

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

**APPLICATION OF ALPHA ENERGY
PARTNERS II, LLC, FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

CASE NO. 25496

**NOTICE OF FILING: EXHIBITS 1, 2 AND 3
AS REBUTTAL EXHIBITS**

Alpha Energy Partners II, LLC, (“Alpha”) through its undersigned attorneys, hereby submits to the Oil Conservation Division (“Division”) for filing in the above-reference case the attached Exhibits 1, 2, and 3, as rebuttal exhibits, for the purpose of rebutting claims made by Warren and Lillie Anderson (“Anderson”) in their Declaration of Respondents Warren Anderson and Lillie Anderson, filed August 25, 2024.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Alpha Energy Partners II, LLC

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, or on party if self-represented, via electronic mail on August 26, 2025:

Elizabeth Ryan – beth.ryan@conocophillips.com
Keri L. Hatley – keri.hatley@conocophillips.com
Attorneys for ConocoPhillips Company

Deana M. Bennett – deana.bennett@modrall.com
Earl E. DeBrine, Jr. – earl.debrine@modrall.com
Attorneys for The City of Carlsbad
Attorneys for Magnum Hunter Production and
Coterra Energy, Inc.

Warren Anderson and Lilli Anderson - Warzulu91@gmail.com
Self-Represented

/s/ Darin C. Savage
Darin C. Savage

ALPHA

P.O. Box 10701, Midland, Texas 79702

April 22, 2025

Bobby W. Anderson
1301 Forest Ave
Pasadena, CA 91103

Re: Hollywood Star Fee Well Proposals
Hollywood Star 17-18 Fee Com 503H
Hollywood Star 17-18 Fee Com 553H

S2N2 of Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico.

To Whom it May Concern,

Alpha Energy Partners II, LLC ("AEP II"), on behalf of Paloma Permian AssetCo ("Paloma"), as Operator, hereby proposes the drilling of the following wells located within Section 17, Township 22 South, Range 27 East and Section 18, Township 22 South, Range 27 East, to the Bone Spring Formations:

WELL NAME	SHL	BHL	FTP	LTP	TVD	TMD	FORMATION
Hollywood Star Fee 17-18 503H	2,432' FSL & 372' FWL of 16-22S-27E	1,980' FNL & 50' FWL of 18-22S-27E	1,980' FNL & 100' FEL of 17-22S-27E	1,980' FNL & 100' FWL 18-22S-27E	7,140'	17,400'	2 nd Bone Spring
Hollywood Star Fee 17-18 553H	2,394' FSL & 372' FWL of 16-22S- 27E	1,980' FNL & 50' FWL of 18-22S-27E	1,980' FNL & 100' FEL of 17-22S-27E	1,980' FNL & 100' FWL 18-22S-27E	7,860'	18,150'	3 rd Bone Spring

AEP II reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. AEP II will advise you of any such modifications.

AEP II is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement which will promptly be provided upon request. The Operating Agreement dated May 1, 2024, by and between Paloma Permian AssetCo, as Operator and covers Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico, and has the following general provisions: (JOA will be supplied upon request/participation)

- 100/300/300 Non-consenting penalty
- \$10,000/\$1,000 Drilling and Producing rate
- Paloma Permian AssetCo, LLC named as Operator

If you do not wish to participate in the Operation, AEP would like to discuss the Leasing or Purchase of your mineral interest to AEP under the following terms:

Lease:

- \$6,000/acre lease bonus;
- 1/4th royalty rate;
- 3 year primary term, with 2 year option to extend, Paid Up;

EXHIBIT
1

In the interest of time, if we do not reach an agreement within 30 days of the date of this letter, AEP II will apply to the New Mexico Oil Conservations Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

If you do not wish to lease or sell your mineral interest, please indicate your participation elections in the spaces provided below, sign, and return (1) copy of this letter along with a signed copy of the enclosed AFEs and a copy of your geologic requirements to my attention at the letterhead address or by email at john@alphapermian.com. Thank you for your time and consideration, feel free to reach out if you have any questions.

Respectfully,

John Coffman
Alpha Energy Partners II, LLC
Office: 508 W. Wall St., 12th Floor, Midland, Texas 79701
Mailing: P.O. Box 10701, Midland, Texas 79702
(O) 432-219-8853 (email) john@alphapermian.com

[Elections on page to follow]

____ I/We hereby elect to participate in **Hollywood Star 17-18 Fee 503H**
____ I/We hereby elect **not** to participate in **Hollywood Star 17-18 Fee 503H**

____ I/We hereby elect to participate in **Hollywood Star 17-18 Fee 553H**
____ I/We hereby elect **not** to participate in **Hollywood Star 17-18 Fee 553H**

Name/Company: _____

By: _____

Title: _____

Date: _____

ALPHA

P.O. Box 10701, Midland, Texas 79702

June 23, 2025

Lillie and Warren Anderson
1301 Forest Ave
Pasadena, CA 91103

Re: Hollywood Star Fee Well Proposals
Hollywood Star 17-18 Fee Com 503H
Hollywood Star 17-18 Fee Com 553H

S2N2 of Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico.

