

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

**APPLICATION OF ALPHA ENERGY
PARTNERS, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-23005,
EDDY COUNTY, NEW MEXICO.**

Case No. 24826

**APPLICATION OF ALPHA ENERGY
PARTNERS, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-23006,
EDDY COUNTY, NEW MEXICO.**

Case No. 24827

RESPONSE TO PERMIAN'S MOTION TO DISMISS AND TERMINATE ORDERS

Alpha Energy Partners, LLC ("Alpha"), through its undersigned attorneys, hereby submits Alpha's Response ("Response") to the Motion to Dismiss and Terminate Orders ("Motion") that Permian Resources Operating, LLC ("Permian") filed with the Oil Conservation Division (the "Division" or "OCD"). The gravity of Permian's Motion to terminate Division pooling orders properly issued warrants a thorough examination of the legal issues and a thorough Response. In support thereof, Alpha provides the following:

I. SUMMARY OF THE ARGUMENT

Without a trace of self-awareness, Permian is claiming that a farmout agreement between Alpha and Paloma Permian AssetCO, LLC ("Paloma"), the kind that Permian itself unsuccessfully attempted to negotiate with Alpha, violates the Division's regulations and should result in the termination of the pooling orders the Division issued in Case Nos. 22171 and 22172. Permian's Motion lacks merit, as Permian knew when it attempted to enter into a similar agreement with Alpha. The Division should deny Permian's Motion because: (1) as a threshold matter, Permian does not qualify as a party of record in either Case No. 22171 or Case No. 22172 and therefore lacks standing to challenge the pooling orders issued in these cases; (2) the foundational basis of Permian's Motion that Alpha farmed out its "entire interest" is patently false; and (3) the farmout arrangement between

Alpha and Paloma does not undermine the Division's authority to protect correlative rights as alleged by Permian nor does it create a "windfall" for Paloma as suggested by Permian.

II. Relevant Facts and Background:

1. On September 1, 2021, Alpha submitted applications to pool uncommitted mineral interests in the N/2 of Sections 19 and 20 ("N/2 Unit") (Case No. 22171) and in the S/2 of Sections 19 and 20 ("S/2 Unit") (Case No. 22172) all in Township 22 South, Range 27 East, Eddy County, New Mexico (collectively referred to as the "Subject Lands").

2. On October 19, 2021, but effective July 2, 2021, shortly after Alpha filed its pooling applications in Case Nos. 22771 and 22772, the Division began enforcing restrictions on drilling activities within five miles of the Carlsbad Brine Mile, which precluded Alpha's proposed development of the Subject Lands. *See* Self-Affirmed Statement of Riley Morris, Alpha's Vice President of Land, ¶¶ 4-5 ("Morris Statement"), attached hereto as Exhibit 1; *see also* Division Orders R-21888, R-21100-B, R-21104-C and R-21123-C

3. Alpha worked with the Division through the drilling moratoriums to achieve the conditions that would allow Alpha to proceed with its proposed development, including receiving the pooling orders that are the subject of this dispute. *See* Exhibit 1, Morris Statement, ¶¶ 4-5; *see also* *Notice of Resumption of Certain Drilling and Completion Activity in Proximity to the Carlsbad Brine Well* that the Division issued on July 7, 2022. The Division itself intervened in Case No. 22172 as a party of record to monitor matters regarding the drilling Moratorium and did not object to the case.

4. Alpha owned working interest and operating rights in both the N/2 and S/2 Units when it filed its applications, during the Division's review of the applications, after the Division issued pooling orders Order Nos. R-23005 and R-23006 and continues to own such interests.

5. Permian has never been a party of record in either Case Nos. 22171 or 22172 because it owned no interest in the Subject Lands at the time of the hearing or when the Division issued the

subject pooling Orders. Permian did not make an entry of appearance, did not file an objection to the cases, nor did it seek to intervene in either case. Therefore, Permian was not entitled to notice in those cases pursuant to 19.15.4.10 and 19.15.4.12(A)(1) NMAC.

6. The Division conducted hearings for Case Nos. 22771 and 22772 on November 16, 2023, by affidavit without any objections. The Division adjudicated all criteria for pooling and operatorship under the Oil and Gas Act (the “Act”) and finding that Alpha had satisfied all criteria, the Division issued Orders Nos. R-23005 (Case No. 22171) and R-23006 (Case No. 22172) in favor of Alpha on January 10, 2024, almost three years after Alpha filed its original applications. *See* Conclusions of Law, Order Nos. R-23005 and R-23006, ¶¶ 6-14.

7. After Alpha received Order Nos. R-23005 and R-23006 and as it began preparing to drill and operate the wells Permian, along with several other companies including Paloma, expressed an interest in entering an agreement with Alpha by which it would drill and operate of proposed wells for the Subject Lands, known as The Dude wells, in exchange for acreage within the Subject Lands, a not uncommon arrangement in the oil and gas industry known as a “farmout agreement.”¹ *See* Exhibit 2, attached hereto (showing email exchange between Permian and Alpha in which Permian seeks to drill and operate the wells in the Subject Lands pursuant to a similar farmout agreement letter that was provided Paloma); *see also* Exhibit 1, ¶¶ 11-12, attached.

