6-9); and (4) Rockwood's allegation that Mewbourne failed to exercise "reasonable diligence" as required by NMAC 19.15.4.12B and as described by the New Mexico Supreme Court in *Uhden v. New Mexico Conservation Comm'n*, 1991-NMSC-089, 112 N.M. 528, would somehow alter the notice requirements set forth in NMAC 19.15.4.12. Motion at pp. 9-11.
- 8. This Response addresses each of the points raised by Mewbourne, albeit not in the same order as presented in its Motion, and also discusses the *Delaware Energy* case and the applicability of NMAC 19.15.4.10(A)(2).

II. Legal Arguments:

A. The Rockwood Group has standing to file the Applications to reopen Case Nos. 21390 and 21391.

- 9. In order to establish standing under New Mexico law, a party must show: "(1) injury in fact, (2) a causal relationship between the injury and the challenged conduct, and (3) a likelihood that the injury will be redressed by a favorable decision." *See ACLU of New Mexico v. City of Albuquerque*, 2008-NMSC-045, ¶ 1, 188 P.3d 1222, 144 N.M. 471.
- 10. Mewbourne's reliance on *ACLU of New Mexico v. Santillanes*, 546 F.3d 1318, 1317 (10th Cir. 2008) and other federal cases is misplaced. *See* Motion at p. 7. There are material differences in how federal courts strictly enforce standing requirements as compared to New Mexico courts, which is the obvious touchstone for determining standing at the OCD. *ACLU*, 2008-NMSC-045, ¶ 9. In particular, New Mexico rejects the "legal interest test," the basis of Mewbourne's argument for standing, *see* Motion at pp. 7-8, which does not control. *See ACLU*, 2008-NMSC-045, ¶11 (*citing De Vargas Sav. & Loan Ass'n v. Campbell*, 87 N.M. 469, 471, the "flaw in the 'legal interest' test is that it requires a court to examine the merits of the case" instead of the separate issue of standing").
 - i) Brock and Babbitt are deemed owners based on Mewbourne's good faith representations to the OCD that they are legitimate owners.
 - 11. The gist of Melbourne's standing argument against Brock is that:

There is no indication in any of the briefing or numerous exhibits submitted by Rockwood that the title defects [concerning Brock's WI] have been cured and that Rockwood actually has an ownership interest in the subject units.

Motion at p. 8.

12. In its Motion, Mewbourne does not specify what the nature of the alleged title defect(s) is with respect to Brock's WI. And despite repeated demands from Rockwood's counsel to Mewbourne's counsel, Mewbourne has failed to provide any description of the title defects or the requirement to cure those defects. *See* Email exchange between William E. Zimsky and Dana Hardy, attached hereto as Exhibit 3.

13. However, Mewbourne represented to the OCD at the pooling hearing that Brock and Babbitt were owners based on title work they were obligated to perform to confirm ownership. See Hearing Exhibits A-5 in Case Nos. 21390 and 21391, copies of which are attached hereto as Exhibit 4. Mewbourne concedes that whatever Brock and Babbitt owned has transferred to Rockwood. See Motion at p. 8. Therefore, since the OCD does not have jurisdiction to rule on title, it must rely on Mewbourne's confirmation at the hearing of Brock's and Babbitt's ownership to preserve the OCD's "'plain, adequate, and complete' administrative process" that allows it to make rulings pursuant to an operator's good faith confirmation of a party's ownership. See Delaware Energy, p. 8 (citing Chavez v. City of Albuquerque, 1998-NMCA-004, §14, 124 N.M. 479, 952 P.2d 474); see also Order No. R-12108, ¶ 23(a) (it is the responsibility of the operator filing an APD to do so under a good faith claim to title); Order No. R-12376-C, ¶ 19(a) ("The Commission has no jurisdiction to determine title to any interest in real property"). Thus, Brock and Babbitt are deemed owners under OCD's jurisdiction, and Rockwood, by Mewbourne's own admission, is the successor owner of their WI. Nonetheless, Rockwood has also confirmed title and ownership of the Brock WI for the OCD's consideration. See Self-Affirming Statement of William E. Zimsky, attached hereto as Exhibit 5.

ii) Mewbourne's conduct has caused Rockwood to suffer an actual injury.

- 14. Having established ownership and that there are no title issues with respect to the WI that Rockwood acquired from Brock, Rockwood must demonstrate that Mewbourne's conduct has caused Rockwood to suffer an injury in fact. In New Mexico, although allegations of direct injury are required to confer standing, "the extent of the injury can be very slight." *See ACLU*, 2008-NMSC-045 ¶ 11. As set forth below, Rockwood's injuries exceed \$1.5 Million.
 - 15. Rockwood informed Mewbourne on December 15, 2021, that it wanted to participate

in the Eastwatch Wells with the Brock WI that it had acquired. *See* Exhibit 2. However, Mewbourne refused Rockwood's election, stating that Brock was deemed "unlocatable" and was, therefore, ineligible to participate in the Wells.

16. Mewbourne's refusal to allow Rockwood to participate in the Eastwatch Wells will cause Rockwood to suffer the 200% risk penalty provided for in the Pooling Orders. The Brock WI in the N/2N/2 of Sections 3 and 4 amounts to 6.21294% of the Leasehold Interest (*see* Exhibit 4), and the Estimated Well Costs for the proposed Eastwatch 4/3 B2DA Fed Com #1H Well is \$9,027,300. *See* October 29, 2021 AFE for this Well that Mewbourne sent to Rockwood for the Babbitt WI, a copy of which is attached hereto as Exhibit 6. Rockwood would have to pay risk penalty of approximately \$1,121,721.46. The Brock WI in the S/2N/2 of Sections 3 and 4 amounts to 3.125% of the Leasehold Interest (*see* Exhibit 4), and the Estimated Well Costs for the proposed Eastwatch 4/3 B2EH Fed Com #1H Well is \$8,716,800. *See* October 29, 2021 AFE that Mewbourne sent to Rockwood for the Brock WI, a copy of which is attached hereto as Exhibit 7. Thus, Rockwood would have to pay a risk penalty of approximately \$544,800.

iii) There is a likelihood that Rockwood's injury will be redressed by a favorable decision.

- 17. The relief that Rockwood is requesting in each of its Applications is an order from the OCD finding that the Pooling Orders were not applicable to the WI owned by Brock and Babbitt due to the fact that Mewbourne failed to exercise reasonable diligence in providing them with the required notice of Mewbourne's applications to pool their WI.
- 18. Such an order would preclude Mewbourne from designating Rockwood as a "Non-Consenting Pooled Working Interest Owner" as defined in ¶ 23 of the Pooling Orders subject to a 200% risk penalty and would allow Rockwood to participate with the Brock WI provided that Rockwood complies with the election process as set forth in ¶ 23 of the Pooling Orders, that is,

Rockwood must elect to participate in Eastwatch Wells no later than thirty (30) days after receiving the Estimated Well Costs from Mewbourne and make a payment of its share of the Estimated Well Costs no later than thirty (30) days after the expiration of the election period.

19. Having established standing,² the remaining issues are whether the OCD has jurisdiction over Rockwood's claim that Mewbourne improperly refused to allow it to participate in the Eastwatch Wells and, if so, whether Mewbourne was justified in refusing Rockwood's request to participate.

B. The Division has jurisdiction over the parties and the subject matter and the authority to grant Rockwood the relief that it is seeking.

20. The Division has broad statutory authority to administer compulsory pooling cases: The Division "shall have" jurisdiction and authority over "all matters relating to the conservation of oil and gas" and as such, it "shall have jurisdiction, authority and control of and over all persons, matters or things necessary or proper to enforce effectively the provisions of this [Oil and Gas Act ("Act")] . . ." NMSA 1978 §70-2-6 (emphasis added). The Division's jurisdiction over all persons and matters related to the conservation of oil and gas "is founded on the duty to prevent waste and protect correlative rights." See Cont'l Oil Co. v. Oil Conservation Comn'n, 1962-NMSC-062, ¶ 11, 70 N.M. 310 (emphasis added). In order to protect correlative rights, "the division is empowered to

² The Division can also "confer' standing and reach the merits of a case regardless of whether [an applicant] meets the traditional standing requirements, based on a conclusion that the questions

applicant] meets the traditional standing requirements, based on a conclusion that the questions raised involve matters of great public importance." See ACLU, 2008-NMSC-045, ¶33 (citations omitted). The Division is charged by statute to protect the correlative rights of "each owner," not just the applicant. See Cont'l Oil, 1962-NMSC-062, ¶28. Proper notice of an administrative hearing is a constitutionally protected right of due process protecting correlative rights. See Uhden, 1991-NMSC-089 ¶10. Standing based on issues of public importance involve "threats to the essential nature of state government guaranteed to New Mexico citizens under their Constitution." See ACLU, 2008-NMSC-045, ¶33; see also Uhden, 1991-NSMC-089, ¶10 ("A litigant must be given a full opportunity to be heard with all rights related thereto. The essence of justice is largely procedural. Procedural fairness and regularity are of the indispensable essence of liberty.") (citations omitted).

make and enforce rules, regulations, and orders, and to do whatever may be reasonably necessary to carry out the purpose of this act, whether or not indicated or specified in any section hereof." NMSA 1978 §70-2-11 (emphasis added). Thus, the Division is fully empowered to enforce the rules and applicable case law for proper notice pursuant to the Act and thereby protect each owner's correlative rights.

21. The Act requires an applicant provide proper notice to all WI owners prior to seeking a pooling order. NMSA 1978 § 70-2-17(C) (all orders affecting such pooling "shall be made after notice and hearing," and "shall be upon such terms and conditions" as are "just and reasonable" and will afford to the owners of each interest the opportunity to receive its just and fair share of the oil or gas) (emphasis added). The Division's rules specify how notice under the Act must be accomplished. See NMAC 1915.4.12(A)(1) and (B). The applicant reviews the land records and attempts personal service at the last known address of the owner. If personal service fails, the applicant must exercise reasonable diligence to locate the owner. NMAC 1915.4.12(B). Only after satisfaction of the reasonable diligence requirement is an applicant permitted to provide notice by publication. Id.; see also Mullane v. Cent. Hanover Bank & Trust Co., 339 U.S. 306, 315 (1950) ("The means [of notice] employed must be such as one desirous of actually informing the absentee might reasonably adopt to accomplish it."); Uhden v. New Mexico Oil Conservation Com'n, 1991-NMSC-089, ¶¶ 9-12, 112 N.M. 528 (after failure of personal service, due diligence to find a "reasonably ascertainable" address is required); T.H. McElvain Oil & Gas L.P., et al. v. Benson-Montin-Greet Drilling Corp., Inc., 2017-NMSC-004, ¶ 28 (notice by publication is proper in some circumstances as a last resort).³

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³ Mewbourne claims the sentence in *McElvain*, that diligence today for finding persons would involve searching the internet, is merely dicta. Motion at p. 10. However, this sentence directly follows the Court's conclusion that in 1948 diligence was satisfied given the resources available.

- 22. The Division's jurisdiction, under statute and regulation, to review the propriety of notice provided owners of WI in a pooling proceeding falls squarely within the Division's powers to ensure that each owner receive proper notice for the protection of its correlative rights. *Delaware Energy*, *supra*, at p. 6. Without proper notice, owners lack the awareness and means to protect their correlative rights.
- 23. The Division's jurisdiction to hear the Applications to Reopen is further supported by the fact that Rockwood's discovery that Mewbourne failed to provide proper notice occurred after the deadline for a *de novo* hearing; thus, appeal to the Commission for review is barred. *See* NMSA 1978 §70-2-13. The decision in *Delaware Energy* makes it clear that certain situations arise in which the Commission cannot hear the case and the only available forum is the Division. *Id.* at p. 7 (since no appealable right arose from the Division's issuance of the permit, the Commission was not authorized to hear the case). Therefore, the Applications fall into a unique category that qualifies for hearing by the OCD. *See id.* at p. 7-8 (stating "[t]he Division got it right"). Consequently, the Rockwood Group sought relief in the only forum available to it.
- 24. Without notice, owners have no means of participating in the hearing to protect their correlative rights and no opportunity to elect to participate in the proposed wells or seek fair market value for their WI by assignment through voluntary agreement, which are rights protected by the Act and its Rules. *See* §§70-2-6, -11, -17(C) and Rule 19.15.4.12(B).
- 25. The OCD has applied its plain, adequate, and complete administrative process in comparable Case No. 22323. On September 25, 2020, the OCD issued Order No. R-21354-A in Case No. 21226, concluding as a matter of law that the "Operator satisfied the notice requirements

Thus, the two sentences must be taken together as the complete holding, meaning: Although we conclude that diligence was satisfied in 1948, the standard used then would not satisfy diligence today given the availability of the internet.

for the Application and the hearing as required by 19.15.4.12 NMAC;" a WI owner, who failed to make an appearance at the hearing, filed an Application to Reopen for Lack of Notice on October 29, 2021, a year after the *de novo* deadline; the Division assumed jurisdiction, without objection, over all parties and set a contested hearing on May 19, 2022. *See* Transcript in Case No. 22323, p. 3, 5:6, attached hereto as Exhibit 8.

- 26. Moreover, the Division has retained "jurisdiction of this matter for entry of such orders as may be deemed necessary." Pooling Orders at ¶ 35. An order requiring Mewbourne to allow Rockwood to participate in the Eastwatch Wells with the Brock WI as required under ¶¶ 22-23 of the Pooling Orders based on the failure to provide proper notice to Brock is necessary to fulfill the Division's obligation to protect Rockwood's correlative rights. Thus, the Division has jurisdiction over the Applications to Reopen.
- 27. Further, the Pooling Orders allow an owner of a WI to elect to participate under ¶¶ 22-23 without distinguishing between unlocatable and locatable owners. Therefore, if an owner of an uncommitted WI was truly unlocatable, that owner is still eligible to elect to participate in a well proposed under a pooling order as long as that election is made before the election period for other WI owners has expired. In addition, if an unlocatable WI owner notifies the operator that it wants to participate in a proposed well, that WI owner is entitled to elect to participate in the well under ¶¶ 22-23 of the Pooling Orders even though the election period has expired for other WI owners provided that the operator has not yet completed the well, since the operator will suffer no prejudice and the correlative rights of that WI owner will be protected.

C. The Rockwood Group are proper parties to this adjudication under Rule 19.15.4.10(A)(2).

28. The OCD has raised the question whether the Rockwood Group are proper parties to this adjudication under Rule 19.15.4.10(A)(2), since Rockwood was not entitled to notice for the

underlying pooling hearing and Babbitt and Brock, who were entitled to notice, did not enter an appearance at the pooling hearing. However, the requirement for Babbitt and Brock to have entered an appearance is inapplicable when, as is the case herein, their cause of action – lack of notice - only accrued after the hearing. Simply put, they cannot be required to enter an appearance in a proceeding of which they were not given proper notice and, therefore, were unaware of the proceedings.

- 29. Each member of the Rockwood Group qualifies as a "party" by virtue of being owners of uncommitted WI with the right to challenge the lack of notice. Because the issue is lack of notice, requiring Brock and Babbitt to have made an appearance would be an impossible requirement to satisfy; thus, inapplicable. Further, Rockwood, as an applicant, is challenging the denial of its election to participate in the Eastwatch Wells with the Brock WI
- 30. Under Rule 19.15.4.10(A)(1), the designated parties to an adjudicatory proceeding, over which the Division has jurisdiction, "shall include" the "applicant." Rockwood is an applicant and successor to the WI owned by Babbitt and Brock, thus qualifying under the rules as a party to the adjudication. Babbitt and Brock are also "applicants" and therefore qualify as parties to the adjudication.

D. The remaining bases for its request to dismiss the Applications to Reopen set forth in Mewbourne's Motion do not withstand scrutiny.

- 31. In addition to its standing argument, discussed in detail above, Mewbourne suggests a number of bases on which to dismiss the Applications to Reopen. As set forth below, none of the bases posited by Mewbourne support dismissing the Applications at this stage of the proceeding without an evidentiary hearing.
- 32. First, the determination of whether Mewbourne exercised reasonable diligence in attempting to locate Brock involves material facts over which there is a genuine dispute that can only be resolved through discovery and an evidentiary hearing.