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- 100/300/300 Non-consenting penalty
- \$10,000/\$1,000 Drilling and Producing rate
- Paloma Permian AssetCo, LLC named as Operator

If you do not wish to participate in the Operation, AEP would like to discuss the Leasing or Purchase of your mineral interest to AEP under the following terms:

Lease:

- \$6,000/acre lease bonus;
- 1/4th royalty rate;
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In the interest of time, if we do not reach an agreement within 30 days of the date of this letter, AEP II will apply to the New Mexico Oil Conservations Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

If you do not wish to lease or sell your mineral interest, please indicate your participation elections in the spaces provided below, sign, and return (1) copy of this letter along with a signed copy of the enclosed AFEs and a copy of your geologic requirements to my attention at the letterhead address or by email at john@alphapermian.com. Thank you for your time and consideration, feel free to reach out if you have any questions.

Respectfully,

John Coffman
Alpha Energy Partners II, LLC
Office: 508 W. Wall St., 12th Floor, Midland, Texas 79701
Mailing: P.O. Box 10701, Midland, Texas 79702
(O) 432-219-8853 (email) john@alphapermian.com

[Elections on page to follow]

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____ I/We hereby elect **not** to participate in **Hollywood Star 17-18 Fee 503H**

____ I/We hereby elect to participate in **Hollywood Star 17-18 Fee 553H**
____ I/We hereby elect **not** to participate in **Hollywood Star 17-18 Fee 553H**

Name/Company: _____

By: _____

Title: _____

Date: _____

From: John Coffman John@alphapermian.com
Subject: Re: Lease
Date: August 21, 2025 at 8:38 AM
To: warzulu24 warzulu24@gmail.com

JC

Thank you Warren.

\$1.50 per barrel is still \$1,620,000 for both of the wells. In addition to the monthly and yearly rental being a total of \$74,400. We are still a ways off on the value of the acreage.

\$1,694,400 in total compensation for your comes out to \$6,150,674.09/per acre.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Thursday, August 21, 2025 9:28 AM
To: John Coffman <John@alphapermian.com>
Subject: Lease

Sent from my T-Mobile 5G Device

EXHIBIT
2

From: John Coffman John@alphapermian.com
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...
Date: August 5, 2025 at 3:26 PM
To: warzulu24 warzulu24@gmail.com

JC

Warren,

Just to follow up from our call. The tract we are discussing is located in the S2N2 which would be case 25496, cases 25495, 25497, and 25498 that you have filed objections to do not have any tracts that you own an interest in.

Thank you sir,

John Coffman

From: John Coffman <John@alphapermian.com>
Sent: Tuesday, August 5, 2025 1:29 PM
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Warren,

I see your objection to the Hollywood Star cases. Have you had a chance to look over my comments below?

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 4, 2025 10:18 AM
To: John Coffman <John@alphapermian.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Mr. Coffman I'm still looking over the the agreement / Lease 🙏 thank you for your patience

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/1/25 9:32 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Yes sir take your time.

Get [Outlook for iOS](#)

From: warzulu24 <warzulu24@gmail.com>
Sent: Friday, August 1, 2025 11:31:16 AM
To: John Coffman <John@alphapermian.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Thank you Mr. John Coffman for your response.
Can I get back to you @ the end of today & I will answer your questions thank you in advance.

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/1/25 8:20 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Warren,

I have a few questions on this agreement.

- Is the \$18,000 payment per acre or a flat fee for the 0.275482 net mineral acres?
- We are agreeable to a 25% royalty however, does the \$10 per barrel minimum price mean that our marketing of the crude needs to be above \$10 per barrel or are you requesting that we pay you \$10 per barrel under the agreement? Is this proportionately reduced or would this be a flat \$10 per barrel for every barrel produced from the lands?

I can discuss with our team paying a flat fee of \$5,000 for your interest which would come out to be \$18,150 per acre. This figure is above market price.

The way that I read your letter is that the total consideration for your interest would be:

- \$18,000 per year for 3 years
- \$1,000 per month for a total of 36 months
- 25% royalty
- \$10 per barrel

Total cash consideration being \$90,000 (\$326,700 per acre)

Please let me know if I am misinterpreting any of the above.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>

FROM: waizaidet <waizaidet@gmail.com>

Sent: Wednesday, July 30, 2025 1:02 PM

To: John Coffman <John@alphapermian.com>

Subject: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it's As...

Sent from my T-Mobile 5G Device

From: John Coffman John@alphapermian.com
Subject: Re: Re:
Date: August 20, 2025 at 8:55 AM
To: warzulu24 warzulu24@gmail.com

JC

Warren,

If we take your interest specifically and we assume for this example that the 2 wells will pay out 300% (which means it produces enough oil to pay for the cost of drilling three times over throughout the life of the well). That means that for your share, if you were to participate, the revenue from the well would pay back \$63,052 minus your original investment of \$15,763 would leave you with \$47,289 of profit. The current amount you are looking for would be close to double that amount, meaning that the wells would have to pay out 600%, which in this current price environment, is not possible and I have yet to see a well pay out to that extent.

In the scenario we lease you, Alpha would be taking on that \$15,763 investment in the 2 wells. Using the same example that the wells pay out 300%, you would receive 25% royalty of the 300% which comes out to be \$15,763 worth of royalties paid to you over the life of the 2 wells as well as the \$5,000 flat bonus for the lease.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 3:39 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

John how is that a feasible agreement for both parties

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/19/25 12:47 PM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

That would be the initial estimate costs due by you, for your proportionate share of the Drilling and Completion of the well. You would be a partner in those 2 wells and receive your share of the revenue when they are producing but you would also be liable for the costs of any workovers (usually minimal payments after the Drilling and Completion costs) in the future.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 2:43 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

John would that 15,763.00 be a monthly payment from us or a one time payment asking us to put up that amount to participate or would we be receiving that 15,763.00 on monthly or quarterly payment arrangement

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/19/25 11:55 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Thank you Warren, I'm not sure on the engineering side if these wells will make 540,000 barrels but an \$8 per barrel payment is somewhere in the neighborhood of \$8,640,000 (\$4,320,000 for the 2 wells you own in). Is that correct?