8. After reviewing offers submitted by Permian and Paloma, Alpha determined that Paloma’s offer was superior and entered into a farmout agreement with Paloma (the “Farmout Agreement”). *See* Exhibit 1, ¶ 14, (Morris Statement), attached.

9. Alpha recorded the Memorandum of Agreement in Eddy County on July 15, 2024, in Book 1184, Page 0765 (“MOA”), in order to provide notice to the world of the Farmout Agreement. The MOA states that Paloma would earn only a portion of Alpha’s leasehold interest upon its

¹ *See* Paragraph 29, *infra*, for an explanation of the nature of farmout agreements.

successful performance of certain drilling and operating obligations performed in compliance with “certain development plans,” those being Alpha’s plans approved by the OCD. *See* Second Recitation of the MOA, which was attached to Permian’s Motion as Exhibit B: *see also* Exhibit 3, Second Recitation, attached hereto; Exhibit 1, ¶ 17 (Morris Statement). Thus, Alpha retains its position as a working interest owner in Subject Lands while maintaining its supervisory role over drilling and operations to which Paloma must comply.

10. After Alpha rejected Permian’s farmout offer, Permian then made a trade offer directly with Paloma to obtain its contractual rights under its Farmout Agreement with Alpha so that Permian would step in to the shoes of Paloma, which would have resulted in the same situation of which Permian now complains. *See* Exhibit 1 at ¶ 19 (Morris Statement), attached; *see also* Exhibit 6, attached hereto (Permian’s email to Alpha sent after issuance of the pooling orders stating that Permian wants to “step into Paloma’s shoes in the Carlsbad units” as operator).

11. After Pooling Order Nos. R-23005 and R-23006 were issued, Permian began making efforts to obtain working interest in the Subject Lands. In the N/2 Unit, Permian executed a “top lease” that was on March 27, 2024, effective April 30, 2024, to an existing lease that had already been pooled by Order R-23005. *See* Oil & Gas Lease recorded in Book 1182, Page 1204 in Eddy County, leased by Warrior Exploration, LLC, on behalf of Permian. *See* Exhibit 1, ¶ 6 (Morris Statement), attached. Although the underlying lease had been pooled, the lease was set to expire by its own terms on April 30, 2024, after the pooling order was issued. When the top lease came into effect on that date which provided Permian with approximately 9.6% of unpooled working interest in the N/2 Unit.² *See id.*

² A pooling procedure will pool all present leasehold interests listed to be pooled in a unit, and it may also pool certain vested future interests, but the pooling procedure does not pool the future interest that reverts back to the lessor when a pooled lease expires under its own terms.

12. Permian Resources was able to track down and obtain a miniscule 0.13% working interest in the S/2 Unit, as successor to a leasehold interest that has already been pooled by Order No. R-23006. *See* Exhibit 1 at ¶ 7 (Morris Statement), attached hereto. However, because Order R-23006 pooled this leasehold interest, it remains subject to the pooling order as Permian acknowledges. *See* Permian's Motion at p. 2, ¶ 3.

13. As a result of the fact that the Subject Lands fall within the Carlsbad city limits, ownership in the units is highly fragmented into a multitude of tracts with numerous owners, most with only small fractional interests. *See* Hearing Packets in Case Nos. 22171 and 22172, Exhibits A-3 listing ownership and tracts. This fragmental ownership increases the difficulty of examining and managing the ownership, especially in light of the extended length of the subject cases due to the Moratorium on development. And, with so many owners, changes in title occur over time, as some leases expired and both leasehold and unleased mineral ownership changed hands. Alpha invested heavily in the title work over the years for the Subject Lands. Exhibit 1, ¶ 8 (Morris Statement). It was during Alpha's ongoing due diligence and title review that Alpha discovered additional parties who needed to be pooled including the small interest captured by Permian's top lease in the N/2 Unit. *See* Exhibit 1, ¶¶ 8-9, attached hereto.

14. Thus, on August 29, 2024, Alpha filed applications in Case Nos. 24826 and 24827 as part of its on-going, good-faith effort to resolve any remaining title issues and pool any additional parties in the Subject Lands in preparation for drilling and operating the wells. Having obtained the small amount of unpooled interest in the N/2 Unit, Permian entered an appearance in Case No. 24826 on September 18, 2024, and become a party of record, which allowed Permian to object to this one case going forward by affidavit. *See id.* at ¶¶ 6 and 9.

