



602 Park Point Dr, Suite 200  
Golden, CO 80401

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May 20, 2020

New Mexico State Land Office  
Attn: Niranjan Khalsa  
310 Old Santa Fe Trail  
Santa Fe, NM 87504-1148

Re: Hyperion State #137H Communitization Agreement

Ms. Khalsa:

Enclosed please find the following items pertaining to the Hyperion State #137H Communitization Agreement covering the W/2E/2 of Section 20, Township 24 South, Range 33 East, Lea County, New Mexico:

- 1) Communitization Agreement Form
- 2) 3X original signature pages
  - a. Hyperion State #137H Operator Tap Rock Operating LLC
  - b. VB-0179 Record Title Owner Tap Rock Resources LLC
  - c. V0-2884 Record Title Owner Tap Rock Resources LLC
- 3) Check #26674 in the amount of \$100.00

Please let us know if you need anything else.

Thanks,

**Erica Hixson**

Landman  
Office: 720-460-3316  
602 Park Point Drive Suite 200  
Golden, Colorado 80401  
[ehixson@taprk.com](mailto:ehixson@taprk.com)



**STATE/STATE OR  
STATE/FEE**  
Revised March 2017

### ONLINE Version

Well Name: **Hyperion State #137H**

API #: 30 - **25** - 46765

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 undersigned as follows:

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

Subdivisions

**W/2E/2**

Of Sect(s) **20** Twnshp **24S** Rng **33E** NMPM **Lea** County, NM

containing **160** acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **Tap Rock Operating LLC** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **Tap Rock Operating LLC**.
5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.
6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.
7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.
8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.
9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be



terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: Tap Rock Operating LLC

BY: Clayton Sporich, as VP Land & Legal

Name and Title of Authorized Agent

[Signature]

Signature of Authorized Agent

### Acknowledgment in an Individual Capacity

State of Texas )  
County of Dallas )

This instrument was acknowledged before me on May 15, 2020 Date

By Clayton Sporich, as VP of Land and Legal for Tap Rock Operating, LLC.  
Name(s) of Person(s)



[Signature]

Signature of Notarial Officer

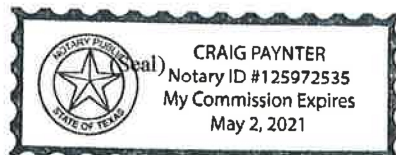
My commission expires: May 2, 2021

### Acknowledgment in an Representative Capacity

State of Texas )  
County of Dallas )

This instrument was acknowledged before me on May 15, 2020 Date

By Clayton Sporich, as VP of Land and Legal for Tap Rock Operating, LLC.  
Name(s) of Person(s)



[Signature]

Signature of Notarial Officer

My commission expires: May 2, 2021

VB-0179  
LEASE #: \_\_\_\_\_

LESSEE OF RECORD: **Tap Rock Resources, LLC**

BY: **Clayton Sporich, as VP Land & Legal**

Name & Title of Authorized Agent

*CS*  
Signature of Authorized Agent

**Acknowledgment in an Individual Capacity**

State of Texas )  
County of Dallas )

This instrument was acknowledged before me on May 15, 2020 Date

By Clayton Sporich, as VP of Land and Legal for Tap Rock Resources, LLC.  
Name(s) of Person(s)



*SK*  
Signature of Notarial Officer

My commission expires: May 2, 2021

**Acknowledgment in an Representative Capacity**

State of Texas )  
County of Dallas )

This instrument was acknowledged before me on May 15, 2020 Date

By Clayton Sporich, as VP of Land and Legal for Tap Rock Resources, LLC.  
Name(s) of Person(s)



*SK*  
Signature of Notarial Officer

My commission expires: May 2, 2021

LEASE # V0-2884

LESSEE OF RECORD: Tap Rock Resources, LLC

BY: Clayton Sporich, as VP Land & Legal

Name & Title of Authorized Agent

CS  
Signature of Authorized Agent

**Acknowledgment in an Individual Capacity**

State of Texas )  
County of Dallas )

This instrument was acknowledged before me on May 15, 2020 Date

By Clayton Sporich, as VP of Land and Legal for Tap Rock Resources, LLC.  
Name(s) of Person(s)