I think even at \$15,000 per year, \$900 per month for the first 3 years, and the \$8 per barrel figure, we are still too far off on value. And just to clarify, you are more than able to participate in these wells and receive your proportionate share of the production, those figures are below.

.275482 net acres/ 316.92 contract area = .000869247 Working interest and Net Revenue Interest.

.000869247 x (\$8,998,611 (being the 503H AFE cost) + \$9,135,664 (being the 553H AFE cost) = **\$15,763.16** would be the estimated cost to participate in the 503H and 553H wells you own in.

Thank you sir,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 1:37 PM
To: John Coffman <John@alphapermian.com>; warzulu24@gmail.com <warzulu24@gmail.com>
Subject: Re: Re:

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/19/25 10:54 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Thank you Warren, is that separate from the monthly \$1,000? Essentially \$30,000 per year for 3 years?

Also, is the \$10 per barrel proportionately reduced or is that a flat \$10 per barrel from both wells per barrel?

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 12:46 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

Good morning John the 18,000.00 thousand is a flat one time payment per year that's it , it's not per acre
Thank for asking

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/18/25 7:47 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Good Morning Warren,

Just wanted to follow up and see if you had time to look at the questions below.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 3:04 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

Ok John let me get back to you in a couple of days thank you for your response

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/11/25 12:28 PM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Yes sir that would be great just the following would be helpful:

res on that would be great, just the following would be helpful.

-Is the \$18,000 payment per acre or a flat fee for the 0.275482 net mineral acres?
 -We are agreeable to a 25% royalty however, does the \$10 per barrel minimum price mean that our marketing of the crude needs to be above \$10 per barrel or are you requesting that we pay you \$10 per barrel under the agreement? Is this proportionately reduced or would this be a flat \$10 per barrel for every barrel produced from the lands?

The way that I read your letter is that the total consideration for your interest would be:

- \$18,000 per year for 3 years
- \$1,000 per month for a total of 36 months
- 25% royalty
- \$10 per barrel

Total cash consideration being \$90,000 (\$326,700 per acre)?

If we cannot come to an agreement you are always welcome to participate in the project with your interest. That cost breakdown is below:

.275482 net acres/ 316.92 contract area = .000869247 Working interest and Net Revenue Interest.

.000869247 x (\$8,998,611 (being the 503H AFE cost) + \$9,135,664 (being the 553H AFE cost) = **\$15,763.16** would be the estimated cost to participate in the 503H and 553H wells you own in.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 2:18 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

John Coffman the attachment is the answers to your previous questions from last week before the OCD hearing .
 If you need a break down I will send a break down

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/11/25 12:05 PM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Warren,

I just received the attachment only, did you mean to send a response in the email as well?

Thank you sir,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 2:04 PM
To: John Coffman <John@alphapermian.com>
Subject: Re:

Good afternoon Mr Coffman

Hopefully I answered your questions

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/11/25 11:45 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re:

Good Afternoon Warren,

Do you mind breaking down the changes from the first agreement and this agreement? All of the terms look the same.

Thank you sir,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 1:36 PM
To: John Coffman <John@alphapermian.com>
Subject:

Sent from my T-Mobile 5G Device

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

All previous Memorandum's have lease between will have nothing to do with this lease.

This Memorandum of Oil, Gas, and Mineral Lease (this "Memorandum") is executed by **Lillie Anderson**, whose address is 1301 Forest Avenue, Pasadena, California 91103 ("Lessor"), and **Alpha Energy Partners II, LLC**, a Texas limited liability company whose address is P.O. Box 10701, Midland, Texas 79702 ("Lessee"), to provide notice of that certain Oil, Gas and Mineral Lease between the parties (the "Lease") dated to be effective **July 8, 2024** (the "Effective Date"), covering the lands described on the attached Exhibit A, and any contiguous or adjacent lands (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition (collectively the "Leased Premises").

Please read all notes and comply with adjustments.

The Lease grants, leases, and lets the Leased Premises to Lessee with the exclusive rights of exploring, drilling, mining and operating for, producing and owning oil, gas, and minerals produced in association with oil and gas, together with the right to make surveys, lay pipe lines, establish and utilize facilities for surface and subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses, and other structures on the Leased Premises, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the Leased Premises or any other land adjacent thereto.

Lessee must pay for exclusive rights that are 1/19th interest.

The Lease is for a primary term of three (3) years from the Effective Date, with an option for Lessee to extend the primary term for an additional two (2) years. The Lease includes provisions allowing for the Lease to be perpetuated beyond the primary term by production and operations. *This lease will be reevaluated once a year.*

This Memorandum is being placed of record in the county or counties in which the Leased Premises are located for the purpose of placing all persons on notice of the existence of the Lease. In the event of a conflict between the Lease and this Memorandum, the terms of the Lease shall prevail. This Memorandum may be executed in multiple counterparts.