- 33. While Mewbourne makes a legal argument regarding NMAC 19.15.4.12(B), accusing Rockwood of engaging in unauthorized rulemaking to expand the scope of this Rule, *see* Mewbourne's Motion, pp. 9-10, that argument is without merit. Rockwood is not seeking to expand the scope of NMAC 19.15.4.12(B) to impose any additional burdens on applicants for pooling orders. Instead, Rockwood is merely asking the OCD to apply the Rule as written and interpreted by case law as part of the process of determining whether Mewbourne exercised reasonable diligence in trying to locate Brock. *See, e.g., Uhden, supra,* at ¶¶ 9-12.
- 34. As a factual matter, Mewbourne's statements that it searched but did not find current addresses for Brock, Babbitt and Utter are inherently contradictory and inconsistent. In its Motion to Dismiss, filed ten days after Rockwood confirmed that the current addresses are locatable on the internet, Mewbourne admitted that its reasonable diligence to locate Brock was limited to a search of the BLM and county records, and making "numerous" but unspecified phone calls and that it used the address it found in the BLM records. *See* Mewbourne's Motion filed February 22, 2022, at Ex. 2, ¶ 5 (Statement of Mitch Robb). When Rockwood demonstrated that this showing did not satisfy the reasonable diligence requirement under the Rules and state law, Mewbourne changed its story, suddenly remembering that it searched Accurint, which, according to Robb "performs comprehensive searches of public records and is deemed far more reliable than the various free websites relied upon by Rockwood." Motion at Ex. 2, ¶ 3 (Supplemental Statement of Mitch Robb). But even using Accurint, Mewbourne claims it still could not locate Brock or Babbitt. *Id.*
- 35. Accurint searches "more than 20 billion records that cover recent relocations" of persons, connecting them to their "historical addresses dating back 30 years or more." *See* Exhibit 9, attached hereto. Thus, because any current address found on the internet in the free "people finder" databases or by Googling would be included in Accurint given Lexis Nexis' description of Accurint's extensive scope of information, it is inconceivable that a current address found in

multiple free databases on the internet would not be found in Accurint.

- 36. Furthermore, Rockwood confutes Mewbourne's claim that it could not find the owners on Accurint by confirming a search of Accurint shows that the addresses and phone numbers of Brock, Babbitt, and Utter are readily available. *See* Exhibit 10, attached hereto. Thus, whether Mewbourne exercised reasonable diligence to find these owners remains an issue of material fact about which there is a genuine dispute that should be addressed at a hearing.
- 37. Mewbourne also urges that the Division should dismiss the Applications to Reopen because they were filed more than a year after the Pooling Orders were issued and conflict with the Division's mandate under the Act to protect correlative rights and prevent waste. Motion at pp. 2-5.
- 38. With respect to the timing of filing the Applications, Rockwood discovered and identified Mewbourne's failure to provide notice to Brock, Babbitt, and Robert Utter ("Utter"), heir and power of attorney for Delbert Utter, ⁴ after the pooling hearing. Rockwood contacted Mewbourne in mid-December, 2021, about these interests and filed the Applications only after Mewbourne refused to allow Rockwood to participate with the Brock WI. Therefore, Rockwood Group timely filed its Applications pursuant to this recent discovery. *See U.S. v. Rodriguez-Aguirre*, 264 F.3d 1195, 1200 (10th Cir. 2001) (in cases where the government has affected an administrative forfeiture of property, claimant's cause of action "alleging unconstitutional lack of notice" accrues when he or she discovers or should have discovered that the property was forfeited).
- 39. Mewbourne submits that granting the Applications would conflict with the Division's obligation under the Act to protect correlative rights and prevent waste, citing NMSA

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⁴ Babbitt's and Utter's lack of notice is relevant because it illustrates Mewbourne's pattern of failure to provide notice, and the issues regarding lack of notice addressed herein apply to both.

- 1978, § 70-2-11. Motion at pp. 2-5. With respect to waste, Rockwood is not seeking to overturn the Pooling Orders with respect to the designation of the spacing units or the appointment of Mewbourne as the operator and is not seeking to develop its WI separate from the Pooling Orders. Thus, granting the Applications will not affect the Division's obligation to prevent waste.
- 40. With respect to the Division's obligation to protect correlative rights, if the Division finds that Mewbourne failed to exercise reasonable diligence in attempting to locate Brock, then Rockwood, with Brock's WI, will be able to participate in the Eastwatch Wells, thereby protecting Rockwood's correlative rights with respect to the Brock WI. As correctly noted by Mewbourne, "the Division's pooling authority is central to its ability to protect correlative rights...." Motion at p. 3. The correlative rights of the other WI owners, including those of Mewbourne, will not be affected. The only adverse effect of granting Rockwood the relief it is seeking is that Mewbourne will not be able to retain the more than \$1.5 Million dollars in risk penalty that Rockwood would have to pay to Mewbourne. If Mewbourne failed to exercise reasonable diligence in locating Brock, allowing Mewbourne to retain such ill-gotten gains would violate the Division's obligation to protect correlative rights. Under such circumstances, Rockwood is not a "speculator" seeking to nullify pooling orders as alleged by Mewbourne. See Motion at p. 4. Rather, Rockwood is ensuring that operators follow the Division's rules in order to protect the correlative rights of uncommitted WI owners and not improperly poach those WIs for their sole benefit.
- 41. If the Division finds that Mewbourne did not exercise reasonable diligence in attempting to locate Brock, allowing Rockwood to participate in the Eastwatch Wells with the Brock WI would facilitate the Division's obligation to protect correlative rights provided that Rockwood's December 15, 2021 request to participate was made during the election period provided to other WI owners. In addition, as long as Rockwood's request to participate was made prior to Mewbourne

completing either or both of the Eastwatch Wells, issuing an order allowing Rockwood to participate

in those wells will protect Rockwood's correlative rights without affecting the correlative rights of

any other WI owner and will not prejudice Mewbourne since the request to participate was made

prior to determining whether participating in the well was economically advantageous as opposed

to being a "Non-Consenting Pooled Working Interest Owner" under ¶ 23 of the Pooling Orders.

42. Finally, Mewbourne contends that the OCD must prevent parties from challenging

"the Division Orders at any time, regardless of the age of the order" because it will result in a "lack

of certainty and finality of the orders issued by the Division." Motion at p. 6. However, any

Division order that was obtained by a party who failed to exercise reasonable diligence in locating

an uncommitted WI lacks certainty and finality by its very nature. Cf. McElvain, supra, at ¶ 25 ("A

judgment entered absent sufficient service of process upon a defendant violates due process and is

void as to the defendant for want of personal jurisdiction").

III. Conclusion:

43. The Rockwood Group respectfully requests that the Division deny Mewbourne's

Motion and grant a contested hearing as requested by the Applicants.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Attorneys for Rockwood Resources, LLC, at al.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on March 25, 2022:

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/s/ Darin C. Savage

Darin C. Savage

Rockwood Resources, LLC

PO Box 2250 Sulphur Springs, Tx 75483

December 15, 2021

Christine Brock By Roy L Patterson POA 453 Marino Rd Bryan, Tx 77808

RE: Letter Agreement regarding purchase and sale of Christine Brock's individual leasehold interest in T18S, R32E: Section 4 Lea County, New Mexico.

Dear Mrs. Brock:

This Letter Agreement (the "Agreement") sets forth the terms and conditions by which Rockwood Resources, LLC either directly or through a related entity or designee (collectively, "Rockwood"), proposes to purchase from Christine Brock by Roy L Patterson, Attorney in Fact ("Seller"), and Seller proposes to sell to Rockwood (the "Proposed Transaction"), 100% of Seller's right, title and interest in and to the leasehold and contractual interests in Section 4, Lea County, New Mexico (the "Lands"), which shall be made effective as of December 15, 2021 (the "Effective Date"), all as more fully described in the attached Exhibit "A" (the "Interests"). Rockwood and Seller may be hereinafter referred to collectively as the "Parties" and each a "Party".

This Agreement is made subject to the following terms and conditions:

- 1. Purchase Price. The purchase price ("Purchase Price") to be paid by Rockwood for the Interests shall be for 100% interest in Section 4, T18S, R32E of Lea County, New Mexico, subject to any adjustments as set forth in Paragraph 4.
- 2. Closing Date. Closing of the Proposed Transaction ("Closing") shall occur on or before Monday, January 3rd, 2022 ("Closing Date"), unless otherwise amended in writing by the Parties. At Closing, Rockwood shall wire to Seller the Purchase Price, and Seller shall deliver to Rockwood:
 - a. A fully executed original Assignment of the Interests which shall be made effective as of December 15, 2021 (the "Effective Date"); and
 - b. Copies of Seller's files pertaining to the Interests.
- Conditions. Rockwood's obligations to consummate the Proposed Transaction will be subject to the following:
 - a. Rockwood is satisfied, in its sole discretion and opinion, with its due diligence review and investigation of the Interests, as outlined in paragraph 4 below, including,

without limitation, an examination of the contracts, leases, title, pooling agreements, operating agreements and any other items or liens or encumbrances which relate to the Lands and/or the Interests; and

- b. Rockwood's receipt of a copy of all approvals, permits, licenses and consents, governmental or otherwise, deemed necessary or appropriate by Rockwood in order to consummate the Proposed Transaction.
- 4. <u>Due Diligence.</u> During the period beginning on the date this Agreement is executed by Seller, and continuing until the Closing Date (the "Due Diligence Period"), Seller will provide Rockwood full and free access to:
 - c. The Lands and Interests, in order that Rockwood can inspect, inventory and approve full marketable title to the Interests, free and clear of any and all liens and encumbrances, in Rockwood's sole discretion and opinion; and
 - b. Seller's contracts, books and records, oil and gas leases, lease files, title and curative work, and any and all other documents related to the Lands and Interests, including as these documents are received and maintained from Seller.

Rockwood will be permitted to perform a full and complete investigation of the aforementioned documents and the Interests where they exist, by and through its agents, brokers, representatives, and professional advisors (including attorneys, accountants, petroleum engineers, and geologists).

Immediately upon discovery by either Party of any title or other defect, addition, or encumbrance that would result in either an increase or a decrease in the number of unencumbered net leasehold acres in and to the Lease that is owned by Seller (each a "Defect"), the discovering Party shall deliver to the other Party notice of such Defect. In the event of a Defect resulting in a loss of net acreage, Seller shall have the right, but not the obligation, to cure any such Defects prior to Closing. If Seller is unable to do cure such Defect, or if the Defect results in an increase in net acreage, the total amount to be paid by Rockwood at Closing shall be increased or reduced accordingly on the basis of per NLA.

- 5. Confidentiality. Each party shall, at all times, maintain the confidentiality of all confidential and proprietary information regarding this Proposed Transaction (including the terms and existence of this Agreement, any negotiations regarding the Proposed Transaction) and will not disclose such information, or use it for any purpose other than its evaluation of the Proposed Transaction, the Lands and Interests, without the prior consent of the other party.
- 6. No Shop. Seller hereby covenants and agrees that prior to the Closing Date, neither Seller nor any of its officers, partners, employees, shareholders, agents, partners, representatives or their affiliated entities, will solicit, entertain or otherwise engage in or continue any existing discussions or negotiations or accept any offers with respect to the possible sale to a third party, directly or indirectly of any portion of the Lands or Interests. Additionally, Seller hereby represents to Rockwood that it has

- terminated any and all discussions, communication, negotiations and/or offers (if any) with respect to the possible sale of any or all of the Interests with any third party.
- 7. Governing Law. Any dispute between the Parties relating to this Agreement or the Proposed Transaction shall be construed under and in accordance with the laws of the State of Texas. The Parties agree that the federal or state courts within Midland County, Texas, shall have exclusive venue and jurisdiction over any such dispute.
- Binding Effect. The purpose of this Agreement is to summarize understandings reached regarding the proposed purchase and sale of the Interests. This Agreement does set forth binding obligations of both Parties.
- Counterparts. This Agreement may be executed in several counterparts, each of
 which shall be deemed an original, and such counterparts together shall constitute one
 and the same instrument.
- 10. <u>Prior Discussions.</u> The understandings set forth in this Agreement, if executed as provided below, supersede and replace all prior understandings among the Parties with respect to the subject matter discussed herein, whether oral, written or otherwise.

If the foregoing accurately sets forth our understanding, please sign and return this Agreement. By executing this Agreement, each Party represents that it is duly authorized to execute this Agreement and that such Agreement does not conflict with or violate any agreement with any other party.

This Agreement will expire and be of no force and effect if not accepted by Rockwood by execution in the space set forth below and the delivery of such executed copy (by email or by original signed copies) to the undersigned on or before 5:00 pm CST, Friday, December 24, 2021, unless such date is extended by the Parties in writing. Furthermore, upon execution, all obligations contained herein, including any obligation to close, shall remain subject to the Parties' executive management approval.

Sincerely,

Chase McCoy Rockwood Resources, LLC

AGREED AND ACCEPTED BY:

Rockwood Resources, LLC

Бу. —

Name: Chase McCoy

Title: Co-President
Date: 10/27/2021

AGREED AND ACCEPTED BY:

Christine Brock

By: My L Patherse

Name: Roy L Patterson

Title: Attorney in Fact

Date: _/2/22/2021

EXHIBIT "A"

Attached and made a part of that certain Letter Agreement dated December 15, 2021 by and between Christine Brock by Roy L Patterson, Attorney in Fact and Rockwood Resources, LLC.

Leases and Lands

Oil and Gas Lease:

Serial No.:

NMLC-063345

Date:

September 22, 1939

Lessor:

United States of America

Lessee:

Paul Love

Lands Covered:

Township-18 South, Range-32-East, N.M.P.M

Section 4: Lots 3 and 4 and SW4 NW4

Lea County, New Mexico, containing 120 acres, more or less

Subject Wells

EastWatch 4-3 B2DA Federal Com #001H API 30-025-49601

EastWatch 4-3 B2EH Federal Com #001H API 30-025-49533

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016845
Book2191 Page 326
1 of 3
01/24/2022 11:15 AM
BY CARRIE SANDOVAL

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

STATE:

New Mexico

COUNTY:

Lea

GRANTOR:

Christine Brock, by Roy L. Patterson POA

453 Marino Rd Bryan, Tx 77808

GRANTEE:

Rockwood Resources, LLC

PO Box 2250

Sulphur Springs, Tx 75483

For adequate consideration, the receipt of which is hereby acknowledged, Grantor, named above, does herby grant, sell, convey, transfer, assign and deliver unto Grantee, named above, all right title and interest in and to all oil, gas, and other minerals, royalty interests, overriding royalty interests, surface estate interests, leasehold interests, working interests and all equipment associated therewith, situated within the entire geographical boundary of Lea County, New Mexico, listed below whether accurately described or not and being more fully described on "Exhibit A".

Section 4: T-18-S, R-32-E, Lea County, New Mexico

It is the intent of this instrument to convey unto Grantee all of Grantor's royalty, overriding royalty, mineral interest, surface estate interest, leasehold interest, working interest and all equipment in all sections and/or abstracts in Lea County, New Mexico as of the Effective Date, regardless of depth, but if lands owned by Grantor is less than that described above, only that owned by Grantor is intended to be conveyed.

Together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same there from with the right to remove from said land all of Grantor's property and improvements. Grantor also conveys the right to funds due to causes of action and to any suspended funds held by any entity for benefit of Grantor, regardless of the production date, and right, title, and interest in and to any funds due to Grantor as of effective date, as if the assignment had occurred prior to such production of payment. This grant shall run, and the rights, titles and privileges hereby granted shall extend to Grantee herein, and to Grantee's heirs, administrators, executors, and assigns, forever.

This sale is made subject to any rights now existing to any leases or assigns under any valid and subsisting oil and gas lease heretofore executed and now of legal record; it being understood and agreed that said Grantee shall have, receive and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties, and other benefits which may accrue there under from and after the date hereof, precisely as if the Grantee herein had been at the date of making said lease and/or leases the owner of a similar undivided interest in and to the lands above described and none other and Grantee one of the lessors herein.