15. Permian falsely claims that it filed an entry of appearance in Case No. 24827 and objected to that case proceeding by affidavit. *See* Permian's Motion at p. 2, ¶ 5. Permian did not enter

an appearance and thus did not become a party of record in Case No. 24827 because the 0.13% working interest it had acquired in the S/2 Unit was already pooled when Permian acquired it after issuance of the pooling order. *See* OCD Imaging Case No. 24827; *see also* Permian's Motion at p. 2, ¶ 3 (Permian acknowledging its interest is pooled under Order No. R-23006).

16. The only party other than Permian that filed an entry of appearance in Case No. 24826 is Eagle Natural Resources, LLC ("Eagle"), which entered an appearance in both Case Nos. 24826 and 24827 on September 30, 2024, and objected to the cases going forward by affidavit. Alpha has provided Eagle with a copy of the Joint Operating Agreement ("JOA") and Eagle has informed Alpha that it is planning to sign the JOA subject to its review by their counsel.

17. On November 21, 2024, a status conference was held and based on Permian's appearance and objection in Case No. 24826 and Eagle's appearances and objections in Case Nos. 24826 and 24827, a hearing date was set for February 4, 2025, for Case Nos. 24826 and 24827.

18. Although it is only a party of record in and objected to one case (Case No. 24826), Permian nonetheless, on December 17, 2024, submitted to the Division a motion to dismiss and terminate Order No. R-23005 issued in Case No. 22171 and Order No. R-23006 issued in Case No. 22172, two cases in which Permian is not and never has been a party of record. In doing so, not only did Permian overlook NMSA, Rule 1-007.1(B), by failing to notify the parties of record (Alpha and Eagle) affected by the Motion in Case Nos. 24826 and 24827, but there are also parties of record in Case Nos. 22171 and 22172 who could be directly (and negatively) affected by Permian's Motion to terminate Order Nos. R-23005 and R-23006 and who may very likely oppose the Motion if notified. The parties of record in Case Nos. 22171 and 22172, who are directly affected by Permian's Motion, include MRC Permian Company, City of Carlsbad, Alpha, Realeza Del Spear, LP, the Division itself (by intervention in Case Nos. 22171 & 22172), Sarvis Creek LLC and SEDG I LLC. In contravention

of NMSA, Rule 1-007.1(B), Permian failed to notify these parties and recite their positions in its Motion to terminate pooling orders issued in Case Nos. 22171 and 22172.

III. Legal Arguments

A. Permian Lacks Standing to Challenge the Pooling Orders Issued in Case Nos. 22171 and 22172

19. Moving the Division to undertake such a serious action as terminating pooling orders properly issued – and thereby divesting all owners subject to those pooling orders of the correlative rights secured by the orders -- requires Permian to provide the Division with some minimum grounds showing it has standing to make such a request. In order to establish standing under New Mexico law, a party must show: “(1) injury in fact, (2) a causal relationship between the injury and the challenged conduct, and (3) a likelihood that the injury will be redressed by a favorable decision.” *See ACLU of New Mexico v. City of Albuquerque*, 2008-NMSC-045, ¶ 1, 188 P.3d 1222, 144 N.M. 471. Permian fails to mention, much less establish, any of these requirements nor could it establish standing under the facts.

20. Permian was not a party of record in Case Nos. 22171 and 22172, made no appearances, interventions, or objections in the cases, and had no ownership interest in either of the Units pooled under Order Nos. R-23005 and 23006 when the pooling orders were adjudicated that would have qualified Permian to be a party of record in these cases. Therefore, Permian lacks the requisite standing to request the Division to terminate the two pooling orders that the Division properly adjudicated and issued in these cases.

21. While it made an entry of appearance in only one case, Case No. 24826, in which Alpha has applied to pool additional owners, Permian fails to mention, much less show, how its status as a party of record only in Case No. 24826 provides it with sufficient standing in Case Nos. 22171 and 22172 to authorize a request to terminate Order Nos. R-23005 and R-23006.

22. Permian acquired its small interests in the Subject Lands after the Division issued Pooling Orders Nos. R-23005 and R-23006. Thus, Permian glosses over an important distinction in its recitation of facts. First, with respect to the S/2 Unit, while Permian correctly acknowledges that its 0.13% working interest in the S/2 Unit is currently pooled under Order No. R-23006 (*see* Permian's Motion at p. 2, ¶ 3), Permian was not a party in Case No. 22172. Permian's interest in the S/2 Unit is pooled under the Order because Permian acquired pooled interest after the Division issued Order No. R-23006 and not because Permian was an owner or party of record at the time of the hearing.

23. Similarly, the Division pooled Permian's small leasehold interest in the N/2 Unit in Case No. 22171 when it was owned by another party; however, after the Pooling Order was issued, the pooled lease expired by its own terms resulting in the original lessor's interest being released from the pooling order and the interest becoming unpooled. Months after the Division issued Order No. R-23006, Permian obtained a top lease that captured this interest. Thus, Permian now owns an unpooled interest in the N/2 Unit not because Alpha overlooked or missed Permian as an owner in the original hearing in Case Nos. 22171, but because the interest that Order No. R-23005 pooled became unpooled by the expiration of the original pooled lease. Thus, Permian is a late comer to these proceedings and only has a right to object to Case No. 24826.

