



# United States Department of the Interior



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

**APR 14 2021**

In Reply Refer To:

NMNM143004  
3105.2 (NM920)

**Reference:**

Communitization Agreement  
Anderson Federal Com 504H  
Anderson Federal Com 558H  
Anderson Federal Com 604H  
Anderson Federal Com 704H

Section 35: E2  
Section 26: S/2SE/4  
T. 21 S., R. 32 E., N.M.P.M.  
Lea County, NM

Advance Energy Partners Hat  
Mesa, LLC  
11490 Westheimer Rd., Suite  
950  
Houston, Texas 77077

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM143004 involving 80 acres of Federal land in lease NMNM 126968, 160 acres of Federal land in lease NMNM 120905, 160 acres of fee land, Lea County, New Mexico, which comprise a 400 acres well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2 of Section 35 and the S/2SE/4 of Section 26, T. 21 S., R. 32 E., N.M.P.M., Lea County, NM, and is effective September 15, 2020. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

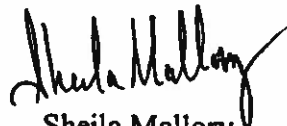
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Elizabeth Rivera at (505) 954-2162.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,



Sheila Mallory  
Deputy State Director  
Division of Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NMSO (NM925, File)

NM STATE LAND COMM.

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
  
- B. Approve the attached Communitization Agreement covering the E2 of Section 35 and the S/2SE/4 of Section 26, T. 21 S., R. 32 E., N.M.P.M., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met. Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.
  
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:

APR 14 2021



Sheila Mallory  
Deputy State Director  
Division of Minerals

Effective: September 15, 2020

Contract No.: Com. Agr. NMNM143004

## Federal Communitization Agreement

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

THIS AGREEMENT entered into as of the 21st day of December, 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

### WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

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

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

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

E/2 Section 35 and S/2SE/4 of Section 26 of Township 21 South, Range 32 East, Lea County, New Mexico.

Containing 400 acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and

gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be Advance Energy Partners Hat Mesa, LLC, 11490 Westheimer Rd., Suite 950, Houston, Texas 77077. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.  
  
All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to

protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

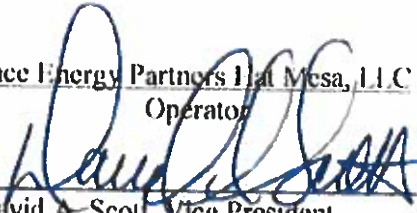
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is September 15, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur

in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

12-21-2020  
Date

Advance Energy Partners Hal Mesa, LLC  
Operator  
By:   
David A. Scott, Vice President

**ACKNOWLEDGEMENT**

STATE OF TEXAS

) ss.

COUNTY OF HARRIS

On this 21<sup>st</sup> day of December, 2020, before me, a Notary Public for the State of \_\_\_\_\_, personally appeared David A. Scott, known to me to be the Vice President of Advance Energy Partners Hat Mesa, LLC, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

10/30/2022  
My Commission Expires

Melva Thornton  
Notary Public







SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING INTEREST

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

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

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

NAME:  (signature of officer)

