











RELEASE OF SURFACE USE LIABILITY

STATE OF NEW MEXICO §
 COUNTY OF LEA §

This Release of Surface Use Liability ("Agreement") is entered into on this 27 day of MARCH, 2024 (the "Effective Date"), by and between, Sergio A. Tavarez, whose mailing address is PO BOX 414, Jal NM 88252 ("Surface Owner"), and FAE II, LLC whose mailing address is 11757 Katy Freeway #725, Houston, Texas 77079 ("Lessee").

WHEREAS, Surface Owner is the owner of the surface estate, and Lessee is the owner and/or the operator of an oil and gas lease or leases covering the following described land in Lea County, State of New Mexico (the "Land"):

The Southwest quarter (SW4) of the Northwest quarter (NW4) of Section 20, Township Twenty-five (25) South, Range Thirty-seven (37) East, New Mexico Principal Meridian

WHEREAS, Surface Owner and Lessee desire to enter into an agreement evidencing the release of Lessee from all liability resulting from or related to Lessee's use of the Land, and further desire to stipulate and agree as to the condition of the surface estate of the Land.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Surface Owner does hereby release Lessee, its successors and assigns, from all liability resulting from or related to Lessee's use and activities on the Land prior to the Effective Date.

Furthermore, Surface Owner and Lessee agree that: (1) each party has inspected the Land; (2) each party has concluded that no measurable or compensable damages to the Land have occurred as a result, either directly or indirectly, of Lessee's use and activities on the Land; and (3) Lessee's use and activities on the land was at all times in compliance with all federal, state and local laws and regulations in connection with Lessee's surface operations on the Land.

Finally, Surface Owner requests, and Lessee agrees, to leave all remaining caliche and other road or well pad building materials on the Land; and Surface Owner agrees that Lessee shall have no liability or responsibility after the Effective Date with respect to said caliche and other road or well pad building materials on the Land, and Lessee shall have no obligation after the Effective Date to restore the Land to the same condition as it was before the commencement of Lessee's operations and activities.

Surface Owner and Lessee agree that this Agreement contains the final agreement of the parties as to the matters addressed, and supersedes any and all prior oral or written negotiations, understandings and agreements. This Agreement may not be modified unless the modification is in writing and is signed by the Surface Owner and the Lessee. This Agreement is binding upon the successors and assigns of the Surface Owner and Lessee.

Release of Surface Use Liability

This Agreement is executed as of the date of the acknowledgments below, but shall be deemed effective for all purposes as of the Effective Date.

SURFACE OWNER:

Sergio A Tavaréz
Name: Sergio A. Tavaréz

ACKNOWLEDGMENT

STATE OF New Mexico §
COUNTY OF Lea §

The foregoing instrument was acknowledged before me on March 27, 2024, by Sergio A Tavaréz.



Jennifer Ann Pizola
Notary Public, State of New Mexico

LESSEE:

Joseph Kent
Name: Joseph Kent

Title: Director of Land

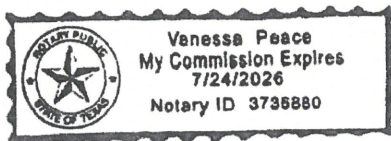
Company: FAE II, LLC

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me this 26 day of March, 2024, by Joseph Kent, as the Director of Land of FAE II, LLC, a Delaware limited Liability Company, on behalf of said limited liability company.



Vanessa Peace
Notary Public

Printed Name: Vanessa Peace

Commission Expires: 7-24-2026

Release of Surface Use Liability

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

DEFINITIONS

Action 329201

DEFINITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 329201
	Action Type: [C-103] Sub. Release After P&A (C-103Q)

DEFINITIONS

For the sake of brevity and completeness, please allow for the following in all groups of questions and for the rest of this application:

- lease and well location, hereinafter "location";
- flowlines or pipelines, hereinafter "pipelines";
- and non-retrieved or abandoned, hereinafter "abandoned".

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QUESTIONS

Action 329201

QUESTIONS

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QUESTIONS

Subsequent Report of: Location Ready For OCD Inspection After P&A	
Was this the last remaining or only well on the location	Yes
Are there any abandoned pipelines that are going to remain on the location	No
Is there any production equipment or structure (not including steel marker, poured onsite concrete bases, or pipelines) that is going to remain on the location	No
If any production equipment or structure is to remain on the location, please specify	None

Site Evaluation	
Please answer all the questions in this group.	
Have all the required pits been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan	Yes
Have the rat hole and cellar been filled and leveled	Yes
Have the cathodic protection holes been properly abandoned	Yes
Has a steel marker, at least 4 inches in diameter and at least 4 feet above ground level, been set in concrete	Yes
The (concrete-set) steel marker shows: Must attach marker photograph(s). *	THE OPERATOR NAME, LEASE NAME AND WELL NUMBER AND LOCATION, INCLUDING UNIT LETTER, SECTION, TOWNSHIP AND RANGE, SHALL BE WELDED, STAMPED OR OTHERWISE PERMANENTLY ENGRAVED INTO THE MARKER'S METAL.
Has the location been leveled as nearly as possible to original ground contour	Yes
Have all the required pipelines and other production equipment been cleared	Yes
Has all the required junk and trash been cleared from the location	Yes
Have all the required anchors, dead men, tie downs and risers have been cut off at least two feet below ground level	Yes
Have all the required metal bolts and other materials have been removed	Yes
Poured onsite concrete bases do not have to be removed.	
Have all the the required portable bases been removed	Yes
Have all other environmental concerns have been addressed as per OCD rules	Yes
If any environmental concerns remain on the location, please specify	Surface owner requested partial amount of caliche remain on location and has signed written letter is attached below marker pictures.
* Proof of the site marker (photograph) is required. Please submit any other site photographs that would assist in documenting the above answers, site features, additional concerns, or other nearby / remaing structures and equipment.	

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QUESTIONS, Page 2

Action 329201

QUESTIONS (continued)

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QUESTIONS

Abandoned Pipelines	
<i>Only need to provide answers in this group, if any pipelines have been abandoned (in accordance with 19.15.35.10 NMAC).</i>	
Have all fluids have been removed from any abandoned pipelines	Not answered.
Have all abandoned pipelines been confirmed to NOT contain additional regulated NORM, other than that which accumulated under normal operation	Not answered.
Have all accessible points of abandoned pipelines been permanently capped	Not answered.

Last Remaining or Only Well on the Location	
<i>Please answer all questions that apply in this group, specifically if there is no longer going to be any well or facility remaining at this location.</i>	
Have all electrical service poles and lines been removed from the location	Yes
Is there any electrical utility distribution infrastructure that is remaining on the location	No
Have all the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan	Yes
Have all the retrievable pipelines, production equipment been removed from the location	Yes
Has all the junk and trash been removed from the location	Yes

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☒	I hereby certify that all the work has been completed for this location and the site is ready for an OCD scheduled inspection.
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COMMENTS

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COMMENTS

Created By	Comment	Comment Date
plmartinez	DATA ENTRY PM	5/8/2024

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CONDITIONS

Created By	Condition	Condition Date
gcordero	None	5/8/2024