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016845
Book2191 Page 326
2 of 3
01/24/2022 11:15 AM
BY CARRIE SANDOUAL

This agreement constitutes the sole and only agreement of the parties to this deed and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this deed. All prior agreements or understandings, whether oral or written, are hereby merged into the terms of this written agreement. No amendment, modification, or alteration of the terms hereof shall be binding unless it is in writing, dated subsequent to the date hereof, and duly executed by the parties.

Grantor hereby warrants title to the interests assigned against claims made or to be made by, through or under Assignor.

The provisions hereof shall extend to and be binding upon the successors and assigns of the parties that executed this Assignment of Oil and Gas Leases.

WITNESS my hand this day of January, 2022, but the Effective Date of this transaction shall be December 1, 2021.

GRANTOR:

Christine Brock

By: Roy L. Patterson Title: Power of Attorney

ACKNOWLEDGEMENT BY NOTARY PUBLIC

STATE OF TEXAS

S

COUNTY OF BYAZOS

8

This instrument was acknowledged before me on Patterson, Power of Attorney for Christine Brock.

2022, by Roy L.

Mechelle Hamilton
NOTARY PUBLIC - STATE OF TEXAS
ID# 13292131-0
COMM. EXP. 02-10-2025

Notary Public in and for the State of Texas

My Commission Expires:

{Exhibit A Follows}

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016845
Book2191 Page 326
3 of 3
01/24/2022 11:15 AM
BY CARRIE SANDOUAL

EXHIBIT "A"

Attached and made a part of that certain Assignment, Bill of Sale and Conveyance made effective December 1, 2021 and between Christine Brock, by Roy L. Patterson as sole and separate property to Rockwood Resources, LLC a Delaware limited liability company.

Leases and Lands

Oil and Gas Lease:

Serial No.:

NMLC 063345

Form:

4-213 (April 1956)

Renewal Lease

Date:

Originally dated September 22, 1939, and last renewed on

November 1, 1960

Recorded:

This renewal lease is not recorded in Lea County, New

Mexico and recording is unnecessary

Lessor:

United States of America

Lessee:

Frank Brock, R. T. Brock, and Albert Hunter Utter,

Executor of the Estate of Alpha McAtee, deceased

Lands Covered:

Township 18 South, Range 32 East

Section 4:

Lots 3, 4, SW4 NW4

Lea County, New Mexico containing 120.47 acres,

more or less

Whether included here or not, the intention of this instrument is to grant, bargain, sell, convey, assign transfer, set over and deliver an undivided 100% of Grantor's right, title and interests, including but not limited to, leasehold interests, operating rights, working interests, royalty interests and overriding royalty interests in the lands below, all located in Lea County, New Mexico.

Rockwood Resources, LLC

Po Box 2250 Sulphur Springs, Tx 75483

Amended Letter Agreement

Roy L. Patterson, Attorney in Fact for Viola Christine Brock, aka Christine Brock, as the Seller of the Working Interest described herein, grants, by execution of this agreement, to Rockwood Resources, LLC as Buyer, the full authority, during the pendency of that certain Letter of Agreement between the panies dated December 15th, 2021 ("LOA"), to hire an attorney to represent the Seller's interests in the lands and units force pooled in New Mexico Oil Conservation Division ("NMOCD") Case No. 21390, pursuant to NMOCD Pooling Order No. R-21527, and in NMOCD Case No. 21391, pursuant to NMOCD Pooling Order No. R-21528, the lands and units being the N/2 N/2 and the S/2 N/2 of Sections 3 and 4, Township 18 South, Range 32 East, Lea County, New Mexico, which include Seller's interests. Seller's grant of authority to Buyer to hire an attorney to represent Seller's interests in said lands and units includes the authority to pursue and litigate all rights and interests provided to Seller as a pooled party by the NMOCD under Pooling Order Nos. R-21527 and R-21528. In exchange for the grant of this authority. Buyer releases the Seller of any and all liability of attorney's fees in pursuit of the representation of the Seller's interests regardless of whether the contract for the purchase of said Working Interest closes.

AGREED AND ACCEPTED BY:

Christine/Brock

Name: Roy L. Patterson
Title: Attorney in Fact for
Viola Christine Brock, aka

Christine Brock

Date:

Rockwood Resources, LLC

PO Box 2250 Sulphur Springs, Tx 75483

December 2, 2021

Rebecca J. Babbitt 90 Paradise Valley Dr. Conroe, Tx 77304

RE: Letter Agreement regarding purchase and sale of Rebecca J. Babbitt's individual leasehold interest in T18S, R32E: Section 4 Lea County, New Mexico.

Dear Mrs. Babbitt:

This Letter Agreement (the "Agreement") sets forth the terms and conditions by which Rockwood Resources, LLC either directly or through a related entity or designee (collectively, "Rockwood"), proposes to purchase from Rebecca J. Babbitt ("Seller"), and Seller proposes to sell to Rockwood (the "Proposed Transaction"), 100% of Seller's right, title and interest in and to the leasehold and contractual interests in Section 4, Lea County, New Mexico (the "Lands"), which shall be made effective as of December 1, 2021 (the "Effective Date"), all as more fully described in the attached Exhibit "A" (the "Interests"). Rockwood and Seller may be hereinafter referred to collectively as the "Parties" and each a "Party".

This Agreement is made subject to the following terms and conditions:

- 1. Purchase Price. The purchase price ("Purchase Price") to be paid by Rockwood for the Interests shall be for 100% interest in Section 4, T18S, R32E of Lea County, New Mexico, subject to any adjustments as set forth in Paragraph 4.
- Closing Date. Closing of the Proposed Transaction ("Closing") shall occur on or before Monday, January 3rd, 2022 ("Closing Date"), unless otherwise amended in writing by the Parties. At Closing, Rockwood shall wire to Seller the Purchase Price, and Seller shall deliver to Rockwood:
 - A fully executed original Assignment of the Interests which shall be made effective as of December 1, 2021 (the "Effective Date"); and
 - b. Copies of Seller's files pertaining to the Interests.
- Conditions. Rockwood's obligations to consummate the Proposed Transaction will be subject to the following:
 - a. Rockwood is satisfied, in its sole discretion and opinion, with its due diligence review and investigation of the Interests, as outlined in paragraph 4 below, including, without limitation, an examination of the contracts, leases, title, pooling agreements,

operating agreements and any other items or liens or encumbrances which relate to the Lands and/or the Interests; and

- b. Rockwood's receipt of a copy of all approvals, permits, licenses and consents, governmental or otherwise, deemed necessary or appropriate by Rockwood in order to consummate the Proposed Transaction.
- Due Diligence. During the period beginning on the date this Agreement is executed by Seller, and continuing until the Closing Date (the "Due Diligence Period"), Seller will provide Rockwood full and free access to:
 - c. The Lands and Interests, in order that Rockwood can inspect, inventory and approve full marketable title to the Interests, free and clear of any and all liens and encumbrances, in Rockwood's sole discretion and opinion; and
 - b. Seller's contracts, books and records, oil and gas leases, lease files, title and curative work, and any and all other documents related to the Lands and Interests, including as these documents are received and maintained from Seller.

Rockwood will be permitted to perform a full and complete investigation of the aforementioned documents and the Interests where they exist, by and through its agents, brokers, representatives, and professional advisors (including attorneys, accountants, petroleum engineers, and geologists).

Immediately upon discovery by either Party of any title or other defect, addition, or encumbrance that would result in either an increase or a decrease in the number of unencumbered net leasehold acres in and to the Lease that is owned by Seller (each a "Defect"), the discovering Party shall deliver to the other Party notice of such Defect. In the event of a Defect resulting in a loss of net acreage, Seller shall have the right, but not the obligation, to cure any such Defects prior to Closing. If Seller is unable to do cure such Defect, or if the Defect results in an increase in net acreage, the total amount to be paid by Rockwood at Closing shall be increased or reduced accordingly on the basis of per NLA.

- 5. Confidentiality. Each party shall, at all times, maintain the confidentiality of all confidential and proprietary information regarding this Proposed Transaction (including the terms and existence of this Agreement, any negotiations regarding the Proposed Transaction) and will not disclose such information, or use it for any purpose other than its evaluation of the Proposed Transaction, the Lands and Interests, without the prior consent of the other party.
- 6. No Shop. Seller hereby covenants and agrees that prior to the Closing Date, neither Seller nor any of its officers, partners, employees, shareholders, agents, partners, representatives or their affiliated entities, will solicit, entertain or otherwise engage in or continue any existing discussions or negotiations or accept any offers with respect to the possible sale to a third party, directly or indirectly of any portion of the Lands or Interests. Additionally, Seller hereby represents to Rockwood that it has terminated any and all discussions, communication, negotiations and/or offers (if any) with respect to the possible sale of any or all of the Interests with any third party.

- 7. Governing Law. Any dispute between the Parties relating to this Agreement or the Proposed Transaction shall be construed under and in accordance with the laws of the State of Texas. The Parties agree that the federal or state courts within Midland County, Texas, shall have exclusive venue and jurisdiction over any such dispute.
- 8. <u>Binding Effect</u>. The purpose of this Agreement is to summarize understandings reached regarding the proposed purchase and sale of the Interests. This Agreement does set forth binding obligations of both Parties.
- Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and such counterparts together shall constitute one and the same instrument.
- 10. <u>Prior Discussions.</u> The understandings set forth in this Agreement, if executed as provided below, supersede and replace all prior understandings among the Parties with respect to the subject matter discussed herein, whether oral, written or otherwise.

If the foregoing accurately sets forth our understanding, please sign and return this Agreement. By executing this Agreement, each Party represents that it is duly authorized to execute this Agreement and that such Agreement does not conflict with or violate any agreement with any other party.

This Agreement will expire and be of no force and effect if not accepted by Rockwood by execution in the space set forth below and the delivery of such executed copy (by email or by original signed copies) to the undersigned on or before 5:00 pm CST, Friday, December 24, 2021, unless such date is extended by the Parties in writing. Furthermore, upon execution, all obligations contained herein, including any obligation to close, shall remain subject to the Parties' executive management approval.

Sincerely,

Chase McCoy Rockwood Resources, LLC

AGREED AND ACCEPTED BY:

Rockwood Resources, LLC

By:

Name: Chase McCoy

Title: Co-President

Date: 12/09/2021

AGREED AND ACCEPTED BY:

Rebegça J. Babbitt

By. X

Name: Rebecca J. Babbitt

Title: Seller

Date: Decumber 202

EXHIBIT "A"

Attached and made a part of that certain Letter Agreement dated December 2, 2021 by and between Rebecca J. Babbitt and Rockwood Resources, LLC.

Subject Lands

Township-18 South, Range-32-East, Lea County, New Mexico

Section 4: N2 NW4, SW4 NW4

All Depths

Subject Wells

EastWatch 4-3 B2DA Federal Com #001H API 30-025-49601

EastWatch 4-3 B2EH Federal Com #001H API 30-025-49533

{End of Exhibit "A"}

Rockwood Resources, LLC

PO Box 2250 Sulphur Springs, Tx 75483

Amended Letter Agreement

Rebecca J. Babbitt, as the Seller of the Working Interest described herein, grants, by execution of this agreement, to Rockwood Resources, LLC as Buyer, the full authority, during the pendency of that certain Letter of Agreement between the parties dated December 2nd, 2021 ("LOA"), to hire an attorney to represent the Seller's interests in the lands and units force pooled in New Mexico Oil Conservation Division ("NMOCD") Case No. 21390, pursuant to NMOCD Pooling Order No. R-21527, and in NMOCD Case No. 21391, pursuant to NMOCD Pooling Order No. R-21528, the lands and units being the N/2 N/2 and the S/2 N/2 of Sections 3 and 4, Township 18 South, Range 32 East, Lea County, New Mexico, which include Seller's interests. Seller's grant of authority to Buyer to hire an attorney to represent Seller's interests in said lands and units includes the authority to pursue and litigate all rights and interests provided to Seller as a pooled party by the NMOCD under Pooling Order Nos. R-21527 and R-21528. In exchange for the grant of this authority, Buyer releases the Seller of any and all liability of attorney's fees in pursuit of the representation of the Seller's interests.

AGREED AND ACCEPTED BY:

Rebecca J. Babbith

Name: Rebecca & Babbitt

Title: Seller

Date: December 5/202

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016462
Book2190 Page 941
1 of 3
01/13/2022 10:19 AM
BY WAYNE COLE

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

STATE:

New Mexico

COUNTY:

Lea

GRANTOR:

Rebecca J. Babbitt 90 Paradise Valley Dr. Conroe, Tx 77304

GRANTEE:

Rockwood Resources, LLC

PO Box 2250

Sulphur Springs, Tx 75483

For adequate consideration, the receipt of which is hereby acknowledged, Grantor, named above, does herby grant, sell, convey, transfer, assign and deliver unto Grantee, named above, all right title and interest in and to all oil, gas, and other minerals, royalty interests, overriding royalty interests, surface estate interests, leasehold interests, working interests and all equipment associated therewith, situated within the entire geographical boundary of Lea County, New Mexico, listed below whether accurately described or not and being more fully described on "Exhibit A".

Section 4: T-18-S, R-32-E, Lea County, New Mexico

It is the intent of this instrument to convey unto Grantee all of Grantor's royalty, overriding royalty, mineral interest, surface estate interest, leasehold interest, working interest and all equipment in all sections and/or abstracts in Lea County, New Mexico as of the Effective Date, regardless of depth, but if lands owned by Grantor is less than that described above, only that owned by Grantor is intended to be conveyed.

Together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same there from with the right to remove from said land all of Grantor's property and improvements. Grantor also conveys the right to funds due to causes of action and to any suspended funds held by any entity for benefit of Grantor, regardless of the production date, and right, title, and interest in and to any funds due to Grantor as of effective date, as if the assignment had occurred prior to such production of payment. This grant shall run, and the rights, titles and privileges hereby granted shall extend to Grantee herein, and to Grantee's heirs, administrators, executors, and assigns, forever.

This sale is made subject to any rights now existing to any leases or assigns under any valid and subsisting oil and gas lease heretofore executed and now of legal record; it being understood and agreed that said Grantee shall have, receive and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties, and other benefits which may accrue there under from and after the date hereof, precisely as if the Grantee herein had been at the date of making said lease and/or leases the owner of a similar undivided interest in and to the lands above described and none other and Grantee one of the lessors herein.

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016462
Book2190 Page 941
2 of 3
01/13/2022 10:19 AM
BY WAYNE COLE

This agreement constitutes the sole and only agreement of the parties to this deed and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this deed. All prior agreements or understandings, whether oral or written, are hereby merged into the terms of this written agreement. No amendment, modification, or alteration of the terms hereof shall be binding unless it is in writing, dated subsequent to the date hereof, and duly executed by the parties.

Grantor hereby warrants title to the interests assigned against claims made or to be made by, through or under Assignor.

The provisions hereof shall extend to and be binding upon the successors and assigns of the parties that executed this Assignment of Oil and Gas Leases.

WITNESS my hand this 30 day of January, 2022, but the Effective Date of this transaction shall be December 1, 2021.

GRANTOR:

Rebecca J. Babbitt

By: Rebecca J. Babbitt, as her sole and separate property

ACKNOWLEDGEMENT BY NOTARY PUBLIC

STATE OF TEXAS

COUNTY OF MONTGOMERY

This instrument was acknowledged before me on ...

J. Babbitt individually, as her sole and separate property.

50 , , 2021, by Rebecc

-

Notary Public in and for the State of Texas

My Commission Expires: 11- 2

Not by My

JESSICA ADAMS Notary ID #131357039 My Commission Expires November 20, 2025

{Exhibit A Follows}

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016462
Book2190 Page 941
3 of 3
01/13/2022 10:19 AM
BY WAYNE COLE

EXHIBIT "A"

Attached and made a part of that certain Assignment, Bill of Sale and Conveyance made effective December 1, 2021 and between Rebecca J. Babbitt as her sole and separate property to Rockwood Resources, LLC a Delaware limited liability company.