Printed: David A. Scott

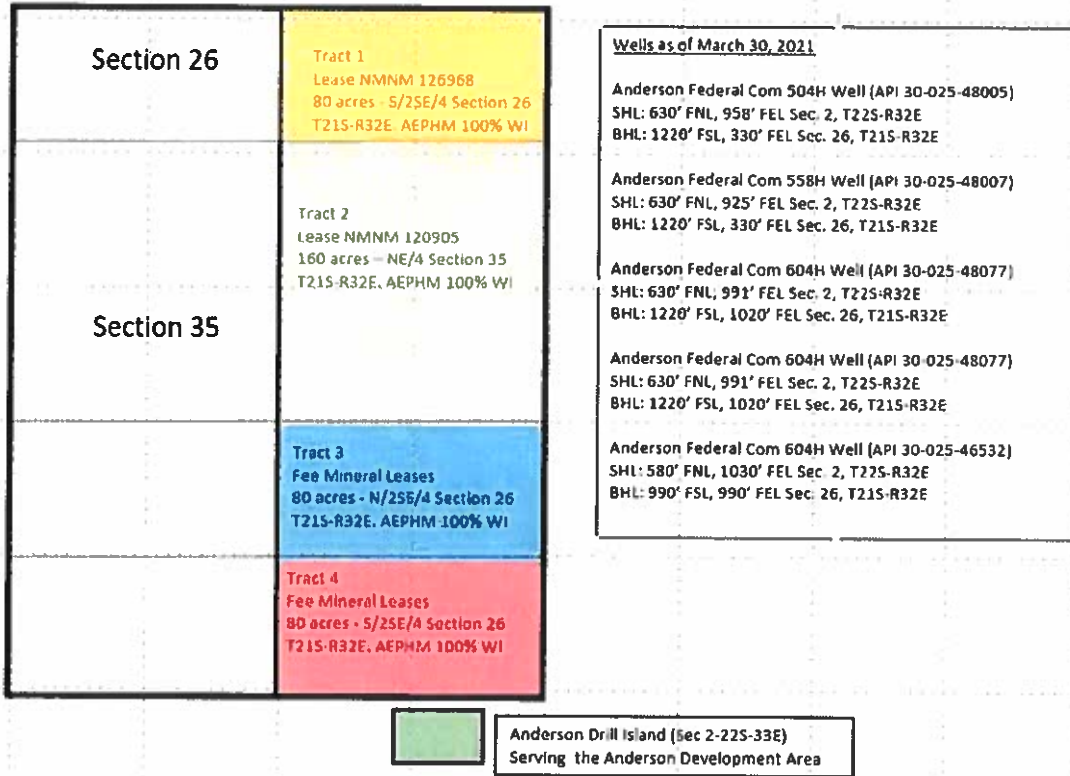
TITLE: Vice President

Phone number: 832-~~277~~<sup>672</sup>-4606, email: dscott@advanceenergypartners.com

## EXHIBIT "A"

Plat of communitized area covering **400.00** acres in the S/2SE/4 of Section 26 and the E/2 of Section 35, T21S-R32E, N.M.P.M., Lea County, New Mexico

Communitized depths are limited to the Bone Spring Formation.

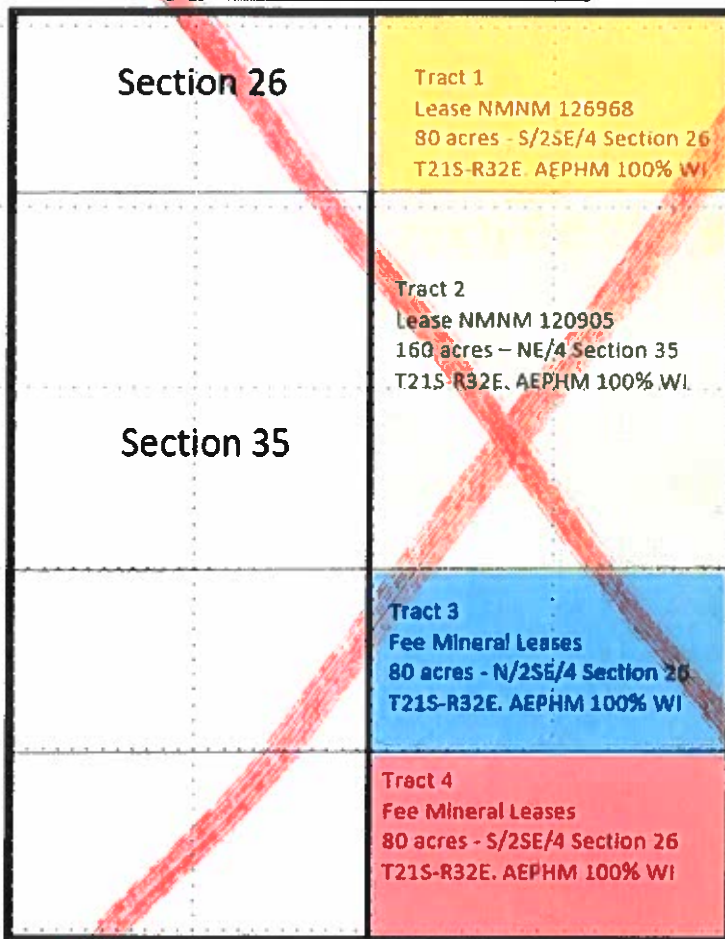


# EXHIBIT "A"

Plat of communitized area covering 400.00 acres in the S/2SE/4 of Section 26 and the E/2 of Section 35, T21S-R32E, N.M.P.M., Lea County, New Mexico

Communitized depths are limited to the Bone Spring Formation.

**Anderson Federal Com 504H Well**  
API 30-025-48005



Anderson Drill Island (Sec 2-22S-33E)  
Serving the Anderson Development Area

## **EXHIBIT "B"**

To Communitization Agreement Dated December 21, 2020 embracing the following described land in Legal Land Description of Agreement Section 1.