IN WITNESS WHEREOF, this Memorandum is executed as of the acknowledgment dates below, to be effective as of the Effective Date.

[Signature Pages Follow]

The Lessee will pay The Lessor \$50,000 UP FRONT BEFORE ANY OF THIS MEMORANDUM OF OIL, GAS AND MINERAL LEASE CAN TAKE EFFECT OR BE PUT IN PLACE.

LESSOR:

LILLIE ANDERSON

ACKNOWLEDGMENT

STATE OF §

COUNTY OF §

This instrument was acknowledged before me on ____ day of _____, 2024, by Lillie Anderson.

(seal)

Notary Public – State of _____

My Commission Expires: _____

LESSEE:

Alpha Energy Partners II, LLC,
a Texas limited liability company

By: _____
[signature]

[printed name]

[title]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on _____, 20____,
by _____, as _____ of Alpha Energy Partners II, LLC, a
Texas limited liability company, on behalf of said limited liability company.

Notary Public - State of Texas

My Commission Expires: _____

(seal)

Exhibit A

Description of the Leased Premises

Attached to and made a part of that certain Memorandum of Oil, Gas and Mineral Lease by Lillie Anderson, as Lessor, and Alpha Energy Partners II, LLC, as Lessee.

Township 22 South, Range 27 East, N.M.P.M.

Section 18:

**0.275482 acres, more or less, Lots 2 and 4, Block 17 of the New San Jose Subdivision,
as recorded in Cabinet 2, Slide 16-1, Plat Records of Eddy County, New Mexico**



LEGACYONSHORE.COM

August 9, 2024

Lillie Anderson
1301 Forest Avenue
Pasadena, California 91103

Re: Proposed Oil and Gas Lease
Eddy County, New Mexico

Gross Acres: 0.275482 Net Acres: 0.275482

Dear Mrs. Anderson,

Alpha Energy Partners II, LLC would like to lease your mineral interest in Eddy County, New Mexico being 0.275482 acres of land, more or less, in Section 18, Township 22 South, Range 27 East, described as Lots 2 and 4, Block 17 of the New San Jose Subdivision, as recorded in Cabinet 2, Slide 16-1, Plat Records of Eddy County, New Mexico.

Enclosed for your review is an oil, gas and mineral lease, which, based on our cursory review of the public records, indicates that you may own a percentage of the minerals in 0.275482 gross acres or 0.275482 net mineral acres. Alpha Energy Partners II, LLC is offering ~~\$3,000.00~~ per net mineral acre for a 3-Year Lease and a 25% Royalty, with a 2 year option to extend at \$3,000.00 per net mineral acres. ~~\$12,000.00~~

~~NO LONGER THAN 60 DAYS~~ I have also included a ~~60 day~~ Order for Payment in the amount ~~\$826.45~~ ^{12,479.35} representing the full bonus payment due. Upon our receipt of the original signed and notarized Lease along with the completed W-9 form and signed Order for Payment we will have ~~60~~ ¹⁰ days to do a more complete examination of your title and tender the initial bonus consideration. Because the lands and ownership set forth in the enclosed lease agreement have not yet been verified by our title examiners, there is some possibility that the Order for Payment amount will change. When we complete our title research, we will adjust the amount due under the Order for Payment accordingly. This adjustment, if any, will be based on your actual ownership in the subject lands as reflected in the Eddy County Clerk's records.

If you would like to proceed with leasing your interest, please follow the steps set out below:

1. Sign the Lease, Order for Payment, Addendum, Memorandum W-9, and Owner Information Sheet exactly as your name appears. The Lease should be executed before a Notary Public.
2. Return the signed Lease, Order for Payment, Addendum, Memorandum, W-9, and Owner Information Sheet to our office in the enclosed postage-paid envelope.

THIS OFFER TO LEASE IS NOT OPEN-ENDED; THEREFORE, WE REQUEST THAT YOU SIGN AND RETURN ALL LEASE DOCUMENTS TO THE ADDRESS LISTED ABOVE NO LATER THAN **September 8, 2024**.

If you should have any questions, please feel free to contact me at **(936) 718-0424** or **dana26jill@yahoo.com**.

Thank you in advance for your consideration in this matter.

Sincerely,

Dana J. Nelson

OFP# NSG-0083Prospect: The DuderDate: 08/08/2024**ORDER FOR
PAYMENT****Lillie Anderson**

of 1301 Forest Avenue, Pasadena, California 91103, hereinafter called "Lessor/Grantor", does hereby confirm that on this date Lessor/Grantor executed an Oil, Gas and Mineral Lease (the "Agreement") in favor of **Alpha Energy Partners II, LLC**, P.O. Box 10701, Midland, Texas 79702 hereinafter called "Lessee", covering a tract of land ("Premises") containing 0.275482 acres,

Township 22 South, Range 27 East, N.M.P.M.**Section 18:**

**0.275482 acres, more or less, Lots 2 and 4, Block 17 of the New San Jose Subdivision,
as recorded in Cabinet 2, Slide 16-1, Plat Records of Eddy County, New Mexico**

County of Eddy, State of New Mexico.**TWO THOUSAND FOUR HUNDRED SEVENTY DOLLARS**As consideration for said Agreement, Lessee hereby agrees to pay: ~~**Eight Hundred and Twenty-Six and**~~

45/100 Dollars (\$826.45) to said Lessor/Grantor (subject to approval of Lessor/Grantor's title) on or before sixty ~~(60)~~ ¹⁰ days from receipt by Lessee of the fully executed Agreement and original executed Order For Payment at the Mailing Address below. If such payment is not received by the specified date, Lessor/Grantor should notify Lessee by Certified Mail of such fact. Lessee shall then have fifteen ~~(15)~~ ⁵ days after receipt of notification to research and make such payment or the Agreement shall be null and void.