Leases and Lands

Oil and Gas Lease:

Serial No.:

NMLC 063345

Form:

4-213 (April 1956)

Renewal Lease

Date:

Originally dated September 22, 1939, and last renewed on

November 1, 1960

Recorded:

This renewal lease is not recorded in Lea County, New

Mexico and recording is unnecessary

Lessor:

United States of America

Lessee:

Frank Brock, R. T. Brock, and Albert Hunter Utter,

Executor of the Estate of Alpha McAtee, deceased

Lands Covered:

Township 18 South, Range 32 East Section 4: Lots 3, 4, SW4 NW4

Lea County, New Mexico containing 120.47 acres,

more or less

Whether included here or not, the intention of this instrument is to grant, bargain, sell, convey, assign transfer, set over and deliver an undivided 100% of Grantor's right, title and interests, including but not limited to, leasehold interests, operating rights, working interests, royalty interests and overriding royalty interests in the lands below, all located in Lea County, New Mexico.

From: Chase McCoy <chase@rockwoodresources.net>

Sent: Thursday, December 16, 2021 3:47 PM **To:** Mitch Robb <mrobb@mewbourne.com>

Subject: Re: [EXT] Re: Christine Brock Interest T18S R32E Section 4

No worries at all, I know how that goes with management. Can you call me to discuss?

From: Mitch Robb <mrobb@mewbourne.com>
Sent: Thursday, December 16, 2021 3:04 PM

To: Chase McCoy <chase@rockwoodresources.net>

Subject: Re: [EXT] Re: Christine Brock Interest T18S R32E Section 4

Hey Chase,

We've got management in town today and I've been away from my desk all day. I sent in the final numbers in yesterday and we've been drilling for a few days now, so I won't be able to add this in.

All of these interests were deemed non-consent last January. If you want to pick the interest up, you'll be able to participate in any future wells that we drill in these Sections.

Just let me know if you have any questions.

Thanks, Mitch

Get Outlook for iOS

From: Chase McCoy <chase@rockwoodresources.net>

Sent: Thursday, December 16, 2021 2:12:43 PM **To:** Mitch Robb <mrobb@mewbourne.com>

Subject: [EXT] Re: Christine Brock Interest T18S R32E Section 4

I know your busy just looking for some sort of update on Christine Brock's interest.

Give me a call when you have the chance.

Thanks!

From: Chase McCoy <chase@rockwoodresources.net>

Sent: Wednesday, December 15, 2021 10:35 PM

To: Mitch Robb <mrobb@mewbourne.com>

Subject: Christine Brock Interest T18S R32E Section 4

Hey Mitch,

My team has been working hard on this for a while and I know you said you've got to get the numbers in soon. I've attached another LOA here hoping to add to our position with you guys on these wells.

Please let me know if we need to do anything in order to make this happen. I've also attached a copy of the document making Roy L Patterson the Power of Attorney for Christine Brock.

Talk soon,

Chase McCoy Co-Founder Rockwood Resources, LLC

Cell: (214) 500-5707

Email: Chase@rockwoodresources.net

From: Bill Zimsky bill@abadieschill.com

Subject: Re: Rockwood Resources Re: Rebecca Babbit Title Issue

Date: March 4, 2022 at 12:59 PM

To: Dana Hardy dhardy@hinklelawfirm.com

Cc: Michael Rodriguez mrodriguez@hinklelawfirm.com, Darin Savage darin@abadieschill.com

Bcc:

Dana,

As you know, I have been working with Chase McCoy at Rockwood Resources, LLC to cure title to the WI that Rockwood purchased from Rebecca Babbitt and from Christine Brock. Chase reached out to Mitch Robb at Mewboure regarding curing Ms. Babbitt's WI, per your February 2, 2022 email, but Mr. Robb had not responded to Chase. Thus, I am writing to you directly.

As a WI owner, Rockwood is entitled to review the Title Opinion, or other legal opinion or basis, upon which Mewboure alleges that there are any title defects as to those working interests. Could you please send me the excerpts from the Title Opinion, or other legal opinion, that sets forth the exact nature of the alleged title defect(s) as well as the Requirement(s) that are needed to cure such alleged defect(s).

By way of this email, I am demanding on behalf of Rockwood that Mewbourne provide me these materials.

If Mr. Robb is the contact person to handle this demand, could you please have him email those excerpts directly to Chase (Chase@rockwoodresources.net).

Please email me or contact me if you have any questions.

If you disagree with my connection that Rockwood is entitled to this information, please advise.

Bill

EXHIBIT

3

From: Bill Zimsky bill@abadieschill.com

Subject: Re: Rockwood Resources Re: Rebecca Babbit Title Issue

Date: March 11, 2022 at 9:02 AM

To: Dana Hardy dhardy@hinklelawfirm.com

Cc: Michael Rodriguez mrodriguez@hinklelawfirm.com, Darin Savage darin@abadieschill.com

Bcc:

Dana,

Touching base with you on my request from last Friday.

I response, of any kind, would be appreciated.

Thanks.

Bi

On Mar 4, 2022, at 12:59 PM, Bill Zimsky < bill@abadieschill.com > wrote:

Dana,

As you know, I have been working with Chase McCoy at Rockwood Resources, LLC to cure title to the WI that Rockwood purchased from Rebecca Babbitt and from Christine Brock. Chase reached out to Mitch Robb at Mewboure regarding curing Ms. Babbitt's WI, per your February 2, 2022 email, but Mr. Robb had not responded to Chase. Thus, I am writing to you directly.

As a WI owner, Rockwood is entitled to review the Title Opinion, or other legal opinion or basis, upon which Mewboure alleges that there are any title defects as to those working interests. Could you please send me the excerpts from the Title Opinion, or other legal opinion, that sets forth the exact nature of the alleged title defect(s) as well as the Requirement(s) that are needed to cure such alleged defect(s).

By way of this email, I am demanding on behalf of Rockwood that Mewbourne provide me these materials.

If Mr. Robb is the contact person to handle this demand, could you please have him email those excerpts directly to Chase (Chase@rockwoodresources.net).

Please email me or contact me if you have any questions.

If you disagree with my connection that Rockwood is entitled to this information, please advise.

Bill



From: Dana Hardy dhardy@hinklelawfirm.com &

Subject: RE: Rockwood Resources Re: Rebecca Babbit Title Issue

Date: March 11, 2022 at 10:41 AM

To: Bill Zimsky bill@abadieschill.com

Cc: Michael Rodriguez mrodriguez@hinklelawfirm.com, Darin Savage darin@abadieschill.com



Bill,

I'm following up with Mewbourne on your request and will get back to you.

Thanks, Dana



Dana S. Hardy
Partner
Hinkle Shanor LLP
218 Montezuma
Santa Fe, New Mexico 87501
(505) 982-4554 telephone
(505) 930-5702 direct
(505) 982-8623 facsimile
dhardy@hinklelawfirm.com

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From: Bill Zimsky bill@abadieschill.com

Subject: Re: Rockwood Resources Re: Rebecca Babbit Title Issue

Date: March 11, 2022 at 12:05 PM

To: Dana Hardy DHardy@hinklelawfirm.com

Cc: Michael Rodriguez mrodriguez@hinklelawfirm.com, Darin Savage darin@abadieschill.com



Sent from my iPhone



From: Dana Hardy dhardy@hinklelawfirm.com &

Subject: RE: Rockwood Resources Re: Rebecca Babbit Title Issue

Date: March 11, 2022 at 4:59 PM

To: Bill Zimsky bill@abadieschill.com

Cc: Michael Rodriguez mrodriguez@hinklelawfirm.com, Darin Savage darin@abadieschill.com, Jaclyn McLean

JMcLean@hinklelawfirm.com, Dana Hardy DHardy@hinklelawfirm.com

Bill,

It's my understanding that Mewbourne's division order title opinion will include the requirements for curing any issue with Rockwood's title and that Mewbourne's division order department will reach out and provide those requirements. At this point, they aren't yet available. I'll let you know when I receive additional information on that front.

Thanks, Dana



Dana S. Hardy
Partner
Hinkle Shanor LLP
218 Montezuma
Santa Fe, New Mexico 87501
(505) 982-4554 telephone
(505) 930-5702 direct
(505) 982-8623 facsimile
dhardy@hinklelawfirm.com

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

APPLICATION OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 21390

MEWBOURNE OIL COMPANY'S HEARING EXHIBITS

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Mitch Robb
A-1	Application
A-2	Midland Map
A-3	Plat of Tracts
A-4	Unit Recapitulation
A-5	List of Tract Ownership and Pooled Parties
A-6	Well Proposal Letter
A-7	Summary of Communications
A-8	Proposed Notice of Hearing
A-9	Hearing Notice Letter and Return Receipts
A-10	Affidavit of Publication
A-11	Authorization for Expenditures
Exhibit B	Self-Affirmed Statement of Charles Crosby
B-1	General Location Map
B-2	Structure Map

EXHIBIT

TRACT OWNERSHIP

Eastwatch 3/4 B2DA Fed Com #1H N/2N/2 of Sections 3&4-T18S-R32E, Lea County, NM

N/2N/2 of Section 3 & N/2N/2 of Section 4 Bone Spring Formation:

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	36.255680%
*MRC Delaware Resources LLC	18.409853%
*Federal Abstract Company	12.513897%
*Yates Energy Corporation	6.822232%
*Christine Brock (unlocatable)	6.212940%
*Irene G. Brock (unlocatable)	3.106470%
*MRC Explorers Resources LLC	2.502763%
*Evelyn B. Harris (unlocatable)	2.485176%
*Rebecca Jane Kelly Babbit (unlocatable)	2.485176%
*Delbert Ray Utter	2.485176%
*MRC Spiral Resources LLC	2.075229%
*Colkelan Corp. (unlocatable)	1.288103%
*Arnold Frank Brock (unlocatable)	1.035490%
*Majorie Nell Clark (unlocatable)	1.035490%
*Chase Oil Corporation	1.035490%
*Rosemary T. Avery (unlocatable)	0.167223%
*David B. Pearcy (unlocatable)	0.083611%
TOTAL	100.000000%

*Total Interest Being Pooled:

63.744320%

OWNERSHIP BY TRACT

N/2NW/4 of Section 4	
Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	20.000000%
Christine Brock	25.000000%
Irene G. Brock	12.500000%
Delbert Ray Utter	10.000000%
Evelyn B. Harris	10.000000%
Rebecca Jane Kelly Babbit	10.000000%
Arnold Frank Brock	4.166667%
Chase Oil Corporation	4.166666%
Majorie Nell Clark	4.166667%
TOTAL	80.000000%

NW/4NE/4 of Section 4

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	10.529530%
MRC Delaware Resources LLC	52.659936%
Yates Energy Corporation	21.933034%
MRC Explorers Resources LLC	7.438750%
MRC Spiral Resources LLC	7.438750%
TOTAL	100,000000%

NE/4NE/4 of Section 4

Owner	% of Lensehold Interest
Federal Abstract Company	100.000000%
TOTAL	100.000000%

N/2NW/4 of Section 3

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	100.000000%
TOTAL	100.000000%

N/2NE/4 of Section 3

The state of the s	
Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	19.535716%
MRC Delaware Resources LLC	47.194318%
Yates Energy Corporation	16.285704%
MRC Explorers Resources LLC	6.276715%
Colkelan Corp.	5.135284%
MRC Spiral Resources LLC	4.572263%
David B. Pearcy	0.333333%
Rosemary T. Avery	0.666667%
TOTAL	200,000,001

Case No. 21390

MEWBOURNE OIL
Exhibit A-5

Summary of Communications Eastwatch 3/4 B2DA Fed Com #1H N/2N/2 of Sections 3&4-T18S-R32E, Lea County, NM

MRC Delaware Resources LLC

MRC Spiral Resources LLC

MRC Explorers Resources LLC:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

06/24/2020: Sent replacement page of Joint Operating Agreement to the above listed party.

08/03/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

08/10/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

09/04/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

09/15/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

10/05/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

10/08/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

10/20/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

Federal Abstract Company:

07/07/2020: Mailed Working Interest Unit and Well Proposal to the above listed party.

Yates Energy Corporation:

11/26/2019: Correspondence with above listed party regarding acquiring their interest.

12/05/2019: Correspondence with above listed party regarding acquiring their interest.

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

01/7-10/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

03/13-25/2020: Correspondence with above listed party regarding acquiring their interest.

4/24/2020: Correspondence with above listed party regarding acquiring their interest.

5/01-06/02/2020: Correspondence with above listed party regarding acquiring their interest and regarding Working Interest Unit and Well Proposal.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

06/24/2020: Sent replacement page of Joint Operating Agreement to the above listed party.

10/9-28/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

Chase Oil Corporation

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

12/17/2020 - Present: Multiple phone calls/emails with above listed party regarding Working Interest Unit,

Well Proposal & JOA.

10/27/2020: Above listed party agreed to assign their interest to Mewbourne.

Colkelan Corp.:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

10/07/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

10/27/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

Case No. 21390

MEWBOURNE OIL

Exhibit A-7

Christine Brock

Irene G. Brock

Rebecca Jane Kelly Babbit

Delbert Ray Utter

Evelyn B. Harris

Arnold Frank Brock

Majorie Nell Clark

Rosemary T. Avery

David B. Pearcy:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed parties.

Ongoing: Multiple phone calls to various numbers trying to reach the above listed parties. Unable to get ahold of the above listed parties.

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

APPLICATION OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 21391

MEWBOURNE OIL COMPANY'S HEARING EXHIBITS

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Mitch Robb
A-1	Application
A-2	Midland Map
A-3	Plat of Tracts
A-4	Unit Recapitulation
A-5	List of Tract Ownership and Pooled Parties
A-6	Well Proposal Letter
A-7	Summary of Communications
A-8	Proposed Notice of Hearing
A-9	Hearing Notice Letter and Return Receipts
A-10	Affidavit of Publication
A-11	Authorization for Expenditures
Exhibit B	Self-Affirmed Statement of Charles Crosby
B-1	General Location Map
B-2	Structure Map

TRACT OWNERSHIP

Eastwatch 3/4 B2EH Fed Com #1H

S/2N/2 of Sections 3&4-T18S-R32E, Lea County, NM

S/2N/2 of Section 3 & S/2N/2 of Section 4

Bone Spring Formation:

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	44.883929%
*XTO Holdings, LLC	12,500000%
*MRC Delaware Resources LLC	11.798579%
*Chase Oil Corporation	11.145833%
*Yates Energy Corporation	4.071426%
*Christine Brock (unlocatable)	3.125000%
*MRC Explorers Resources LLC	1.569179%
*Irene G. Brock (unlocatable)	1.562500%
*Colkelan Corp. (unlocatable)	1.283821%
*Rebecca Jane Kelly Babbit (unlocatable)	1.250000%
*Delbert Ray Utter	1.250000%
*Evelyn B. Harris (unlocatable)	1.250000%
*MRC Spiral Resources LLC	1.143066%
*DiaKan Minerals LLC	0.625000%
*Ventana Minerals LLC	0.625000%
*Robert C. Chase	0.625000%
*Arnold Frank Brock (unlocatable)	0.520833%
*Majorie Nell Clark (unlocatable)	0.520833%
*Rosemary T. Avery (unlocatable)	0.166667%
*David B. Pearcy (unlocatable)	0.083333%
TOTAL	100.000000%

*Total Interest Being Pooled:

55.116071%

OWNERSHIP BY TRACT

STU/ANY	WIA	of Section	4

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	20.000000%
Christine Brock	25.000000%
Irene G. Brock	12.500000%
Delbert Ray Utter	10.000000%
Evelyn B. Harris	10.000000%
Rebecca Jane Kelly Babbit	10.000000%
Arnold Frank Brock	4.166667%
Chase Oil Corporation	4.166666%
Majorie Nell Clark	4.166667%
TOTAL	80.000000%

SE/4NW/4 of Section 4

Owner	% of Leasehold Interest
XTO Holdings, LLC	100.000000%
TOTAL	100.000000%

S/2NE/4 of Section 4

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	100.000000%
TOTAL	100.000000%

SW/4NW/4 of Section 3

Owner	% of Leasehold Intere			
Mewbourne Oil Company, et al.	100,000000%			
TOTAL	100.000000%			

SE/4NW/4 of Section 3

Owner	% of Leasehold Interest		
Chase Oil Corporation	85.000000%		
DiaKan Minerals LLC	5.000000%		
Robert C. Chase	5.000000%		
Ventana Minerals LLC	5.000000%		
TOTAL	100.000000%		

S/2NE/4 of Section 3

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	19.535716%
MRC Delaware Resources LLC	47.194318%
Yates Energy Corporation	16.285704%
MRC Explorers Resources LLC	6.276715%
Colkelan Corp.	5.135284%
MRC Spiral Resources LLC	4.572263%
David B. Pearcy	0.333333%
Rosemary T. Avery	0.666667%
TOTAL	100.000000%

Case No. 21391

MEWBOURNE OIL Exhibit A-5

Summary of Communications Eastwatch 4/3 B2EH Fed Com #1H S/2N/2 of Sections 3&4-T18S-R32E, Lea County, NM

MRC Delaware Resources LLC

MRC Spiral Resources LLC

MRC Explorers Resources LLC:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

06/24/2020: Sent replacement page of Joint Operating Agreement to the above listed party.