24. Because Order Nos. R-23005 and R-23006 affect the rights of the owners subject to those orders and do not affect Permian rights,³ Permian has suffered no injury in fact by the issuance of those Orders and therefore lacks standing to challenge them.

25. It was only after the Division issued the Pooling Orders that Permian began acquiring interest in the Subject Lands. *See* Exhibit 1, Paras. 6 and 8, attached. Thus, Permian acquired this interest knowing the two Units had been pooled and were subject to the specifications of Alpha's

³ When Permian acquired its interest in the N/2 Unit, that interest was subject to Pooling Order No. R-23005 and Permian's predecessor in interest waived its right to challenge the proposed pooling of the N/2 Unit. Permian's acquisition of that interest is thus subject to Pooling Order No. R-23005.

approved development plan. Furthermore, since Permian, pursuant to its own offer to operate after Order Nos. R-23005 and 23006 were issued, sought to have the drilling and operation of the wells expanded to include the participation of a third party through a farmout agreement, Permian cannot now claim injury based on Alpha's decision to expand participation in drilling operations to a third party. Finally, had Permian's offer to be the third party involved in drilling and operations been accepted, it would have been necessary for Permian to have relied on the validity of the pooling orders, the same ones it now seeks to terminate.

26. Because there is no injury in fact, there is no causal relationship between the injury and the challenged conduct, and terminating the orders would not redress any injury claimed by Permian. The Farmout Agreement requires Paloma to comply with the development plans for the pooled Units under the same conditions as set forth in the Pooling Orders. Thus, Permian's correlative rights remain protected under Pooling Order Nos. R-23005 and R-23006. Clearly, termination of the orders would not redress any injury that could be claimed by Permian; however, termination of the Pooling Order would result in harm to all the pooled owners who are relying on their correlative rights being secured and protected by the Orders Permian seeks to nullify.

27. In sum, Permian does not have standing to challenge the Pooling Orders because Permian was not a party of record in Case Nos. 22171 and 22172 and, more importantly, because Permian fails to meet any of the criteria for standing under New Mexico case law.

B. Permian's Foundational Assertion that Alpha Farmed Out its "Entire Interest" to Paloma is a Misrepresentation of a Material Fact.

28. "A farm-out agreement is a contract *to assign oil and gas lease rights* in certain acreage upon the completion of *drilling obligations* and the performance of any other covenants and conditions therein contained." Kuntz Oil and Gas, Vol. 2, Sec. 19A.3, p. 75 (1989), *citing Petroleum Finance Corp. v. Cockburn*, 241 F.2d 312, 313 (5th Cir. 1957) (Emphasis added). In the first paragraph

of its Argument, Permian states that “Alpha farmed out its *entire interest* subject to [the Pooling Orders] to Paloma.” (Emphasis added). This assertion is patently false. As stated in the second recital in the recorded MOA “Paloma has an option to earn a portion of Alpha’s leasehold interest in the Leases [identified in the Exhibit A].” (Emphasis supplied); *see also* Exhibit 1, ¶ 16 (Morris Statement), attached hereto. It is the leasehold interest (working interest) pooled by the Orders that constitutes the primary interest subject to the Pooling Orders (*see, e.g.* NMSA 1978 Sec. 70-2-17(C)), and Alpha did not assign its entire leasehold interest under the Farmout Agreement but farmed only a portion of it and retained a portion. The language in the MOA that Alpha Paloma only receives “a portion” of Alpha’s interest subject to the Orders is unmistakably clear and unambiguous. If Alpha had intended to assign all of its interest subject to the Orders, Alpha would have used the operative grant language, “all its right title and interest,” instead of “a portion.”

29. Furthermore, a farmout arrangement does not necessarily have be one that assigns leasehold interest but in a more basic form, “an oil and gas farmout agreement is an agreement by one who owns drilling rights *to assign all or a portion of those rights* to another in return for drilling and testing on the property.” John S. Lowe, “*Analyzing Oil and Gas Farmout Agreements*,” Oil and Gas, Natural Resources, and Energy Journal, 268 (1987) (Emphasis added). Alpha, which obtained full rights of operation under the Pooling Orders, does not farmout its “entire interest” in drilling and operations but only a portion, retaining sufficient operating rights to supervise drilling and operations to ensure that Paloma complies with “certain development plans” as specified by Alpha, which are the development plans approved under the Pooling Orders. *See* Alpha’s MOA (second recital), Exhibit B of Permian’s Motion; *see also* a copy of the MOA attached hereto as Exhibit 3; Exhibit 1, ¶ 17 (Morris Statement). If Paloma cannot meet its drilling obligations to comply with the development plan that the Division approved then Alpha will reclaim – pursuant to the reversionary interest in the operating rights that it retained in the Farmouts Agreement. -- that portion of conditional