If Lessee determines that the Lessor/Grantor's ownership is less than the entire undivided interest in the oil and gas or other rights in the Premises, then the dollar amount specified above shall be paid to Lessor/Grantor only in the proportion that the actual interest in the Premises covered by the Agreement bears to the entire interest in those lands. Should Lessor/Grantor own more or less than the net acre interest specified below, Lessee may increase or reduce the specified dollar amount proportionately.

Gross Acres 0.275482

Net Acres 0.275482

Price Per Net Acre: **\$12,000.00** ~~\$2,000.00~~**ORDER FOR PAYMENT PREPARED BY:** Norma S. Greenlee**LESSOR/GRANTOR:**Lillie Anderson(Date)(Social Security No./Tax ID - REQUIRED)**MAILING ADDRESS:****Alpha Energy Partners II, LLC, P.O. Box 10701, Midland, Texas 79702 Attn: Land Department****Alpha Energy Partners II, LLC, P.O. Box 10701, Midland, Texas 79702****LAND DEPT. USE ONLY****OFP RECEIVED DATE:** _____ **PAYMENT DUE DATE:** _____**LEASE NO:** _____ **ACCOUNT CODING:** _____**PROSPECT/PROJECT NO.:** _____ **AFE NO.:** _____**PAYMENT APPROVED BY:** _____ **DATE:** _____

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made on **July 8, 2024**, between **Lillie Anderson**, Lessor, whose address is **1301 Forest Avenue, Pasadena, California 91103** and **Alpha Energy Partners II, LLC**, Lessee, whose address is **P. O. Box 10701, Midland, Texas 79702**.
WITNESSETH:

1. Lessor, in consideration of TEN AND NO/100 Dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the Leased Premises for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on the Leased Premises, lay pipe lines, establish and utilize facilities for surface and subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses, and other structures on the Leased Premises, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the Leased Premises or any other land adjacent thereto. The land covered hereby, herein called the "Leased Premises", is located in the County of **Eddy**, State of New Mexico, and is described as follows:

Township 22 South, Range 27 East, N.M.P.M.

Section 18:

**0.275482 acres, more or less, Lots 2 and 4, Block 17 of the New San Jose Subdivision,
as recorded in Cabinet 2, Slide 16-1, Plat Records of Eddy County, New Mexico**

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of the Leased Premises. For the purpose of determining the amount of any bonus or other payment hereunder, the Leased Premises shall be deemed to contain **0.275482 acre(s)**, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon the Leased Premises or lands pooled therewith, with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal (1/4) part of all oil produced and saved by Lessee from the Leased Premises, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such (1/4) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear (1/4) of the cost of treating oil to render it marketable pipe line oil; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be (1/4) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided the Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder, and (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from the Leased Premises, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be ~~Twenty~~ ^{one} dollars ~~per long ton~~ ^{per short ton}. If, at the expiration of the primary term or at any time or times thereafter, there is any well on the Leased Premises or on lands with which the Leased Premises or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on the Leased Premises for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separators, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on the Leased Premises, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar ~~per acre~~ ^{per acre} for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be paid or tendered to Lessor, his successors or assigns at the address above. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownership thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to the acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals, subsurface depths, or horizons for the production of oil & gas. If units, either at the time established or after enlargement, are prescribed or permitted under any governmental rule or order for the drilling or operation of a well at a regular location, to conform to any established well spacing or density pattern, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged or to the size so prescribed or permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on the Leased Premises, or on the portion of the Leased Premises included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes except the payment of royalty, operations conducted upon the Leased Premises under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment

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hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result from the inclusion of such separate tracts within this lease, nor shall this lease or any declaration of pooling hereunder be construed as an attempt or offer to pool or unitize any interest that Lessor has no right to commit to pooling or unitization, but Lessee shall nevertheless have the right to pool or unitize the interest of Lessor as provided in this paragraph 4 with the consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" means any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the Leased Premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file of record a release or releases of this lease as to any part or all the Leased Premises or of any mineral or horizon there under, and thereby be relieved of all obligations as to the released acreage or interest.

6. Whenever used in this lease, the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging-back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other minerals, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from the Leased Premises in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on the Leased Premises, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on the Leased Premises without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on the Leased Premises.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of the Leased Premises, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of the Leased Premises or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both expressed and implied, Lessor shall notify Lessee in writing, setting out specifically in what respect Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any act by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of the Leased Premises included in a pooled unit on which there are operations. Lessee shall also have such easements on the Leased Premises as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to the Leased Premises against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on the Leased Premises, but Lessor agrees that Lessee shall have the right at any time to pay or reduce the same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalty or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of the Leased Premises than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