Operator of Communitized Area: Advance Energy Partners Hat Mesa, LLC

### DESCRIPTION OF LEASES COMMITTED

#### Tract No. 1

Lease Serial Number: NMNM 126968      Federal Lease Number  
Description of Land Committed:      Township 21 South, Range 32 East,  
Lea County, NM, Section 26: S/2SE/4  
Number of Acres: 80  
Current Lessee of Record: Advance Energy Partners Hat Mesa, LLC  
Name of Working Interest Owners: Advance Energy Partners Hat Mca, LLC  
ORRI Owners: None

#### Tract No. 2

Lease Serial Number: NMNM 120905      Federal Lease Number 0301209050  
Description of Land Committed:      Township 21 South, Range 32 East,  
Lea County, NM, Section 35: NE/4  
Number of Gross Acres: 160  
Number of Net Acres: 160  
Current Lessee of Record: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: Ahuja Children 2012 Long Term Trust  
United Assets Ltd

Tract No. 3

Description of Land and Lease Committed: Township 21 South, Range 32 East, N.M.P.M.  
Section 35: N/2 SE/4, below the depths of  
10,815'

- 1) Lessor: Bennie Arlen Anderson, SSP  
Lessee: Advance Energy Partners, I.L.C  
Lease Date: April 10, 2018  
Recorded: Book 2133, Page 901  
Number of Gross Acres: 80  
Number of Net Acres: 6.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None
- 2) Lessor: Lillian Annic Graham, SSP  
Lessee: Advance Energy Partners, LLC  
Lease Date: April 6, 2018  
Recorded: Book 2133, Page 900  
Number of Gross Acres: 80  
Number of Net Acres: 26.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None
- 3) Lessor: Mary Lou Ann Stearns, SSP  
Lessee: Advance Energy Partners, LLC  
Lease Date: April 10, 2018  
Recorded: Book 2134, Page 208  
Number of Gross Acres: 80  
Number of Net Acres: 13.3333  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None
- 4) Lessor: Dean Kenneth Kinsolving, SSP  
Lessee: Advance Energy Partners, LLC  
Lease Date: April 10, 2018  
Recorded: Book 2133, Page 901  
Number of Gross Acres: 80  
Number of Net Acres: 13.3333

Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

5) Lessor: Gisele Renee Newton, SSP  
Lessee: Advance Energy Partners, LLC  
Lease Date: April 10, 2018  
Recorded: Book 2135, Page 728  
Number of Gross Acres: 80  
Number of Net Acres: 6.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

6) Lessor: Milton R. Parrott, Personal Representative of the Estate of Brenda Doyle  
Anderson  
Lessee: Advance Energy Partners, LLC  
Lease Date: May 21, 2018  
Recorded: Book 2136, Page 463  
Number of Gross Acres: 80  
Number of Net Acres: 6.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

7) Lessor: Beverly Etta Irene Ruzicka  
Lessee: Advance Energy Partners, LLC  
Lease Date: June 27, 2018  
Recorded: Book 2137, Page 314  
Number of Gross Acres: 80  
Number of Net Acres: 6.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

Tract No. 4

Description of Land and Lease Committed: Township 21 South, Range 32 East, N.M.P.M.  
Section 35: N/2 SE/4, below the depths of  
10,024'

- 1) Lessor: Dean K. Kinsolving  
Lessee: Jetstream Oil and Gas, LP  
Lease Date: November 30, 2017  
Recorded: Book 2126, Page 380  
Number of Gross Acres: 80  
Number of Net Acres: 13.3333  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None
  
- 2) Lessor: Lillian A. Graham, SSP  
Lessee: Jetstream Oil and Gas, LP  
Lease Date: November 30, 2017  
Recorded: Book 2126, Page 382  
Number of Gross Acres: 80  
Number of Net Acres: 26.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None
  
- 3) Lessor: Mary Lou Ann Stearns  
Lessee: Jetstream Oil and Gas, LP  
Lease Date: November 30, 2017  
Recorded: Book 2126, Page 381  
Number of Gross Acres: 80  
Number of Net Acres: 13.3333  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None
  
- 4) Lessor: Gisele Newton  
Lessee: Jetstream Oil and Gas, LP  
Lease Date: November 30, 2017  
Recorded: Book 2126, Page 378  
Number of Gross Acres: 80  
Number of Net Acres: 6.667  
Authority for Pooling: Lease Provision provides for Pooling



Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

5) Lessor: Bennie A. Anderson  
Lessee: Jetstream Oil and Gas, LP  
Lease Date: November 20, 2017  
Recorded: Book 2126, Page 379  
Number of Gross Acres: 80  
Number of Net Acres: 6.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

6) Lessor: Estate of Brenda D. Anderson  
Lessee: Jetstream Oil and Gas, LP  
Lease Date: April 2, 2018  
Recorded: Book 2134, Page 483  
Number of Gross Acres: 80  
Number of Net Acres: 6.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

7) Lessor: Beverly Ruzicka  
Lessee: Jetstream Oil and Gas, LP  
Lease Date: November 30, 2017  
Recorded: Book 2128, Page 129  
Number of Gross Acres: 80  
Number of Net Acres: 6.6667  
Authority for Pooling: Lease Provision provides for Pooling  
Lease Owner: Advance Energy Partners, LLC  
Name of Working Interest Owners: Advance Energy Partners, LLC  
ORRI Owners: None

**RECAPITULATION**

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	20.000%
2	160.00	40.000%
3	80.00	20.000%
4	<u>80.00</u>	<u>20.000%</u>
Total	400.00	100.000%