rights extended to Paloma to drill and operate the wells under the Farmout. *See* Exhibit 4, redacted Farmout Agreement, ¶¶ 2, 3, and 7, attached hereto; *see also* Exhibit 1, ¶ 17 (Morris Statement), attached. Thus, whether one considers the farmout agreement in its more advanced form that assigns both leasehold interest and operating rights or in its more basic form that assigns only operating rights, Alpha did not farm out its entire working interest subject to the Pooling Orders nor did it farm out its entire interest as operator. Therefore, Permian's central assertion in its Motion on which its primary argument relies – that “Alpha farmed out its *entire interest* subject to these orders” – is a misrepresentation of a material fact asserted to persuade the Division to terminate legitimate pooling orders that the Division properly issued.

C. Permian Fails to Establish a Prima Facie Case in Support of its Motion.

30. Permian's less than three-page Motion fails to provide the Division with a *prima facie* case which is necessary to justify such a serious request that the Division terminate legitimate pooling orders it issued to Alpha in Case Nos. 22171 and 22172, cases that the Division adjudicated without objection. Pooling orders are issued after a hearing to protect the correlative rights of all the pooled owners, and termination of these orders would disrupt and violate the correlative rights secured by the orders for the protection of the pooled owners. Moving the Division to terminate orders issued pursuant to legitimate hearings is a serious request that requires substantive legal reasoning and justification, which Permian's less than three-page Motion does not provide.

31. Not only is Permian's primary assertion – that Alpha farmed out its entire interest subject to the pooling orders – incorrect, Permian describes no factual or legal basis in support of its assertion that the Division should terminate the Pooling Orders. Instead, Permian offers only a copy of the recorded MOA without any explanation of how the terms and conditions described in the MOA support Permian's argument. *See* Permian's unsupported assertion in its Motion at p. 2 (Argument). Even the most cursory review of the MOA's content shows it does not support Permian's argument

but directly contradicts it. *See* Paragraphs 29-30 above. In addition to relying on its patently false assertion, Permian's Motion rests squarely on the incorrect assertion that the Farmout Agreement will "undermine the tribunal's authority to protect correlative rights." Permian's Motion at p. 2. As set forth in the MOA's second recital, Paloma's right to earn a portion of Alpha's leasehold interest in the Subject Lands is premised on "complying with certain development plans designated to test the Wolfcamp formation in [the Subject Lands]." *See also* Exhibit 1, ¶ 17 (Morris Statement). Thus, the drilling and operation of the wells on the Subject Lands by Paloma will be under the supervision of Alpha and will be prescribed by the terms of the two pooling orders that protect correlative rights. If Paloma does not comply with the specifications of the Division-approved development plan, then Alpha can terminate the Farmout Agreement and any rights of operatorship extended to Paloma will revert back to Alpha. *See id.* Thus, the correlative rights of the owners whose protection has been secured by the Division's review and approval of Alpha's development plan will remain protected under the Pooling Orders.

32. In an attempt to support its assertion that Paloma would receive a "windfall" and "undermine the tribunal's authority to protect correlative rights" if the original pooling orders are not terminated, Permian provides a mere laundry list of citations to rules that include NMAC 19.15.4.8; 19.15.4.9; and 19.15.4.12(A)(1), (B), and (C), without explanation or specifics of how they apply. *See* Permian's Motion at p. 2. In its list of rules, Permian fails to describe or explain how Alpha violated any of these rules in Case Nos. 22171 and 22172. Owning working interest and the right to drill wells, Alpha qualified as the applicant in these Cases from which the orders were issued, thus Alpha satisfied NMAC 19.15.4.8 and 19.15.4.9.⁴ *See* Hearing Packets for Case No. 22171 & 22172,

⁴ Alpha satisfied Rule 19.15.4.8 in Case Nos. 22171 and 22172 because it qualified as an applicant and provided its name, address, a general description of the source of supply and area, general nature of the notice for publication, and a proposed legal notice, and filed the application at least 30 days before the hearing; Alpha satisfied Rule 19.15.4.9 because the OCD published notice describing the hearing's time and place, the applicant's name and contact address, case name and

Riley's Self-affirmed Statements, Exhibits A. Alpha satisfied 19.15.12(A)(1)⁵ because it provided proper notice by certified mail to owners. *See id.*, Exhibits C and its sub-exhibits. Alpha satisfied Rule 19.15.4.12(B) by providing letter notice and service of notice by publication (*see id.*), and Alpha satisfied Rule 19.15.4.12(C) because at the hearings, Alpha did make a record that complied with the notice provisions of 19.15.4.9 NMAC; and conducted a good-faith diligent effort to find correct addresses of persons entitled to notice. *See id.* Exhibits A and C. The Division reviewed Alpha's efforts, exhibits and testimony during the hearings and found no material defects with notice and issued Order Nos. R-23005 and 23006 pursuant to its thorough review process. Alpha made no material changes to the applications or exhibits during the OCD's review or when the orders were issued; therefore, the orders were properly issued and remain valid. *See* Conclusions of Law, Order Nos. R-23005 and 23006, ¶¶ 6-14.