11. If, by reason of force majeure, Lessee is prevented from satisfying or meeting any condition of this lease, or from complying with any express or implied covenant thereof, or from conducting drilling or reworking operations on or producing oil or gas from the Leased Premises on land pooled therewith, then while so prevented and for a period of one hundred eighty (180) days thereafter, such condition shall be suspended, and Lessee shall be relieved of the obligation to comply with such covenant and shall not be liable in damages for failure to comply therewith; and this lease shall be extended and continued in force while and so long as Lessee is prevented by force majeure from conducting drilling or reworking operations on or producing oil or gas from the Leased Premises or land pooled therewith and for one hundred eighty (180) days thereafter; and the time while Lessee is so prevented, plus one hundred eighty (180) days, shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding. The term "force majeure" as used in this lease shall mean and include any one or more of the following: acts of God, floods, storms, explosions, fires, labor troubles, strikes, insurrections, riots, acts of public enemy, scarcity of or inability to obtain or use labor, material, or equipment, federal, state, or local law, ordinance, rule, or regulation of any governmental authority, or inability to identify and secure the right to use a surface location of suitable size and proximity to Lessee's desired placement of any wellbore. Without limitation, force majeure includes the inability to obtain a permit for drilling or operating a well from each governmental or municipal authority having jurisdiction as may be legally required subject only to such conditions and requirements as are acceptable to Lessee, in its sole discretion, and such force majeure shall be considered to continue while and so long as any application for a permit, or for amendment or modification thereof or for a variance from any regulation or ordinance, or any similar application is pending, or at any time any such application has been rejected and so long after any such rejection as Lessee is engaged in efforts to secure a permit for operations hereunder on terms that are acceptable to Lessee. Likewise, it being recognized that some or all of the Leased Premises, and lands that may be pooled therewith, are within developed areas in which surface improvements and uses exist that may interfere with Lessee's ability to drill and operate wells and take and market oil and gas produced hereunder, force majeure includes Lessee's inability to place or locate surface facilities and equipment where Lessee considers it necessary or suitable, in Lessee's sole discretion, for the development and operation of the Leased Premises for oil and gas production at reasonable cost and without interference from or with other surface uses or undue risk of injury or damage to persons or property.

12. Lessee shall have the right, by the payment or tender to Lessor at any time before the end of the original primary term of a sum equal to the amount per acre paid by Lessee to Lessor for the execution of this lease, to extend the primary term hereof for an additional period of two (2) years. If such payment is timely made or tendered, the "primary term", as that term is defined in paragraph 7, shall be considered for all intents and purposes of this lease to be ~~two~~ ^{one} years. The payment or tender of said sum may be by check or draft and may be delivered or mailed to Lessor at the address of Lessor set forth herein or at such other address of which Lessor shall have notified Lessee in writing. In the event of the death of any person entitled to such payment, Lessee may pay or tender it in the name of the deceased or the estate of the deceased, at the address of the deceased according to Lessee's records, until such time as Lessee is furnished with proper evidence of the appointment and qualification of a personal representative of the estate or, if there is no administration of the estate, until Lessee is furnished satisfactory evidence of the identity and address of each heir or devisee of the deceased and that all debts of the estate have been paid. If two or more persons are entitled to the payment that Lessee may make under this paragraph, Lessee may pay or tender said sum to them jointly, with delivery or mail to the address of any of them. Payment or tender to any person entitled to such payment of his proportionate share shall extend

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*Note: LESSOR OR LESSEE CAN
TERMINATE THE LEASE agreement with a 60 DAY NOTICE.*

Lessor's mortgage on the Leased Premises to Lessee's Oil and Gas Leases or some other similar agreement. Lessee will mail a copy of the executed and recorded Lien Subordination Agreement or similar agreement when finalized. When the Lessee has finalized its Lien Subordination Agreement or similar agreement with the Lessor's lender or mortgagor, this limited power-of-attorney herein granted to the Lessee shall in all respects terminate and be revoked.

IN WITNESS WHEREOF, this instrument is executed on _____, 2024.

Lessor:

LILLIE ANDERSON

ACKNOWLEDGMENT

STATE OF }
 }
COUNTY OF }

This instrument was acknowledged before me on ____ day of _____, 2024, by Lillie Anderson.

NOTARY PUBLIC, State of _____

My commission expires: _____

(seal)

ADDENDUM

to Oil, Gas and Mineral Lease dated July 8, 2024
between Lillie Anderson, as Lessor, and Alpha Energy Partners II, LLC, as Lessee

To the extent any of the terms and provisions contained in this addendum conflict with any of the terms and provisions in the lease form to which this Addendum is attached, the terms and provisions of this Addendum shall govern and control. References in this Addendum to "this lease" shall mean the lease form to which this Addendum is attached, and this Addendum, collectively.