08/03/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

08/10/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

09/04/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

09/15/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

10/05/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

10/08/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

10/20/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

XTO Holdings, LLC:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

06/10/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

06/24/2020: Sent replacement page of Joint Operating Agreement to the above listed party.

06/12/2020 - Present: Multiple phone calls/emails with above listed party regarding Working Interest Unit,

Well Proposal & JOA.

Yates Energy Corporation:

11/26/2019: Correspondence with above listed party regarding acquiring their interest.

12/05/2019: Correspondence with above listed party regarding acquiring their interest.

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

01/7-10/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

03/13-25/2020: Correspondence with above listed party regarding acquiring their interest.

4/24/2020: Correspondence with above listed party regarding acquiring their interest.

5/01-06/02/2020: Correspondence with above listed party regarding acquiring their interest and regarding

Working Interest Unit and Well Proposal.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

06/24/2020: Sent replacement page of Joint Operating Agreement to the above listed party.

10/9-28/2020: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

Chase Oil Corporation

DiaKan Minerals LLC

Ventana Minerals LLC

Robert C. Chase:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

12/17/2020 - Present: Multiple phone calls/emails with above listed party regarding Working Interest Unit,

Well Proposal & JOA.

10/27/2020: Above listed party agreed to assign their interest to Mewbourne.

Case No. 21391

MEWBOURNE OIL

Exhibit A-7

Colkelan Corp.:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed party.

05/07/2020: Mailed Joint Operating Agreement to the above listed party.

10/07/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal. 10/27/2020: Called and left voicemail regarding Working Interest Unit and Well Proposal.

Christine Brock

Irene G. Brock

Rebecca Jane Kelly Babbit

Delbert Ray Utter

Evelyn B. Harris

Arnold Frank Brock

Majorie Nell Clark

Rosemary T. Avery

David B. Pearcy:

12/17/2019: Mailed Working Interest Unit and Well Proposal to the above listed parties.

Ongoing: Multiple phone calls to various numbers trying to reach the above listed parties. Unable to get ahold of the above listed parties.

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

APPLICATION OF ROCKWOOD RESOURCES, LLC, TO REOPEN MEWBOURNE OIL COMPANY'S POOLING CASE NO. 21390, LEA COUNTY, NEW MEXICO

Case No. 22539

APPLICATION OF ROCKWOOD RESOURCES, LLC, TO REOPEN MEWBOURNE OIL COMPANY'S POOLING CASE NO. 21391, LEA COUNTY, NEW MEXICO

Case No. 22540

SELF-AFFIRMED STATEMENT OF WILLIAM E. ZIMSKY

- 1. I am over 18 years of age. I have personal knowledge of the matters of the matters addressed herein and I am competent to speak to these matters.
- 2. I am an attorney with Abadie & Schill, PC ("A|S"). I have worked for A|S for more than eleven (11) years. My practice at A/S is focused primarily on oil and gas law, much of which involves drafting title opinions for clients in New Mexico and Colorado.
- 3. Our firm has been retained by Rockwood Resources, LLC, ("Rockwood") in these cases seeking to reopen Case Nos. 21390 and 21391 in which Mewbourne Oil Company ("Mewbourne") has obtained compulsory pooling orders from the New Mexico Oil and Gas Conservation Division.
- 4. I was informed by Chase McCoy, a Managing Member of Rockwood, that Mewbourne alleged that there were title issues regarding Christine Brock's working interests ("WI") in the two spacing units. In Mewbourne's Hearing Exhibit A-5 in each case, Mewbourne listed Christine Brock's WI in the N/2N/2 of Sections 3 and 4 (Case No. 31290) as 6.21294% and her WI in the S/2N/2 of Sections 3 and 4 (Case No. 31291) as 3.125% WI.

EXHIBIT

- 5. On March 4, 2022, I emailed Dana Hardy, outside counsel for Mewbourne, requesting that she provide me with the excerpt from the Title Opinion or other legal opinion or basis, that sets forth the exact nature of the alleged title defect(s) as well as the requirements to cure any such defect(s). *See* Exhibit 3, attached to Rockwood's Response to Mewbourne Oil Company's Second Motion to Dismiss. I gave her the contact information for Chase McCoy in the event that someone from Mewbourne wanted to contact Mr. McCoy to provide him with the requested information. I followed up with another email to Ms. Hardy on March 11.
- 6. Ms. Hardy responded to my follow-up email later on March 11 and informed me that Mewbourne's division order department "will reach out and provide those requirements. At this point, they aren't available. I'll let you know when I receive additional information on that front." *Id*.
- 7. As of March 25, 2022, I have not heard back from Ms. Hardy and Mr. McCoy has informed me that Mewbourne has not contacted him about the alleged title defects.
- 8. Christine Brock's WI in the subject spacing units is derived solely from her WI Federal Oil and Gas Lease NMLC 063345. Rockwood requested that I review the chain of title into Christine Brock to determine whether I could find any title defects related to her WI in this Lease.
- 9. R. T. Brock was a lessee of Federal Lease LC 063345, now designated as NMLC 063345, which the BLM renewed effective November 1, 1960, covering Section 4: Lots 3 and 4 (N/2NW/4) and the SW/4NW/4, Township 18 South, Range 32 East, N.M.P.M. R. T. Brock owned an undivided 25% Record Title in Lease LC 063345. A copy of Lease LC 063345, as renewed effective November 1, 1969, is appended to my Statement as Attachment A.

- 10. While the operating rights in Lease NMLC 063345 insofar as it covers from the surface to the base of the Queen Sands were assigned out, R.T. Brock retained his 25% Record Title in Lease NMLC 063345 as well as his 25% operating rights in Lease NMLC 063345 below the base of the Queen Sands.
- 11. R.T. Brock transferred his operating rights in Lease NMCL 063345 insofar as this Lease is limited to all depths from 5,000 below the surface to Harvey E. Yates Company in 1990, for a three-year term and as long thereafter as oil and gas is being produced from said lands. Harvey E. Yates Company transferred these operating rights back to R.T. Brock in 1994.
- 12. By Assignment of Oil and Gas Lease dated October 9, 1996, recorded on December 11, 1996, in Book 765, Page 304, R. T. Brock assigned all of his interest in Lease NMLC 063345 to Christine Brock, his wife. A copy of the October 9, 1996, Assignment is appended hereto as Attachment B.
- 13. R.T. Brock and Christine Brock submitted an Assignment of Record Title to the BLM on December 13, 1996, and the BLM approved this Assignment on January 17. 1997, effective January 1, 1997.
- 14. Brock, through her attorney in fact, Roy L. Patterson, executed a Letter Agreement with Rockwood on December 22, 2021, by which she agreed to convey all of her interests in Lease NMLC 063345 to Rockwood by January 3, 2022, to be effective December 15, 2021, subject to Rockwood's due diligence. A copy of the Letter Agreement (with the purchase price redacted) is appended hereto as Attachment C. A copy of the Power of Attorney by which Christine Brock appointed Roy Lee Patterson as her attorney in fact is appended hereto as Attachment D.
- 15. By Assignment dated January 14, 2022, effective December 1, 2022, recorded on January 24, 2022, in Book 2191, Page 326, Brock assigned all of her right, title, and interest in

Lease NMLC 063345 to Rockwood. A copy of the January 14, 2022, Assignment is appended hereto as Attachment E.

- 16. Based on my review of the records of Lea County and the records of the BLM, as well as the unrecorded Power of Attorney by which Christine Brock appointed Roy Lee Patterson as her attorney in fact, it is my opinion that as of December 1, 2021, Rockwood owned 25% Record Title interest in Lease NMLC 063345 and 25% operating rights in this Lease below the base of the Queen Sands.
- 17. The only issues that affect marketable title to the WI in Lease NMLC 063345 that Rockwood acquired from Christine Brock is that I was unable to find the Power of Attorney in the records of the Lea County Clerk and Rockwood has not yet obtained BLM approval of the Assignment of Record Title from Christine Brock to Rockwood. Rockwood is in the process of curing both of these issues. There is no impediment to the BLM approving the Assignment of Record Title from Christine Brock since the BLM currently recognizes her as the owner the 25% Record Title in the Lease and as the owner of 25% operating rights below the base of the Queens Sand formation.
- 18. I understand that this Self-Affirmed Statement will be used in support of Rockwood's Response to Mewbourne Oil Company's Second Motion to Dismiss. I affirm that my statements in Paragraphs 1-17 are true and correct and are made under penalty of perjury under the laws of the State of New Mexico.

William E. Zimsky

3-25-22

orm 4-213 (April 1956)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Office New Mexico Serial IC 063345

(Sec. 14-13)

LEASE OF OIL AND GAS LANDS UNDER THE ACT OF FEBRUARY 25, 1920, AS AMENDED

THIS INDENTURE OF LEASE, entered into, as of November 1, 1960 by and between the UNITED STATES OF AMERICA, through the Bureau of Land Management, hereinafter called the lessor, and Frank Brock, R. T. Brock, xxxxxxxxx Albert Hunter Utter,

P. O. Box 947 Artesia, New Mexico Executor of the Estate of Alpha McAtee, deceased

hereinafter called the lessee, under, pursuant, and subject to the terms and provisions of the act of February 25, 1920 (41 Stat. 437, 30 U. S. C. sec. 181 et seq.), as amended, hereinafter referred to as the act, and to all reasonable regulations of the Secretary of the Interior now or hereafter in force when not inconsistent with any express and specific provisions herein, which are made a part hereof,

SECTION 1. Rights of Lessee .- That the lessor, in consideration of rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits except helium gas in or under the following-described tracts of land situated in the Artesia-Maljamar field:

T. 18 S., R. 32 E., NMPM Sec. 4: Lots 3, 4, SW1NW1

ATTACHMENT

Sec. 2(a)(2) of the lease is amended to require a \$10,000 drilling bond.

NOTED DEC 2 3 1960

acres, more or less, together with the right to construct and maintain thereupon all works, buildings, plants, waterways, roads, telegraph of telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, for a period of years, and so long thereafter as oil or gas is produced in paying quantities; subject to any unit agreement heretofore or hereafter approved by the Secretary of the Interior, the provisions of said agreement to govern the lands subject thereto where inconsistencies with the terms of this lease occur. With preferential right in lessee to renew this lease for successive periods of 10 years, upon such reasonable terms and conditions as may be prescribed by lessor, unless otherwise provided by law at expiration of such periods.

SEC. 2. In consideration of the foregoing, the lessee agrees: | be required by the lessor, but in no case shall the lessee be r

Sec. 2. In consideration of the foregoing, the lessee agrees:

(a) Bonds.—(1) To maintain any bond furnished by the lessee as a condition for the issuance of this lease.

(2) To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by the lessor a bond in the penal sum of \$6,000\$ with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon compliance with the terms of this lease, unless a bond in that amount is already being maintained or unless such a bond furnished by an operator of the lease is accepted, or unless a bond has been filed under 43 CFR 192.100 (e) applicable to this lease.

(b) Cooperative or unit plan.—Within 30 days of demand, or, if the leased land is committed to an approved unit or cooperative plan and such plan is terminated prior to the expiration of this lease, within 30 days of demand made thereafter, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may then determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) Wells.—(1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of the lessor, or lands of the United States leased at a lower royalty rate, or as to which the royalties and rentals are paid into different funds than are those of this lease; or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate the lessor in full each month for the estimated loss of royalty through drainage in the amount determined by said Director; (2) at the election of the lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the fie

lands as set forth in the rental and royalty schedule attached to and made a part hereof.

(2) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other products obtained from gas, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices, and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the calendar month next following the calendar month in which produced. When paid in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, at such times and in such tanks provided by the lessee as reasonably may

be required by the lessor, but in no case shall the lessee be required to hold such royalty oil or other products in storage beyond the last day of the calendar month next following the calendar month in which produced nor be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which he has no control.

(4) Rentals or minimum royalties may be waived, suspended or reduced and royalties on the entire leasehold or any portion thereof segregated for royalty purposes may be reduced if the Secretary of the Interior finds that, for the purpose of encouraging the greatest ultimate recovery of oil or gas and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(e) Payments.—Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to the lessor, to the order of the Bureau of Land Management at the places mentioned in the regulation 43 CFR 191.12. If there is no well on the leased lands capable of producing oil or gas in paying quantities, the failure to pay rental on or before the anniversary date shall automatically terminate the lease by operation of law. However, if the time for payment falls on a day in which the proper office to receive payment is closed, payment shall be deemed timely if made on the next official working day.

(f) Contracts for disposal of products.—To file with the Oil and Gas Supervisor of the Geological Survey not later than 30 days

payment is closed, payment shall be deemed timely if made on the next official working day.

(f) Contracts for disposal of products.—To file with the Oil and Gas Supervisor of the Geological Survey not later than 30 days after the effective date thereof any contract, or evidence of other arrangement, for the sale or disposal of oil, gas, natural gasoline, and other products of the leased land: Provided, That nothing in any such contract or other arrangement shall be construed as modifying any of the provisions of this lease, including, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the Oil and Gas Operating Regulations.

(g) Statements, plats and reports.—At such times and in such form as the lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost; a plat showing development work and improvements on the leased lands; and a report with respect to stockholders, investments, depreciation and costs.

(h) Well records.—To keep a daily drilling record, a log, and complete information on all well surveys and tests in form acceptable to or prescribed by the lessor of all wells drilled on the leased lands, and an acceptable record of all subsurface investigations affecting said lands, and to furnish them, or copies thereof, to the lessor when required. All information obtained under this paragraph, upon the request of lessee, shall not be open to inspection by the public until the expiration of any duly authorized officer of the Department, the leased premises and all wells, improvements, machinery, and fixtures thereon and all books, accounts, maps and records relative to operations and surveys or investigations on the leased lands or under the lease. All information obtained pursuant to any such inspection, upon the request of th

(j) Diligence, prevention of waste, health and safety of workmen.—To exercise reasonable diligence in drilling and producing the wells herein provided for unless consent to suspend operations temporarily is granted by the lessor; to carry on all operations in accordance with approved methods and practice as provided in the Oil and Gas Operating Regulations, having due regard for the prevention of waste of oil or gas or damage to deposits or formations containing oil, gas, or water or to coal measures or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations, and for the health and safety of workmen and employees; to plug properly and effectively all wells drilled in accordance with the provisions of this lease or of any prior lease or permit upon which the right to this lease was predicated before abandoning the same; to carry out at expense of the lessee all reasonable orders of the lessor relative to the matters in this paragraph, and that on failure of the lessee so to do the lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the lessee's cost: Provided, That the lessee shall not be held responsible for delays or casualties occasioned by causes beyond lessee's control.