33. Furthermore, because it is a working interest owner and has a right to drill on the Subject Lands, Alpha qualifies as an applicant in Case Nos. 24826 and 24827 to pool additional parties, and because Alpha will maintain ownership of working interest and supervisory rights of operatorship during the adjudication of these subsequent cases and during the drilling and operations of the wells, Order Nos. R-23005 and R-23006 as issued in Case Nos. 22171 and 22172, are secure and will remain in place during the proceedings in Case Nos. 24826 and 24827. Permian's laundry list of rules does not change this outcome.

D. Permian Is Engaging in a Hall of Shame Level of Hypocrisy

number, brief description of the hearing's purpose, reasonable identification of the subject matter, and legal descriptions of the units. Thus, both rules were satisfied.

⁵ Alpha had satisfied Rule 19.15.4.12(A)(1) because it gave notice by certified mail to each owner of an interest evidenced by written conveyance document found through reasonable diligence pursuant to (A)(1)(a) and satisfied (A)(1)(b)(i) through (ix) through testimony and exhibits submitted in Case Nos. 22171 and 22172.

34. After the Orders were issued on January 10, 2024, Alpha, as the successful applicant in the adjudication, was in the process of pursuing its plans to drill and operate the wells when Alpha and Permian engaged discussions about the possibility of Permian drilling and operating the wells pursuant to a farmout agreement with similar terms as the Farmout Agreement that Alpha entered into with Paloma. *See* Exhibit, ¶¶ 10-14 (Morris Statement), attached; *see also* Exhibit 2 (email regarding Permian's offer to operate). During these discussions, Alpha began to consider the possibility of a third-party, such as Permian, drilling and operating the wells as a more efficient and productive means of developing the units; and in addition to accepting offers from Permian, Alpha also reviewed offers from other parties, including Paloma. *See* Exhibit, ¶¶ 10-14 (Morris Statement), attached.

35. If Alpha had accepted Permian's offer instead of Paloma's, Permian would have entered a farmout agreement with Alpha, and under such circumstances, Permian have would have necessarily relied on the validity and effectiveness of Orders Nos. R-23005 and R-23006 as the basis for Permian's farmout to participate in the drilling and operation of The Dude wells.

36. After Alpha rejected its offer, Permian approached Paloma whose offer had been accepted and whose Farmout Agreement depended on the legitimacy of Order Nos. R-23005 and R-23006. Permian made a trade offer to Paloma to obtain the rights to step into Paloma's shoes and drill the wells pursuant to the Pooling Orders. *See id.* at ¶ 19; *see also* Exhibit 6 (email to Alpha stating that Permian would "step into Paloma's shoes in the Carlsbad units.")

37. Thus, Permian's claim -- that Paloma's direct involvement in drilling and operations violates correlative rights -- is not only without merit, it displays the maximum possible level of hypocrisy in which a party to a Division adjudication can engage. To illustrate the absurdity of Permian's position, its Motion might as well have come out and stated: We tried to enter into agreements with both Alpha and Paloma that would have allowed us to drill and operate the wells

under the pooling orders, but since our attempts failed, we now move the Division to punish the parties who entered the same arrangement that we sought to establish.

38. Similarly, Permian claims that somehow it is a “windfall” to Paloma to have it participate in the drilling and operations of Alpha’s development plan. *See* Permian’s Motion at p. 2. This is the same so-called “windfall” that Permian attempted to negotiate for itself. Thus, it appears that Permian, as a twice-rejected suitor, first by Alpha and then Paloma, has had a change of heart regarding this “windfall” that it was seeking for itself. Since it was denied the opportunity to participate in the drilling and operation of the wells and earn interest under a farmout, Permian now labels the opportunity it sought as a “windfall” in an effort to disparage what Alpha views to be the best way to complete its approved development plans. Permian is using this disparagement to retaliate against Alpha and Paloma through a “scorched-earth” strategy of trying to persuade the Division to terminate orders for both N/2 Unit and S/2 Unit, thereby erasing Alpha’s three years of progress and returning Alpha to ground zero. Thus, it is Permian, and not Paloma, who would be receiving the most amazingly unjustified windfall in the Subject Lands if Alpha’s standing orders properly adjudicated in Case Nos. 22171 and 22172 were terminated and the correlative rights, they secured for all the owners in the Subject Lands were scattered to the wind at Permian’s sole, retaliatory request.

E. The “OCD Notice: Material Changes or Deficiencies in Applications Submitted to the OCD Engineering Bureau (Effective June 11, 2020)” (“OCD Notice Re: Changes”) grants opportunity for the re-submission of applications in order to address any concerns regarding deficiencies, and Alpha will exercise its right pursuant to the OCD Notice Re: Changes to amend its applications to pool additional parties in Case Nos. 24826 and 24827.