1. Only Oil and Gas. This lease covers only oil, gas and minerals produced in association with oil and gas, and Lessor excepts from this lease and reserves all other minerals of every kind and character in, on and under the Leased Premises, together with the right to use such land for the purposes of investigating, exploring, producing, saving, owning and disposing of said other minerals.
2. Gas Royalty. Royalty reserved hereto to Lessor will be paid on the total Btu (British thermal unit) content of the gas allocable to the Lessor's interest in the Leased Premises. The oil and gas produced from the Leased Premises or from any well on any premises with which the Leased Premises may be pooled or unitized shall be volumetrically metered prior to commingling with any other oil or gas, and the Btu content of the metered gas shall be determined prior to the extraction of any liquefiable hydrocarbons except those that may be extracted with conventional field separation facilities. Royalty reserved hereto to Lessor will then be paid on the total production allocable to the Lessor's interest in the Leased Premises.
3. Royalty on Liquids. Lessor shall be entitled to Lessor's fractional royalty share of all condensate, distillate and natural gasoline and all other liquefiable hydrocarbons extracted by or for Lessee from gas produced from the Leased Premises, by any method.
4. Due Dates of Royalty. All royalties that may become due hereunder shall commence to be paid on each well within one hundred eighty (180) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest charged by major U.S. commercial banks, as published in the Wall Street Journal, plus five percent (5%) (not to exceed legal New Mexico interest rate) from their due date until paid.
5. Shut-in Royalty. This lease shall not be maintained solely by the payment of shut-in gas royalty for a period longer than two (2) consecutive years after the expiration of the primary term of this lease.
6. Operations. Notwithstanding paragraph 6 of the printed portion of this lease, the term "operations" as used in this lease shall mean only (i) the production of oil, gas or other hydrocarbons in Paying Quantities from the Leased Premises or lands pooled therewith, and (ii) the actual drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well on the Leased Premises or lands pooled therewith in search for or in an endeavor to obtain production of oil or gas, conducted in good faith and with due diligence; and drilling operations will not be considered as being conducted unless a rig capable of drilling to the prospective depth is actually in place and rotating under power. "Paying Quantities" is defined as production in quantities which are sufficient to yield any return in excess of operating costs even though drilling and equipment costs may or will never be repaid.
7. Depth Severance. At the end of the primary term of this lease, this lease shall terminate as to all depths 100 feet below the stratigraphic equivalent of the deepest producing formation from which production has been obtained in any well on the Leased Premises or lands pooled therewith. If at the end of the primary term, Lessee is engaged in drilling operations on the Leased Premises or lands pooled therewith, then this lease shall terminate as to such depth upon completion of such well.
8. Retained Acreage and Continuous Development. Notwithstanding anything herein to the contrary, at the expiration of the primary term hereof, this Lease shall remain in effect as to all of the Leased Premises for so long as Lessee is then engaged to continuously develop the Leased Premises allowing no more than 180 days to elapse from the date the drilling rig is released from one well until the commencement of actual operations for the drilling of another well on the Leased Premises or lands pooled therewith ("Continuous Development Period"). Unless this Lease is otherwise maintained in force and effect as provided herein, upon the expiration of either the primary term or extension thereof (if Lessee elects not to continuously develop), or the Continuous Development Period, this Lease shall terminate as to all lands not then included within a Producing Unit defined as the maximum amount of acreage permitted within a proration unit for a producing well formed as prescribed or permitted under any governmental rule or order from any governmental agency having jurisdiction thereof.
9. Division Orders. Neither the acceptance of royalties, delay rentals, shut-in royalties or other payments by Lessor (regardless of any notation thereon or instrument accompanying same), nor Lessor's execution of any division order or transfer order or similar instrument, shall ever constitute or be deemed to effect (a) a ratification, renewal or amendment of this lease or of any pooled unit designation filed by Lessee purporting to exercise the pooling rights granted to Lessee in this lease, or (b) a waiver of the rights granted to Lessor, or the obligations imposed upon Lessee, express or implied, by the terms of this lease, or remedies for Lessee's breach thereof, or (c) an estoppel against Lessor preventing Lessor from enforcing Lessor's rights or Lessee's obligations hereunder, express or implied, or from seeking damages for Lessee's breach thereof. Lessor's agreement to accept royalties from any purchaser shall not affect Lessee's obligation to pay royalties pursuant to this Lease. No instrument executed by Lessor shall be effective to constitute a ratification, renewal, extension or amendment of this lease unless the instrument is clearly titled to indicate its purpose and intent. If Lessor agrees to accept payment of royalties from a purchaser of oil or gas produced from the Leased Premises, or from another party designated to distribute royalties other than Lessee, Lessor's acceptance of such payments shall not relieve Lessee of its obligation to pay royalty hereunder except to the extent of payments actually received by Lessor from such third party, and if such third party fails to pay any sums due as royalty under this lease, Lessee shall remain fully liable therefor, whether or not Lessee has received payment for production from such purchaser or third party.
10. Severability. In the event any provision of this lease is found to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of this lease shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality, or unenforceability.

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Signed for Identification:

LILLIE ANDERSON

P9.4 of 4

WE would like to reach an agreement and not have to keep going to the NEW MEXICO oil CONSERVATION DIVISION for compulsory pooling.

In the interest of time, if we do not reach an agreement within 30 days of the date of this letter, AEP II will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

THE PROPERTY can be lease if we can agree on a lease that works for both parties. THE PROPERTY ARE NOT FOR SALE. THE LAND IS NOT FOR SALE.

If you do not wish to lease or sell your mineral interest, please indicate your participation elections in the spaces provided below, sign, and return (1) copy of this letter along with a signed copy of the enclosed AFEs and a copy of your geologic requirements to my attention at the letterhead address or by email at john@alphapermian.com. Thank you for your time and consideration, feel free to reach out if you have any questions.

Hollywood Star Fee Well Proposals
Hollywood Star 17-18 Fee Com 503H
Hollywood Star 17-18 Fee Com 553H

S2N2 of Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico.

ALPHA ENERGY PARTNERS II, LLC (AEP II) HAVE NO PERMISSION TO DO ANY OPERATIONS OR PRODUCTION OR DRILLING ON THIS PROPERTY.