(k) Taxes and wages, freedom of purchase.—To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, oil and gas produced from the lands hereunder, or other rights, property or assets of the lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees at least twice each month in the lawful money of the United States.

(1) Nondiscrimination.—In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termina

The contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

(m) Assignment of oil and gas lease or interest therein.—As required by applicable law, to file for approval within 90 days from the date of final execution any instrument of transfer made of this lease, or any interest therein, including assignments of record title, working or royalty interests, operating agreements and subleases, such instrument to take effect upon the final approval by the Director, Bureau of Land Management, as of the first day of the lease month following the date of filing in the proper land office.

(n) Pipelines to purchase or convey at reasonable rates and without discrimination.—If owner, or operator, or owner of a controlling interest in any pipeline or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipeline, operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the act, or under the provisions of the act of August 7, 1947 (61 Stat. 913, 30 U. S. C., sec. 351).

(o) Lands patented with oil and gas deposits reserved to the United States.—To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(p) Reserved or segregated lands.—If any of the land included

as are or may hereafter be provided by the laws reserving such oil or gas.

(p) Reserved or segregated lands.—If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereunder in conformity with such requirements as may be made by the Director, Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease, which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(q) Protection of surface, natural resources and improvements.—To take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) Causing or contributing to soil erosion or damaging any forage and timber growth thereon, (2) polluting the waters of reservoirs, springs, streams or wells, (3) damaging crops, including forage, timber, or improvements of a surface owner, or (4) damaging range improvements whether owned by the United States or by its grazing permittees or lessees; and upon conclusion of operations, so far as can reasonably be done, to restore the surface to its former condition. The lessor may prescribe the steps to be taken and restoration to be made with respect to lands of the United States and improvements thereon.

(r) Overriding royalties.—Not to create overriding royalties in excess of five percent except as otherwise authorized by the regulations.

(s) Deliver premises in cases of forfeiture.—To deliver up to the

regulations.
(s) Deliver premises in cases of forfeiture.—To deliver up to the lessor in good order and condition the land leased including all improvements which are necessary for the preservation of pro-

improvements which are necessary for the preservation of producing wells.

Sec. 3. The lessor reserves:

(a) Easements and rights-of-way.—The right to permit for joint or several use easements or rights-of-way, including easements in tunnels upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same or of other lands containing the deposits described in the act, and the treatment and shipment of products thereof by or under authority

of the Government, its lessees or permittees, and for other public

purposes.

(b) Disposition of surface.—The right to lease, sell, or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the oil and gas therein, or to dispose of any resource in such lands which will not unreasonably interfere with operations under this lease.

(c) Monopoly and fair prices.—Full power and authority to promulgate and enforce all orders necessary to insure the sale of the

(c) Monopoly and fair prices.—Full power and authority to promulgate and enforce all orders necessary to insure the sale of the production of the leased lands to the United States and to the public at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(d) Helium.—Pursuant to section 1 of the act, and section 1 of the act of March 3, 1927 (44 Stat. 1387), as amended, the ownership and the right to extract helium from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. In case the lessor elects to take the helium the lessee shall deliver all gas containing same, or portion thereof desired, to the lessor at any point on the leased premises in the manner required by the lessor, for the extraction of the helium in such plant or reduction works for that purpose as the lessor may provide, whereupon the residue shall be returned to the lessee with no substantial delay in the delivery of gas produced from the well to the purchaser thereof. The lessee shall not suffer a diminution of value of the gas from which the helium has been extracted, or loss otherwise, for which he is not reasonably compensated, save for the value of the helium extracted. The lessor further reserves the right to erect, maintain, and operate any and all reduction works and other equipment necessary for the extraction of helium on the premises leased.

(e) Taking of royalties.—All rights pursuant to section 36 of the act, to take royalties in amount or in value of production.

(f) Casing.—All rights pursuant to section 40 of the act to purchase casing, and lease or operate valuable water wells.

SEC. 4. Drilling and producing restrictions.—It is agreed that the rate of prospecting and developing and the quantity and rate of

chase casing, and lease or operate valuable water wells.

Sec. 4. Drilling and producing restrictions.—It is agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State laws, and regulations issued thereunder, or lawful agreements among operators regulating either drilling or production, or both. After unitization, the Secretary of the Interior, or any person, committee, or State or Federal officer or agency so authorized in the unit plan, may alter or modify, from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

rederal officer or agency so authorized in the unit plan, may after or modify, from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

Sec. 5. Surrender and termination of lease.—The lessee may surrender this lease or any legal subdivision thereof by filing in the proper land office a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the applicable lease terms and regulations.

Sec. 6. Purchase of materials, etc., on termination of lease.—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessee shall have the privilege at any time within a period of 90 days thereafter of removing from the premises all machinery, equipment, tools, and materials other than improvements needed for producing wells. Any materials, tools, appliances, machinery, structures, and equipment subject to removal as above provided, which are allowed to remain on the leased lands shall become the property of the lessor on expiration of the 90-day period or such extension thereof as may be granted because of adverse climatic conditions throughout said period: Provided, That the lessee shall remove any or all of such property where so directed by the lessor.

Sec. 7. Proceedings in case of default.—If the lessee shall not comply with any of the provisions of the act or the regulations thereunder or of the lease or make default in the performance or observance of any of the terms hereof and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, this lease may be canceled by the Secretary of the Interior in accordance with section 31 of the act, except that if this lease may be cancel equitable remedy which the lessor might otherwise have. Upon cancellation of this lease, any casing, material, or equipment determined by the lessor to be necessary for use in plugging or preserving any well drilled on the leased land shall become the property of the lessor. A waiver of any particular cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture or for the same cause occurring at any other cause of forfeiture, or for the same cause occurring at any other

time.

Sec. 8. Heirs and successors in interest.—It is further agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. Unlawful interest.—It is also further agreed that no Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4 (a) (1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Sec. 3741 of the Revised Statutes of the United States, as amended (41 U. S. C. Sec. 22) and Secs. 431, 432, and 433, Title 18 U. S. Code, relating to contracts, entering into and form a part of this lease so far as the same may be applicable.

reatment and shipment of products thereof by or unde	er authority results lease so far as the same may be approache.
N WITNESS WHEREOF:	By Loward M. Grotherg
WITNESSES	Chief (Signing officer) DEC 23 1960 Mineral Adjunton Section (Date)
Mari Tomas (Name and address)	Hough, allie, alla Frank Briteske) signature)
Stewart Bachman, (M. (Notice and addross)	Wichita Palla Telas P. T. Brocker Signature)
Jog F. La ww wie	Address) (Alpha McAtee)

(Renewal or exchange of a lease bearing a royalty rate other than 5%)

SCHEDULE "D"

RENTAL AND ROYALTIES

Rentals.—To pay the lessor in advance an annual rental of \$1 per acre prior to a discovery of oil or gas on the leased lands.

Minimum royalty.—To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of \$1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of \$1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

Royalty on production.—To pay the lessor the following royalty on production removed or sold from the leased lands: To and including November 21, 1960 the royalties to be paid hereunder shall be computed and paid on the basis of the royalties prescribed in the original lease.

(1) A royalty of 12-1/2 percent on the production removed or sold from—R.T.B.

- (a) Land determined by the Director, Geological Survey, not to be within the productive limits of any oil or gas deposit on August 8, 1946;
- (b) An oil or gas deposit which was discovered after May 27, 1941, by a well or wells drilled on the leased land and which is determined by the Director, Geological Survey, to be a new deposit; or
- (c) Allocated to the lease pursuant to an approved unit or cooperative agreement from an oil or gas deposit which was discovered on unitized land after May 27, 1941, and determined by the Director, Geological Survey, to be a new deposit, but only if at the time of discovery the lease was committed to the agreement or was included in a duly executed and filed application for approval of the agreement.
- (2) On production of oil removed or sold from lands not subject to subsection (1) hereof

Set, I(t). Within ID days of demand to reduce to the limits esteblished by bJ CJR 192.83, the overriding royaltion out of production, if and when the costs of operations, including the papent of ence evarriding royalties shall be determined by the Director of the Burest of Lond Management to constitute a burden on the lease prejudicial to the Interests of the United States. IB, R.T.B. AHY

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Only wells which have a commercial production during at least part of the month shall be considered in ascertaining the average production above provided for; and the Secretary of the Interior shall determine what are commercially productive wells under this provision.

(3) On gas and casing-head gasoline:
On gas, whether same shall be gas from which the casing-head gasoline has been extracted or other wise, $12\frac{1}{2}$ per cent of the value thereof in the field where produced where the average production per day for the calendar month from the land leased is less than 3,000,000 cubic feet and 16 2/3 per cent where the average daily production is 3,000,000 cubic feet or over.

On casing-head gasoline, 16 2/3 per cent of the value of the casing-head gasoline extracted from the gas produced and sold, computed on the basis provided for in the operating regulations.

The value in the field where produced, of gas and casing-head gasoline, for royalty purposes, unless such gas or casing-head gasoline is disposed of under an approved sales contract or other method as provided in subdivision (d) of this section, shall be as fixed by the Secretary of the Interior.

In cases where the gas produced and sold has a value both for casing-head gasoline content and as dry gas from which the casing-head gasoline has been extracted, then the royalties above provided shall be paid on both of such values.

24

101912

ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS: That R. T. Brock, a married man dealing in his sole and separate property, hereinafter called "Assignor", for and in consideration of Ten or more dollars paid by Christine Brock, his wife, a married woman dealing in her separate property, whose post office address is P. O. Box 51, Montague, Texas 76251, hereinafter called "Assignee", does hereby sell, assign and convey to the Assignee all of his right, title and interest in and to that certain oil and gas lease #NMLC-063345 made by the United States Department of the Interior, Bureau of Land Management to Paul Love under date of September 22, 1939, only insofar as said lease covers the following land in Lea County, New Mexico to wit:

Lots 3 and 4 SW/4 NW/4 of Section 4, T18S, R32E, NMPM below 5,000 feet subsurface, covered by such lease, together with the rights incident thereto, and the personal property thereon, if any, or pertinent thereto, or used or obtained in connection therewith, subject to all presently existing burdens on production.

With special warranty covenants.

R. T. BROCK, a married man dealing in his separate property

101912

ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS: That R. T. Brock, a married man dealing in his sole and separate property, hereinafter called "Assignor", for and in consideration of Ten or more dollars paid by Christine Brock, his wife, a married woman dealing in her separate property, whose post office address is P. O. Box 51, Montague, Texas 76251, hereinafter called "Assignee", does hereby sell, assign and convey to the Assignee all of his right, title and interest in and to that certain oil and gas lease #NMLC-063345 made by the United States Department of the Interior, Bureau of Land Management to Paul Love under date of September 22, 1939, only insofar as said lease covers the following land in Lea County, New Mexico to wit:

Lots 3 and 4 SW/4 NW/4 of Section 4, T18S, R32E, NMPM below 5,000 feet subsurface, covered by such lease, together with the rights incident thereto, and the personal property thereon, if any, or pertinent thereto, or used or obtained in connection therewith, subject to all presently existing burdens on production.

With special warranty covenants.

R. T. BROCK, a married man dealing in his separate property

Rockwood Resources, LLC

PO Box 2250 Sulphur Springs, Tx 75483

December 15, 2021

Christine Brock By Roy L Patterson POA 453 Marino Rd Bryan, Tx 77808

RE: Letter Agreement regarding purchase and sale of Christine Brock's individual leasehold interest in T18S, R32E: Section 4 Lea County, New Mexico.

Dear Mrs. Brock:

This Letter Agreement (the "Agreement") sets forth the terms and conditions by which Rockwood Resources, LLC either directly or through a related entity or designee (collectively, "Rockwood"), proposes to purchase from Christine Brock by Roy L Patterson, Attorney in Fact ("Seller"), and Seller proposes to sell to Rockwood (the "Proposed Transaction"), 100% of Seller's right, title and interest in and to the leasehold and contractual interests in Section 4, Lea County, New Mexico (the "Lands"), which shall be made effective as of December 15, 2021 (the "Effective Date"), all as more fully described in the attached Exhibit "A" (the "Interests"). Rockwood and Seller may be hereinafter referred to collectively as the "Parties" and each a "Party".

This Agreement is made subject to the following terms and conditions:

- 1. Purchase Price. The purchase price ("Purchase Price") to be paid by Rockwood for the Interests shall be for 100% interest in Section 4, T18S, R32E of Lea County, New Mexico, subject to any adjustments as set forth in Paragraph 4.
- 2. Closing Date. Closing of the Proposed Transaction ("Closing") shall occur on or before Monday, January 3rd, 2022 ("Closing Date"), unless otherwise amended in writing by the Parties. At Closing, Rockwood shall wire to Seller the Purchase Price, and Seller shall deliver to Rockwood:
 - a. A fully executed original Assignment of the Interests which shall be made effective as of December 15, 2021 (the "Effective Date"); and
 - b. Copies of Seller's files pertaining to the Interests.
- Conditions. Rockwood's obligations to consummate the Proposed Transaction will be subject to the following:
 - Rockwood is satisfied, in its sole discretion and opinion, with its due diligence review and investigation of the Interests, as outlined in paragraph 4 below, including,

ATTACHMENT

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without limitation, an examination of the contracts, leases, title, pooling agreements, operating agreements and any other items or liens or encumbrances which relate to the Lands and/or the Interests; and

- b. Rockwood's receipt of a copy of all approvals, permits, licenses and consents, governmental or otherwise, deemed necessary or appropriate by Rockwood in order to consummate the Proposed Transaction.
- 4. <u>Due Diligence.</u> During the period beginning on the date this Agreement is executed by Seller, and continuing until the Closing Date (the "Due Diligence Period"), Seller will provide Rockwood full and free access to:
 - c. The Lands and Interests, in order that Rockwood can inspect, inventory and approve full marketable title to the Interests, free and clear of any and all liens and encumbrances, in Rockwood's sole discretion and opinion; and
 - b. Seller's contracts, books and records, oil and gas leases, lease files, title and curative work, and any and all other documents related to the Lands and Interests, including as these documents are received and maintained from Seller.

Rockwood will be permitted to perform a full and complete investigation of the aforementioned documents and the Interests where they exist, by and through its agents, brokers, representatives, and professional advisors (including attorneys, accountants, petroleum engineers, and geologists).

Immediately upon discovery by either Party of any title or other defect, addition, or encumbrance that would result in either an increase or a decrease in the number of unencumbered net leasehold acres in and to the Lease that is owned by Seller (each a "Defect"), the discovering Party shall deliver to the other Party notice of such Defect. In the event of a Defect resulting in a loss of net acreage, Seller shall have the right, but not the obligation, to cure any such Defects prior to Closing. If Seller is unable to do cure such Defect, or if the Defect results in an increase in net acreage, the total amount to be paid by Rockwood at Closing shall be increased or reduced accordingly on the basis of per NLA.

- 5. Confidentiality. Each party shall, at all times, maintain the confidentiality of all confidential and proprietary information regarding this Proposed Transaction (including the terms and existence of this Agreement, any negotiations regarding the Proposed Transaction) and will not disclose such information, or use it for any purpose other than its evaluation of the Proposed Transaction, the Lands and Interests, without the prior consent of the other party.
- 6. No Shop. Seller hereby covenants and agrees that prior to the Closing Date, neither Seller nor any of its officers, partners, employees, shareholders, agents, partners, representatives or their affiliated entities, will solicit, entertain or otherwise engage in or continue any existing discussions or negotiations or accept any offers with respect to the possible sale to a third party, directly or indirectly of any portion of the Lands or Interests. Additionally, Seller hereby represents to Rockwood that it has

- terminated any and all discussions, communication, negotiations and/or offers (if any) with respect to the possible sale of any or all of the Interests with any third party.
- 7. Governing Law. Any dispute between the Parties relating to this Agreement or the Proposed Transaction shall be construed under and in accordance with the laws of the State of Texas. The Parties agree that the federal or state courts within Midland County, Texas, shall have exclusive venue and jurisdiction over any such dispute.
- Binding Effect. The purpose of this Agreement is to summarize understandings reached regarding the proposed purchase and sale of the Interests. This Agreement does set forth binding obligations of both Parties.
- Counterparts. This Agreement may be executed in several counterparts, each of
 which shall be deemed an original, and such counterparts together shall constitute one
 and the same instrument.
- 10. <u>Prior Discussions.</u> The understandings set forth in this Agreement, if executed as provided below, supersede and replace all prior understandings among the Parties with respect to the subject matter discussed herein, whether oral, written or otherwise.