SK  
Signature of Notarial Officer

My commission expires: May 2, 2021

**Acknowledgment in an Representative Capacity**

State of Texas )  
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This instrument was acknowledged before me on May 15, 2020 Date

By Clayton Sporich, as VP of Land and Legal for Tap Rock Resources, LLC.  
Name(s) of Person(s)



SK  
Signature of Notarial Officer

My commission expires: May 2, 2021

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated **March 1, 2020**  
by and between **Tap Rock Operating LLC** company and **Tap Rock Resources LLC**,

the Subdivisions **W/2E/2**,  
Sect **20**, Twnshp **24S**, Rnge **33E**, NMPM **Lea** County, NM

Limited in depth from \_\_\_\_\_ ft to \_\_\_\_\_ ft. (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: **Tap Rock Operating LLC**

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: **State of New Mexico**

Lessee of Record: **Tap Rock Resources LLC**

Serial No. of Lease: **VB-0179** Date of Lease: **1/1/1988**

Description of Lands Committed:

Subdivisions: **W/2SE/4**  
Sect **20** Twnshp **24S** Rng **33E** NMPM **Lea** County NM  
No. of Acres: **80**

**TRACT NO. 2**

Lessor: **State of New Mexico**

Lessee of Record: **Tap Rock Resources LLC**

Serial No. of Lease: **V0-2884** Date of Lease: **2/1/1989**

Description of Lands Committed:

Subdivisions: **W/2NE/4**  
Sect **20** Twnshp **24S** Rng **33E** NMPM **Lea** County NM  
No. of Acres: **80**

**TRACT NO. 3**

Lessor:

Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands Committed:

Subdivisions:

Sect              Twnshp              Rng              NMPM              County NM

No. of Acres:

**TRACT NO. 4**

Lessor:

Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands Committed:

Subdivisions:

Sect              Twnshp              Rng              NMPM              County NM

No. of Acres:

**RECAPITULATION**

| <b>Tract number</b> | <b>Number of Acres<br/>Committed</b> | <b>Percentage of Interest<br/>in Communitized Area</b> |
|---------------------|--------------------------------------|--|
| No. 1               | <b>80</b>                            | <b>50%</b>   |
| No. 2               | <b>80</b>                            | <b>50%</b>   |
| No. 3               |                                      |  |
| No. 4               |                                      |  |
| <b>TOTAL</b>        | <b>160</b>                           | <b>100%</b>  |



**Tap Rock Operating**  
602 Park Point Drive  
Suite 200  
Golden, CO 80401

PAGE: 1 OF 1

| VENDOR NAME                  | VENDOR NO. | CHECK DATE | CHECK NUMBER | NET AMOUNT |
|------------------------------|------------|------------|--------------|------------|
| COMMISSIONER OF PUBLIC LANDS | 1164       | 4/14/2020  | 26674        | \$100.00   |

| VOUCHER             | VENDOR INV # | INV DATE | TOTAL<br>AMOUNT | PRIOR PMTS<br>& DISCOUNTS | NET<br>AMOUNT |
|---------------------|--------------|----------|-----------------|---------------------------|---------------|
| 04-AP-544           | 040820A      | 04/08/20 | 100.00          | 0.00                      | 100.00        |
| TOTAL INVOICES PAID |              |          |                 |                           | 100.00        |

FOR SECURITY PURPOSES, THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK



**Tap Rock Operating**  
602 Park Point Drive  
Suite 200  
Golden, CO 80401

JP Morgan Chase

No. **26674**

12-101/1020

**COPY - ORIGINAL BEING SENT VIA  
FEDEX**

| DATE      | CHECK NO. | AMOUNT   |
|-----------|-----------|----------|
| 4/14/2020 | 26674     | \$100.00 |

PAY  COMMISSIONER OF PUBLIC LANDS  
TO THE PO BOX 1148  
ORDER OF SANTA FE, NM 87504-1148

7

Void After 90 Days

SIGNATURE HAS A BLUE-GREEN BACKGROUND • BORDER CONTAINS MICROPRINTING MP

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