Alpha Energy Partners II, LLC ("AEP II"), on behalf of Paloma Permian AssetCo ("Paloma"), as Operator, hereby proposes the drilling of the following wells located within Section 17, Township 22 South, Range 27 East and Section 18, Township 22 South, Range 27 East, to the Bone Spring Formations:

WELL NAME	SHL	BHL	FTP	LTP	TVD	TMD	FORMATION
Hollywood Star Fee 17-18 503H	2,432' FSL & 372' FWL of 16-22S-27E	1,980' FNL & 50' FWL of 18-22S-27E	1,980' FNL & 100' FEL of 17-22S-27E	1,980' FNL & 100' FWL 18-22S-27E	7,140'	17,400'	2nd Bone Spring
Hollywood Star Fee 17-18 553H	2,394' FSL & 372' FWL of 16-22S-27E	1,980' FNL & 50' FWL of 18-22S-27E	1,980' FNL & 100' FEL of 17-22S-27E	1,980' FNL & 100' FWL 18-22S-27E	7,860'	18,150'	3rd Bone Spring

NO YOU DONT HAVE PERMISSION TO DO NOTHING ON THE PROPERTY.

AEP II reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. AEP II will advise you of any such modifications.

NO YOU DONT HAVE PERMISSION TO DO ANYTHING UNDER THE TERMS OF ANY MODIFIED 1989 AAPL FORM OF OPERATING AGREEMENT.

AEP II is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement which will promptly be provided upon request. The Operating Agreement dated May 1, 2024, by and between Paloma Permian AssetCo, as Operator and covers Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico, and has the following general provisions: (JOA will be supplied upon request/participation)

Lillie Anderson and Warner Anderson
Don't except this operating agreement.

- 100/300/300 Non-consenting penalty
- \$10,000/\$1,000 Drilling and Producing rate
- Paloma Permian AssetCo, LLC named as Operator

THIS offer is unacceptable

If you do not wish to participate in the Operation, AEP would like to discuss the Leasing or Purchase of your mineral interest to AEP under the following terms:

Lease:

- \$6,000/acre lease bonus;
- 1/4th royalty rate;
- 3 year primary term, with 2 year option to extend, Paid Up;

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To Whom It May Concern,

Alpha Energy Partners II, LLC (AEP II) have no permission to do any operations or production or producing any oil by drilling on this property listed.

Bone Spring Formations: No, you do not have permission to do nothing on the property.

No, you do not have permission to do anything under the terms of my modified 1984 AMPL form of operating agreement. Lillie Anderson and Warren Anderson do not accept this operating agreement.

This offer is unacceptable.

BELOW IS OUR RECONSIDERATION OF THE AGREEMENT

Oil, Gas and Energy Lease Agreements

Lessor Asking: \$10.00 Per Barrel of barrel of oil produced from Lessee operations on said property.

Bonus: \$18,000.00

Royalty: 25% (1/4)

And \$1,000.00 Monthly for the first 3 years of Contract

Minimum Price clause: Lessee agrees that any oil from Lessee operations or production of oil produced that the Lessee will pay the Lessor \$10.00 per barrel and not less than \$10.00 per barrel, unless expressly agreed in writing by Lessor. Any sale below this price shall be deemed a breach of Contract.

Lessor has the right to deal with any company it prefers to deal with at any time when it deals with the selling and leasing of said property.

All oil, gas, mineral and hydrocarbons produced and saved on the leased premises shall be subject to a royalty of one fourth (1/4) of the market value at the well or actual proceed, whichever is greater. While

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operation and production is in progress the Lessor shall be paid a one time signing bonus of \$18,000.00 per year for 3 years payable upon the execution of this Lease.

Petroleum products: The term can also refer to a measure of energy known as a barrel of oil equivalent (BOE), which represents the approximate energy content of one barrel of crude oil. Note: Barrel of oil typically refers to a unit of volume equal to 42 US gallons or approximately 159 liters used primarily in the oil and gas industry. This standard barrel is used for measuring both crude oil and refined.

With the operations and production that you plan to be on property listed on pages 2, 3, 4...540,000 barrels of oil which will come from your operation of production, you stand to make 70,000,000 or more. But you want to offer

- *\$6,000/acre lease bonus;

- *1/4th royalty rate;

- *3 year primary item, with 2 year option to extend,

Paid Up

Your offer is not feasible for both parties. Your offer is insulting and you're harassing and bogarting. We won't accept your under-handedness in dealing with the Andersons.

We would like to reach an agreement and not have to keep going to the New Mexico Oil Conservation Division for compulsory pooling. In the interest of time, if we do not reach an agreement, I would like you to stop harassing and bogarting and stop the under-handedness. Your offer is insulting and unacceptable. The property can be leased if we can agree on a lease that works for both parties. The minerals are not for sale. The land is not for sale.

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Thank you for your time and consideration, feel free to reach out if you have any questions. Alpha Energy Partners II LLC You have no permission to do anything on our property listed below.

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Hollywood Star 17-18 Fee Cm 503H
Hollywood Star 17-18 Fee Com 553H
S2N2 of Section 17 and Section 18 of Township 22
South, Range 27 East, Eddy County, New Mexico

We, Lillie Anderson and Warren Anderson, would like to come to a feasible agreement.

Lillie Anderson

Date 07/26/2025

Warren Anderson

Date 07/26/2025