39. Permian wrongly claims in its Motion that it “filed an entry of appearance and objection to proceeding by affidavit in Case Nos. 24826 and 24827.” *See* Permian’s Motion, at p. 2, ¶ 5. Permian did not enter an appearance in or object to Case No. 24827. The record shows that

Permian only entered an appearance in and objected to one case, Case No. 24826. *See* OCD Imaging files for Case Nos. 24826 and 24827.

40. Furthermore, Alpha's applications to pool additional parties filed in Case Nos. 24826 and 24827 did not state that Case Nos. 22171 and 22172 were to be reopened nor did they request that these cases be reopened. The applications state that Alpha "files this application with the [Division] for the **limited purpose** of pooling additional uncommitted interest under the terms" of Division Orders Nos. R-23005 for Case No. 24826 and R-23006 for Case Nos. 24827. (Emphasis added). As a party of record only in Case No. 24826, Permian can object to the application filed in that case but not in Case No. 24827 and certainly not in Case Nos. 22771 and 22772.

41. Yet, in an attempt to justify its request to terminate standing pooling orders properly reviewed, adjudicated and issued 10 months ago, Permian provides no statutory, case, or regulatory authority but relies almost exclusively on a notice of policy, the OCD Notice Re: Changes. *See* Permian's Motion at p. 2. There is nothing in this policy notice that would grant the Division the authority to terminate the pooling orders at the request of Permian. The OCD Notice Re: Changes clearly states that the OCD "intends to deny applications [not adjudicated orders] for which **the applicant proposes a material change during the review process or when a material deficiency is identified during the administrative or technical review process.**" *See* OCD Notice Re: Changes at p. 1, attached hereto as Exhibit 5 (Emphasis added). During the adjudication and review process of Case Nos. 22171 and 22172, Alpha did not propose any material changes to its applications and none were identified during the administrative process; the applications were fully adjudicated at the hearing; approved at the conclusion of the review process; and orders properly issued. Thus, the pooling orders do not fall under the purview of the OCD Notice Re: Changes and are not subject to Permian's request based on this policy.

42. At the hearings, the Division reviewed Alpha's working interest and history as an operator and found Alpha to be fully qualified as the applicant and operator and approved Alpha's development plans along with their specifications for preventing waste and protecting correlative rights. *See* Conclusions of Law, Order Nos. R-23005 and R-23006, ¶¶ 6-14. Under Order Nos. R-23005 and R-23006 Alpha remains qualified to drill and operate the Subject Lands. The Farmout Agreement itself executed July 1, 2024, does not transfer all of Alpha's interest in operatorship to Paloma nor does it change the amount of present interest Alpha currently owns in the Subject Lands. It only provides Paloma a future executory interest to a portion of the leasehold interest in the units that will become vested only if Paloma is able to fulfill its obligations in the drilling and completion of the wells pursuant to Alpha's supervision and specifications.

43. Thus, the only potential material change to be reviewed by the Division pursuant to the OCD Notice Re: Changes would be in the applications currently before the OCD in Case Nos. 24826 and 24827, and that potential change would concern the role that Paloma will play in the drilling and operation of the wells. The Division has not yet had the opportunity to review this change during an administrative or technical review process because Permian and Paloma did not engage in discussions with Alpha for a farmout agreement until after the hearings concluded and Order Nos. 23005 and 23006 were issued. The Division will have the opportunity to review this change in the nature of the operatorship when it adjudicates the upcoming hearings in Case Nos. 24826 and 24827, scheduled for February 4, 2025.

44. The only reason Permian is able to raise this issue of a potential change in the operatorship at this late time in the history of Alpha's project is because Permian itself began acquiring interest in the Subject Lands after the orders were issued. Permian's top lease allowed it to enter Case No. 24826 and attack Paloma's involvement after Paloma's offer was accepted, and that was only because in Alpha's diligent and good faith effort to pool any remaining additional parties in

the final stages of the project, Alpha sent notice to Permian to pool the small interest it acquired in the N/2 Unit. Changes in well operations are commonly made after a pooling order has been issued, and such changes are often done pursuant to a ministerial act, not a hearing, by filing an OCD form for change of operator. Alpha assumes that this is how Permian might have pursued its transition to being a participant in the drilling of the wells had its offer been successful. Now, Permian is taking advantage of the crack in the door created by Alpha's good faith efforts to pool remaining parties in order to sabotage Alpha's approved-development plans in their final stages before the OCD.