If the foregoing accurately sets forth our understanding, please sign and return this Agreement. By executing this Agreement, each Party represents that it is duly authorized to execute this Agreement and that such Agreement does not conflict with or violate any agreement with any other party.

This Agreement will expire and be of no force and effect if not accepted by Rockwood by execution in the space set forth below and the delivery of such executed copy (by email or by original signed copies) to the undersigned on or before 5:00 pm CST, Friday, December 24, 2021, unless such date is extended by the Parties in writing. Furthermore, upon execution, all obligations contained herein, including any obligation to close, shall remain subject to the Parties' executive management approval.

Sincerely,

Chase McCoy Rockwood Resources, LLC

AGREED AND ACCEPTED BY:

Rockwood Resources, LLC

by.

Name: Chase McCoy

Title: Co-President
Date: 10/27/202

AGREED AND ACCEPTED BY:

Christine Brock

By: Ry L Patters

Name: Roy L Patterson

Title: Attorney in Fact

Date: 12/22/2021

EXHIBIT "A"

Attached and made a part of that certain Letter Agreement dated December 15, 2021 by and between Christine Brock by Roy L Patterson, Attorney in Fact and Rockwood Resources, LLC.

Leases and Lands

Oil and Gas Lease:

Serial No.:

NMLC-063345

Date:

September 22, 1939

Lessor:

United States of America

Lessee:

Paul Love

Lands Covered:

Township-18 South, Range-32-East, N.M.P.M

Section 4: Lots 3 and 4 and SW4 NW4

Lea County, New Mexico, containing 120 acres, more or less

Subject Wells

EastWatch 4-3 B2DA Federal Com #001H API 30-025-49601

EastWatch 4-3 B2EH Federal Com #001H API 30-025-49533

Rockwood Resources, LLC

Po Box 2250 Sulphur Springs, Tx 75483

Amended Letter Agreement

Roy L. Patterson, Attorney in Fact for Viola Christine Brock, aka Christine Brock, as the Seller of the Working Interest described herein, grants, by execution of this agreement, to Rockwood Resources, LLC as Buyer, the full authority, during the pendency of that certain Letter of Agreement between the panies dated December 15th, 2021 ("LOA"), to hire an attorney to represent the Seller's interests in the lands and units force pooled in New Mexico Oil Conservation Division ("NMOCD") Case No. 21390, pursuant to NMOCD Pooling Order No. R-21527, and in NMOCD Case No. 21391, pursuant to NMOCD Pooling Order No. R-21528, the lands and units being the N/2 N/2 and the S/2 N/2 of Sections 3 and 4, Township 18 South, Range 32 East, Lea County, New Mexico, which include Seller's interests. Seller's grant of authority to Buyer to hire an attorney to represent Seller's interests in said lands and units includes the authority to pursue and litigate all rights and interests provided to Seller as a pooled party by the NMOCD under Pooling Order Nos. R-21527 and R-21528. In exchange for the grant of this authority. Buyer releases the Seller of any and all liability of attorney's fees in pursuit of the representation of the Seller's interests regardless of whether the contract for the purchase of said Working Interest closes.

AGREED AND ACCEPTED BY:

Christine/Brock

Name: Roy L. Patterson
Title: Attorney in Fact for
Viola Christine Brock, aka

Christine Brock

Date:

Copy

STATUTORY DURABLE POWER OF ATTORNEY

THE STATE OF TEXAS

COUNTY OF MONTAGUE

NOTICE: THE POWERS GRANTED BY THIS DOCUMENT ARE BROAD AND SWEEPING. THEY ARE EXPLAINED IN THE DURABLE POWER OF ATTORNEY ACT, CHAPTER XII, TEXAS PROBATE CODE. IF YOU HAVE ANY QUESTIONS ABOUT THESE POWERS, OBTAIN COMPETENT LEGAL ADVICE. THIS DOCUMENT DOES NOT AUTHORIZE ANYONE TO MAKE MEDICAL AND OTHER HEALTH-CARE DECISIONS FOR YOU. YOU MAY REVOKE THIS POWER OF ATTORNEY IF YOU LATER WISH TO DO SO.

I, CHRISTINE BROCK

appoint ROY LEE PATTERSON

as my agent (attorney-in-fact) to act for me in any lawful way with respect to all of the following powers except for a power that I have crossed out below.

TO WITHHOLD A POWER YOU MUST CROSS OUT EACH POWER WITHHELD.

Real property transactions;
Tangible personal property transactions;
Stock and bond transactions;
Commodity and option transactions;
Banking and other financial institution trans-

actions;

Business operating transactions;
Insurance and annuity transactions;
Estate, trust, and other beneficiary trans-

actions;

Claims and litigation;
Personal and family maintenance;
Benefits from social security Modic

Benefits from social security, Medicare, Medicaid, or other governmental programs or civil or military service;

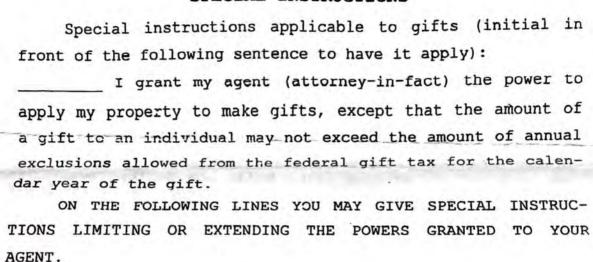
Retirement plat transactions; Tax matters.

IF NO POWER LISTED ABOVE IS CROSSED OUT, THIS DOCUMENT SHALL BE CONSTRUED AND INTERPRETED AS A GENERAL POWER OF ATTORNEY AND MY AGENT (ATTORNEY-IN-FACT) SHALL HAVE THE

ATTACHMENT

POWER AND AUTHORITY TO PERFORM OR UNDERTAKE ANY ACTION I COULD PERFORM OR UNDERTAKE IF I WERE PERSONALLY PRESENT.

SPECIAL INSTRUCTIONS



UNLESS YOU DIRECT OTHERWISE ABOVE, THIS POWER OF ATTORNEY IS EFFECTIVE IMMEDIATELY AND WILL CONTINUE UNTIL IT IS REVOKED.

CHOOSE ONE OF THE FOLLOWING ALTERNATIVES BY CROSSING OUT THE ALTERNATIVE NOT CHOSEN:

(A) This power of attorney is not affected by my subsequent disability or incapacity.

(B) This power of attorney becomes effective upon my disability or incapacity.

YOU SHOULD CHOOSE ALTERNATIVE (A) IF THIS POWER OF ATTORNEY IS TO BECOME EFFECTIVE ON THE DATE IT IS EXECUTED.

IF NEITHER (A) NOR (B) IS CROSSED OUT, IT WILL BE ASSUMED THAT YOU CHOSE ALTERNATIVE (A).

If Alternative (B) is chosen and a definition of my disability or incapacity is not contained in this power of attorney, I shall be considered disabled or incapacitated for purposes of this power of attorney if a physician certifies in writing at a date later than the date this power of attorney is executed that, based on the physician's med-

ical examination of me, I am mentally incapable of managing my financial affairs. I authorize the physician who examines me for this purpose to disclose my physical or mental condition to another person for purposes of this power of attorney. A third party who accepts this power of attorney is fully protected from any action taken under this power of attorney that is based on the determination made by a physician of my disability or incapacity.

I agree that any third party who receives a copy of this document may act under it. Revocation of the durable power of attorney is not effective as to a third party until the third party receives actual notice of the revocation. I agree to indemnify the third party for any claims that arise against the third party because of reliance on this power of attorney.

If any agent named by me dies, becomes legally disabled, resigns, or refuses to act, I name the following (each to act alone and successively, in the order named) assuccessor(s) to that agent:
Signed this 17th day of March , 1998.
Christine Brock (signature of principal) Christine Brock THE STATE OF TEXAS COUNTY OF MONTAGUE
This instrument was acknowledged before me on the 17thday of March , 1998, by Christine Brock
Notary Public, State of Texas.

GLEN JONES

NOTARY PUBLIC, STATE OF THEAT
MY COMMISSION EXPIRES

NOVEMBER 30, 2000

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016845
Book2191 Page 326
1 of 3
01/24/2022 11:15 AM
BY CARRIE SANDOVAL

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

STATE:

New Mexico

COUNTY:

Lea

GRANTOR:

Christine Brock, by Roy L. Patterson POA

453 Marino Rd Bryan, Tx 77808

GRANTEE:

Rockwood Resources, LLC

PO Box 2250

Sulphur Springs, Tx 75483

For adequate consideration, the receipt of which is hereby acknowledged, Grantor, named above, does herby grant, sell, convey, transfer, assign and deliver unto Grantee, named above, all right title and interest in and to all oil, gas, and other minerals, royalty interests, overriding royalty interests, surface estate interests, leasehold interests, working interests and all equipment associated therewith, situated within the entire geographical boundary of Lea County, New Mexico, listed below whether accurately described or not and being more fully described on "Exhibit A".

Section 4: T-18-S, R-32-E, Lea County, New Mexico

It is the intent of this instrument to convey unto Grantee all of Grantor's royalty, overriding royalty, mineral interest, surface estate interest, leasehold interest, working interest and all equipment in all sections and/or abstracts in Lea County, New Mexico as of the Effective Date, regardless of depth, but if lands owned by Grantor is less than that described above, only that owned by Grantor is intended to be conveyed.

Together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same there from with the right to remove from said land all of Grantor's property and improvements. Grantor also conveys the right to funds due to causes of action and to any suspended funds held by any entity for benefit of Grantor, regardless of the production date, and right, title, and interest in and to any funds due to Grantor as of effective date, as if the assignment had occurred prior to such production of payment. This grant shall run, and the rights, titles and privileges hereby granted shall extend to Grantee herein, and to Grantee's heirs, administrators, executors, and assigns, forever.

This sale is made subject to any rights now existing to any leases or assigns under any valid and subsisting oil and gas lease heretofore executed and now of legal record; it being understood and agreed that said Grantee shall have, receive and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties, and other benefits which may accrue there under from and after the date hereof, precisely as if the Grantee herein had been at the date of making said lease and/or leases the owner of a similar undivided interest in and to the lands above described and none other and Grantee one of the lessors herein.

ATTACHMENT

Ε

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016845
Book2191 Page 326
2 of 3
01/24/2022 11:15 AM
BY CARRIE SANDOUAL

This agreement constitutes the sole and only agreement of the parties to this deed and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this deed. All prior agreements or understandings, whether oral or written, are hereby merged into the terms of this written agreement. No amendment, modification, or alteration of the terms hereof shall be binding unless it is in writing, dated subsequent to the date hereof, and duly executed by the parties.

Grantor hereby warrants title to the interests assigned against claims made or to be made by, through or under Assignor.

The provisions hereof shall extend to and be binding upon the successors and assigns of the parties that executed this Assignment of Oil and Gas Leases.

WITNESS my hand this day of January, 2022, but the Effective Date of this transaction shall be December 1, 2021.

GRANTOR:

Christine Brock

By: Roy L. Patterson Title: Power of Attorney

ACKNOWLEDGEMENT BY NOTARY PUBLIC

STATE OF TEXAS

8

COUNTY OF BYAZOS

8

This instrument was acknowledged before me on Patterson, Power of Attorney for Christine Brock.

2022, by Roy L.

Mechelle Hamilton
NOTARY PUBLIC - STATE OF TEXAS
ID# 13292131-0
COMM. EXP. 02-10-2025

Notary Public in and for the State of Texas

My Commission Expires:

02-10-2025

{Exhibit A Follows}

LEA COUNTY, NM
KEITH MANES, COUNTY CLERK
000016845
Book2191 Page 326
3 of 3
01/24/2022 11:15 AM
BY CARRIE SANDOUAL

EXHIBIT "A"

Attached and made a part of that certain Assignment, Bill of Sale and Conveyance made effective December 1, 2021 and between Christine Brock, by Roy L. Patterson as sole and separate property to Rockwood Resources, LLC a Delaware limited liability company.

Leases and Lands

Oil and Gas Lease:

Serial No.:

NMLC 063345

Form:

4-213 (April 1956)

Renewal Lease

Date:

Originally dated September 22, 1939, and last renewed on

November 1, 1960

Recorded:

This renewal lease is not recorded in Lea County, New

Mexico and recording is unnecessary

Lessor:

United States of America

Lessee:

Frank Brock, R. T. Brock, and Albert Hunter Utter,

Executor of the Estate of Alpha McAtee, deceased

Lands Covered:

Township 18 South, Range 32 East

Section 4:

Lots 3, 4, SW4 NW4

Lea County, New Mexico containing 120.47 acres,

more or less

Whether included here or not, the intention of this instrument is to grant, bargain, sell, convey, assign transfer, set over and deliver an undivided 100% of Grantor's right, title and interests, including but not limited to, leasehold interests, operating rights, working interests, royalty interests and overriding royalty interests in the lands below, all located in Lea County, New Mexico.

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

/ell Name:	EASTWATCH 4/3 B2DA FED COM #1H	Pr	ospect:	CAS	STLE BLACK		
cation: SI	: 2140 FNL & 300 FWL (4); BHL: 660 FNL & 100 FEL (3)		County	Lea			ST: NM
ec. 4	Blk: Survey:	TWP: 18	S RN	IG: 3	32E Prop. TVD	8338	TMD: 18621
Service of the service of the	INTERNOTE E COCTO CARE	1113	7-				3,10,100
gulatory Per	INTANGIBLE COSTS 0180 mits & Surveys		Total Control of the last	DE -0100	TCP	0180-0200	CC
	d / Site / Preparation			-0105		0180-0205	
cation / Rest	oration			-0106		0180-0206	
	key / Footage Drilling 23 days drlg / 3 days comp @ \$	\$20500/d	0180	-0110		0180-0210	
el	1700 gal/day @ \$2.6/gal		0180	-0114	\$108,600	0180-0214	\$330,000
ernate Fuels			0180	-0115		0180-0215	
***	& Additives		-	-0120		0180-0220	
d - Specializ			0180	-0121	\$100,000	0180-0221	
The second second second	out Services e Preparation		-			0180-0222	
menting	s Preparation		0400	0405	8440 000	0180-0223	the same of the sa
	eline Services			-0125 -0130	The second second second	0180-0225	
	g / Snubbing Services			-0134		0180-0234	
d Logging				-0137	\$15,000		
nulation	51 Stg 20.2 MM gal / 25.3 MM	lb				0180-0241	\$2,087,000
	ntals & Other					0180-0242	
ter & Other				-0145		0180-0245	
postion P D	oneir Poninea			-0148	Marie and the second second	0180-0248	+
the second second second	epair Services			-0150		The second second second	A CONTRACTOR OF THE PARTY OF
	nping Services back Services			-0154	-	0180-0254	and the second second second second
	Jorkover Rig		0180	-0158	\$12,000		The second secon
Mobilizatio			0180	-0164	\$150,000	0180-0260	\$10,500
ansportation				-0165		0180-0265	\$20,000
elding, Cons	truction & Maint. Services			-0168		0180-0268	
ntract Servi	ces & Supervision			-0170		0180-0270	
rectional Ser				-0175			
uipment Re				-0180	-	0180-0280	
ell / Lease L	-X		-	-0184	The second second	0180-0284	
ell / Lease Ir				-0185	The second second second second	0180-0285	
angible Sup	Diles			-0188		0180-0288	
	onnect, ROW Easements			-0190	1	0180-0290	
mpany Sup				0192		0180-0292	
erhead Fixe				0-0195 0-0196		0180-0295	
ntingencies	10% (TCP) 10% (CC)		_	-0199		0180-0290	
		TOTA		0100	\$2,628,900	0100 0255	\$4,400,900
	TANGIBLE COSTS 0181	1017			92,020,300		34,400,300
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asing (10.1"		3/ft	- Marie Contract	-0793	The state of the s	-	<u> </u>
asing (8.1" -				-0795			7
sing (6.1" -	8.0") 8800' - 7" 29# HCP-110 LT&C @ \$30.17/f			-0796			
sing (4.1" -	6.0") 10850' - 4 1/2" 13.5# P-110 BPN @ \$16.6	18/ft				0181-0797	\$193,300
bing	8000' - 3 1/2" 9.2# L-80 IPC Tbg @ \$14.2	/ft				0181-0798	\$121,300
Illing Head			0181	-0860	\$35,000		
	Upper Section		11			0181-0870	\$30,000
-	npletion Tools Completion Liner Hanger					0181-0871	
mping Unit	uip. & Artificial Lift					0181-0880	the state of the s
rvice Pump			-			0181-0885	THE RESERVE TO SHARE THE PARTY OF THE PARTY
rage Tanks				_		0181-0886	
	ntrol Equipment (1/2) VRT's/VRU/Flare/KO's					0181-0890	
	reating Equipment (1/2) H sep/V sep/HT					0181-0895	
	etering Equipment					0181-0898	
	lives - Gathering (1/2) 1 mile gas & water					0181-0900	The second secon
	s & Accessories					0181-0906	\$239,000
thodic Prote						0181-0908	The second secon
ectrical Insta			_			0181-0909	The second second second second
uipment Ins eline Const			-	_		0181-0910	A STREET, STRE
une Consi	ruction (1/2) 1 mile gas & water		-			0181-0920	\$41,000
			-				
				_	1		
		TOTA	AL		\$536,400		\$1,461,100
		SUBTOTA	AL		\$3,165,300		\$5,862,000
	TOTAL M	VELL COST					
- Sec. 19.00	nsurance	and pay my pro	portiona	de sha	are of the premiu	m. in Line Item	n 0180-0185.
	elect to be covered by Operator's Extra Expense Insurance a Operator has secured Extra Expense Insurance covering costs of l elect to purchase my own well control insurance policy, ecked above, non-operating working interest owner elects to be covered by	well control, cle					
ther box is ch	Operator has secured Extra Expense Insurance covering costs of I elect to purchase my own well control insurance policy, ecked above, non-operating working interest owner elects to be covered by	well control, cle by Operator's well	control ins	urance			
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MEWBOURNE OIL COMPANY AUTHORIZATION FOR EXPENDITURE

Well Name: EASTWATCH 4/3 B2EH FED COM #1H		Pros	pect: C/	ASTLE BLACK		
ocation: SL: 2170 FNL & 300 FWL (4); BHL: 1980 FNL & 100 FEL	(3)	Co	ounty; Le	a		ST: NM
Sec. 4 Blk: Survey:	TWP: [185	RNG:	32E Prop. TV	D: 8526	TMD: 18573
INTANGIBLE COSTS 0180			CODE	TCP	CODE	cc
gulatory Permits & Surveys			0180-010		0180-0200	
cation / Road / Site / Preparation			0180-010	5 \$70,000	0180-0205	\$35,00
ation / Restoration			0180-010		0180-0206	
work / Turnkey / Footage Drilling 19 days drig / 3 days comp @	\$20500/d		0180-011		0180-0210	
1700 gal/day @ \$2.6/gal			0180-011		0180-0214	\$330,00
mate Fuels I, Chemical & Additives			0180-011		0180-0215	
- Specialized			0180-012		0180-0220	
izontal Drillout Services			0180-012	1 \$100,000	0180-0221	
Julation Toe Preparation				-	0180-0222	
nenting		_			0180-0223	
ging & Wireline Services		_	0180-012		0180-0225	The second secon
ing / Tubing / Snubbing Services		_	0180-013		0180-0230	
Logging		-	0180-013		0180-0234	\$18,00
rulation 51 Stg 20.2 MM gal / 25.3 MM	M lb	_	0100-013	315,000	0180-0241	\$2,087,00
nulation Rentals & Other		_			0180-0241	
er & Other			0180-014	5 835,000	0180-0242	
			0180-014	The second secon	0180-0243	
ection & Repair Services			0180-015	and the second second second	0180-0248	
: Air & Pumping Services			0180-015		0180-0254	
ing & Flowback Services			0180-015		0180-0258	
pletion / Workover Rig				1	0180-0260	
Mobilization			0180-016	4 \$150,000		7.5,00
sportation			0180-016		0180-0265	\$20,00
ding, Construction & Maint. Services			0180-016		0180-0268	
ract Services & Supervision			0180-017	Charles to the second state of the second state of the second	0180-0270	
ctional Services Includes Vertical Control			0180-017			
pment Rental			0180-018	0 \$133,500	0180-0280	\$12,50
/ Lease Legal			0180-018		0180-0284	
/ Lease Insurance			0180-018		0180-0285	
giole Supplies ages			0180-018		0180-0288	
line Interconnect, ROW Easements			0180-019		0180-0290	
pany Supervision			0180-019		0180-0292	
rhead Fixed Rate			0180-019		0180-0295	
			0180-019		0180-0296	The second secon
lingencies 10% (TCP) 10% (CC)		-	0180-019	9 \$211,300	0180-0299	\$400,100
	TO	DTAL		\$2,324,100	1	\$4,400,90
TANGIBLE COSTS 0181						
ing (19.1" - 30")			0181-079	3		
ing (10.1" - 19.0") 1200' - 13 3/8" 54.5# J-55 ST&C @ \$58.			0181-079	4 \$75,300		
ng (8.1" - 10.0") 2700' - 9 5/8" 40# HCL80 LT&C @ \$49.4			0181-079	\$142,600		
ng (6.1" - 8.0") 8650' - 7" 29# HCP-110 LT&C @ \$30.17			0181-079	\$278,700		
ng (4.1" - 6.0") 10800' - 4 1/2" 13.5# P-110 BPN @ \$16.					0181-0797	\$192,400
ng 8000' - 3 1/2" 9.2# L-80 IPC Tbg @ \$14.	.2/ft				0181-0798	\$121,300
ng Head			0181-0860	\$35,000		
ng Head & Upper Section					0181-0870	\$30,000
contal Completion Tools Completion Liner Hanger					0181-0871	
surface Equip. & Artificial Lift ping Unit Systems					0181-0880	
					0181-0885	
					0181-0886	
age Tanks (1/2) 6 OT/5 WT/GB ssions Control Equipment (1/2) VRT's/VRU/Flare/KO's					0181-0890	
aration / Treating Equipment (1/2) H sep/V sep/HT				1	0181-0892	\$113,000
mation Metering Equipment (1/2) H sep/V sep/H1			-	-	0181-0895	
Pipe & Valves - Gathering (1/2) 1 mile gas & water		-		1	0181-0898	
gs / Valves & Accessories		-	-	-	0181-0900	\$31,000
odic Protection		-	-	1	0181-0906	Contract to the second last despite the second desp
trical Installation		-	-		0181-0908	the same of the sa
oment Installation				1	0181-0909	
ine Construction (1/2) 1 mile gas & water					0181-0910	\$125,000 \$41,000
All and a second a					0101-0920	\$41,000
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	10	DTAL	-	\$531,600		\$1,460,200
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TOTAL	WELLCO	ST		00 -	40.000	
xpense/insurance	WELL CO	31		\$8,7	16,800	
I elect to be covered by Operator's Extra Expense Insurance Operator has secured Extra Expense Insurance covering costs o I elect to purchase my own well control insurance policy.	of well control,	clean	up and redi	filling as estimated	m. In Line Item	0180-0185.
ilther box is checked above, non-operating working interest owner elects to be covered	by Operator's v	vell conti	rol insurance),		
Prepared by: Mike Loy Impany Approval: Mike Loy		Date:	10/26/20			E
		Date.	10123120			7
Owner Interest: 1.87123330% Amount: \$163,111.66				/ //		2
nt Owner Name: Rockwood Resources, LLC	Signatur	e:	(~	60	
Trouward Tresources, LLC	The second second	-	_		9	

Page 1

STATE OF NEW MEXICO

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NOS: 22323

APPLICATION OF ELIZABETH KAYE DILLARD TO REOPEN CASE NO. 21226 (ORDER R-21354), EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

February 3, 2022

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, HEARING OFFICER WILLIAM BRANCARD and TECHNICAL EXAMINER DYLAN ROSE-COSS on Thursday, February 3, 2022, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253

PAUL BACA PROFESSIONAL COURT REPORTERS

500 Fourth Street, NW, Suite 105

Albuquerque, NM 87102

505-843-9241

EXHIBIT

8

Page 3 (Note: The following summary of proceedings was provided 1 2 due to lost internet connection.) HEARING EXAMINER BRANCARD: So, Ms. Delgado, we 3 just finished Case 22323, Elizabeth Kay Dillard, and in that case, there was an agreement to hold a contested hearing on 5 May 19, and the prehearing order, amended prehearing order 6 will be issued, and I will check in with Mr. Morgan. Did 8 you want to add anything for the record? 9 MR. MORGAN: No, thank you, Mr. Examiner. HEARING EXAMINER BRANCARD: We will lose some of 10 our witty repertoire here. 11 Ms. Hardy, anything for the record? 12 13 MS. HARDY: No, Mr. Examiner, thank you. 14 HEARING EXAMINER BRANCARD: Okay. 15 16 17 18 19 20 2.1 22 23 24 25

rather easy for someone using this system to track him down should they wish to do so.

Accurint can be used by agencies in various professions, including collections, law enforcement and legal. Collection agencies may find Accurint helpful to locate debtors so they increase dollars collected, shorten the collection cycle and enhance operational efficiency. Law enforcement agencies can use it as a potent investigative weapon to track down an elusive suspect or missing person. The legal profession can put Accurint to work in finding defendants, critical witnesses, heirs to estates, asset owners, class action participants and in due diligence tasks.

EXHIBIT

News Room: Archived Releases 3/16/22, 5:41 PM

Some of the information that can be gleaned includes current name(s) and AKAs; SSN, including state and year of issue; others using same SSN; current addresses; historical addresses dating back 20-30 years; current telephone number(s); date of birth; and names of others living at the subject's current address.

Under property ownership, agencies can obtain a property description, last sales transaction date and amount, assessed values, owner's name(s) and addresses, and the seller's name(s). Relatives, associates and neighbor queries bring about names and AKAs, current and historical addresses dating back 20-30 years; current telephone numbers, and date(s) of birth.

Accurint can be accessed in several ways—through a Web browser, PC-based application, batch file applications or XML-based APIs. There are no setup fees or monthly minimums; the service is pay-as-you-go, with searches priced as low as 25 cents for an online basic search, and as much as \$5.50 for a comprehensive report.

The service cannot be used for personal use; before an organization can use Accurint, it must satisfy the conditions of the Permitted Use Certification, which includes certain stipulations like only using the tool for collections, law enforcement, fraud detection and prevention, and insurance investigations. Searches include people, driver's license (currently available only in Florida), National Uniform Commercial Codes (UCCs, which locates a business or person's UCC filings) and directory assistance.

Interested parties can access www.accurint.com for a free demo; also available are 50 free searches over a three-day period for qualified prospects who contact Accurint.

Support

For support, contact Accurint representatives at 888-332-8244.

Summary

Accurint's greatest assets are its extremely large database and ability to search that database at a high rate of speed, making it a valuable tool for agencies in which speed and time are critical issues.

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><u>home</u> | ><u>privacy</u> | ><u>contact us</u>

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

APPLICATION OF ROCKWOOD RESOURCES, LLC, TO REOPEN MEWBOURNE OIL COMPANY'S POOLING CASE NO. 21390, LEA COUNTY, NEW MEXICO

Case No. 22539

APPLICATION OF ROCKWOOD RESOURCES, LLC, TO REOPEN MEWBOURNE OIL COMPANY'S POOLING CASE NO. 21391, LEA COUNTY, NEW MEXICO

Case No. 22540

SELF-AFFIRMED STATEMENT OF REBECCA BROWDER

- I am over 18 years of age. I have personal knowledge of the matters in this affidavit, and I am competent to speak to these matters.
- 2. I am a Private Investigator licensed in the state of Texas and I am familiar with the scope, content, and use of Lexis Nexis Accurint ("Accurint"). Rockwood has paid me for my service and has provided me with the following information to conduct a people search on Lexis Nexis Accurint:

Rebecca J. Babbitt: 2106 Hazard St Houston, Tx 77019
Christine Brock: PO Box Montague, Tx 76251
Delbert R. Utter: 206 Beech St Bernice, OK 74331

3. Attached are the reports for each individual that shows the search criteria as well as their current contact information. The search entailed typing into the system the persons name, city, state and zip code then pressing enter. To my estimation the search did not take more than a few seconds once the information was plugged into the system.

Rebecca Browder

Date: 3-24-22

3-24-22 Cess Dornerde

CASSI DORMADY My Notary ID # 129393583 Expires April 19, 2025

EXHIBIT

10

Cause No. 22539 & 22540

{Rockwood Resources LLC case No. 22539 & 22540}

{ In the Superior Court of New Mexico }

Rockwood Resources, LLC, to reopen Mewbourne oil Company's Pooling case No. 21390, Lea County, New Mexico

5

{Application of Rockwood Resources, LLC To reopen Melbourne oil Company's Pooling case No.21391. Lea County New Mexico}

5 5 5

AFFIDAVIT

Before me, the undersigned authority, personally appeared {REBECCA BROWDER}, who swore under oath that the following facts are true and correct:

"My name is {REBECCA BROWDER}. I am a private Investigator Lic # A20863

I am an agent of:

{FALCON RIM LLC}

My address is:

{3000 North Garfield Ste #235}

My phone is:

{432 218-7894}

I am not a party to this case, nor am I related to, employed by, or otherwise connected to [other than having been retained in this case] any party or any party's attorney in this case; and I have no interest in the outcome of this case.

I am over the age of eighteen (18) years of age. I am of sound mind and have never been convicted of a felony or misdemeanor involving moral turpitude."

{Rebecca Browder}

{REBECCA BROWDER

On this day personally appeared {REBECCA BROWDER} known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared under oath that the statements therein contained are true and correct. Given under my hand and seal of office this {24} day of {March}, {2022}.

Notary Public

NOTARY STAMP

CASSI DORMADY My Notary ID # 129393583 Expires April 19, 2025

Results 1 to 1 of 1

Last Name: BROCK; First Name; CHRISTINE; City: MONTAGUE; State: TX; ZIP Code: 76251;



Results 1 to 4 of 4

Last Name: BABBITT; First Name: REBECCA; Middle Name: J; State: TX;

ALL	NAME	SSN	ADDRESS	PHONE(S)	INDICATORS
1.	REBECCA J BABBITT REBECCA K BABBITT REBECCA K BABBITT REBECCA BABBITT BECCA J BABBITT REBECCA J BABBITT BECCA J BABBIT DOB: 1/31/1965	V A MARINE TO THE STATE OF THE	90 PARADISE VALLEY DR CONROE, TX 77304-1255, MONTGOMERY COUNTY Oct 1998 - Mar 2022 Probable current address Map	936-856-6350 - CDT POSSIBLE NON-DA Phone number may be disconnected. FRONTIER COMM OF TX WILLIS, TX Mar 2000 - Jun 2008	property Let people at work
	Age: 57 DOB: 1/15/1965 Age: 57 DOB: 1/31/1964 Age: 58 Gender - Female *View Sources (~10)		90 PARADISE VALLEY DR WILLIS, TX 77304-1255, MONTGOMERY COUNTY Mar 2000 - Jun 2008 Probable current address Map		
	90 PARADISE VALLEY DR WILLIS, TX 77318, MONTGOMERY COUNTY Apr 2006 - Feb 2010 Map				
	1078 LAKE VIEW DR MONTGOMERY, TX 77356-5778 MONTGOMERY COUNTY Sep 1998 - Apr 1999				