45. Permian alleges that Paloma is somehow hiding behind Alpha in order to sneak in as the operator. *See* Permian's Motion at p. 3. This is not what happened. Notice of the contents and primary terms of the Farmout Agreement was recorded with the Eddy County Clerk for the world to view, as demonstrated by the fact that Permian easily obtained a copy of the MOA and included it as Exhibit B in its Motion. Furthermore, since Paloma supports Alpha's development plan, any portion of the leasehold interest conveyed in the future would be committed to Alpha's plan. Paloma has corresponded directly with the working interest owners, including Permian, describing its role in the drilling and operation of the Subject Lands, and the exhibits and hearing packet that Alpha is working on to present to the Division and parties of record for their review in the upcoming hearings describe Paloma's role in the drilling and operation of the wells. *See* Exhibit 1, at ¶ 23, attached hereto. Clearly, there is no hiding.

46. The only issue that arises from Permian's Motion is whether Alpha's current applications to pool additional parties filed in Case Nos. 24826 and 24827 should have mentioned Paloma's farmout role in drilling and operations for purposes of notice in these two cases. At this point in the proceedings, if there exists a notice defect in the applications filed in Case Nos. 24826 and 24827 because the Division might view the Farmout Agreement as creating a change in the status of operatorship necessitating prior notice in these two cases, then pursuant to the OCD Notice Re:

Changes, the Division might deny the applications in Case Nos. 24826 and 24827 during its upcoming review. However, if it denies an application because of a material change, the Division grants the applicant the right to re-file the application in order to cure the material change. *See* Exhibit 5, OCD Notice Re: Material Changes at ¶ 1, attached hereto (“If the OCD denies an application, the applicant may refile through the fee portal”). In Case Nos. 24826 and 24827, there is time and opportunity to amend and resubmit the applications in these cases to satisfy any requirements prescribed by OCD Notice Re: Material Changes. Thus, in its effort to persuade the Division to terminate Alpha’s pooling orders, Permian misapplies the policy in the OCD Notice Re: Material Changes by ignoring the policy’s provision for an easy cure of the particular concern Permian has identified in its Motion, as it tries to mangle the OCD policy in pursuit of its own draconian and retaliatory agenda, the total termination of adjudicated pooling orders, which the policy neither contemplates nor authorizes.

47. In order to avoid the possibility that the Division could find a defect in the applications submitted in Case Nos. 24826 and 24827 during its upcoming review, Alpha will amend the applications to include notice of Paloma’s involvement in drilling and operating the wells pursuant to the Farmout. Accordingly, Alpha will amend the applications by inserting the following paragraph: “On July 1, 2024, Alpha entered into a Farmout Agreement with Paloma Permian AssetCo, LLC (“Paloma”), in which Paloma will receive a portion of Alpha’s leasehold interest in the unit upon its fulfillment of certain drilling and operational obligations, and therefore Paloma will be involved in the unit by drilling and operating the wells in compliance with Alpha’s approved development plans.” Exercising the right granted by the OCD Notice Re: Changes to resubmit amended applications will cure any concern raised by Permian that Paloma’s involvement would be a material change.

48. Although Permian’s rights as a party of record in Case No. 24826, based on its small 9.6% working interest, do not include standing to seek termination of pooling orders properly issued in Case Nos. 22171 and 22172, Permian’s rights in this one case do give Permian standing to submit

a competing application in Case No. 24826 for control of the N/2 Unit. If it exercises this right, then Permian, a late comer to the N/2 Unit, would be attempting to strip from Alpha a development plan that Alpha has been investing in, putting together, and developing over the past three-plus years.

IV. Conclusion

Permian wanted badly⁶ to be involved in the drilling and operations of Alpha's wells in the Subject Lands under Order Nos. 23005 and 23006, that it made an offer to Alpha to drill and perform operations on the wells in exchange for a farmout to earn a portion of Alpha's working interest, same as Paloma did. However, Alpha rejected Permian's offer and instead chose Paloma's. Permian then sought to buy out Paloma's rights in the Farmout Agreement. Now, in an apparent act of retaliation, Permian uses its small 9.6% working interest in Case No. 24826 to lash out at Alpha -- not a sufficient amount of working interest to be competitive in a contested hearing, but enough to submit a Motion designed to punish Alpha by attempting to invoke the Division's police powers, through a material misrepresentation of Alpha's interest and its arrangement with Paloma, an arrangement that Permian sought for itself, to terminate hard-earned pooling orders that represent the culmination of Alpha's successful efforts and perseverance over the course of more than three years to develop the Subject Lands under challenging conditions that included months of drilling moratoriums and fragmented, complex title.

Permian accuses Paloma of "trying to step in to Alpha's shoes without proper notice to affected parties or having to follow the required Division adjudicatory process." *See* Permian's Motion at p. 3. Ironically, these are the same shoes that Permian coveted, wanted to wear, and would have worn had its offer been chosen over Paloma's.⁷ Permian's offer to Alpha to enter a farmout agreement was predicated on Division Order Nos. R-23005 and R-23006 remaining valid and secure to provide the

⁶ *See, e.g.* Exhibit 1, ¶ 20 (Morris Statement), attached hereto.

⁷ *See* Exhibit 6, attached hereto (email to Alpha in which Permian proposes to "step into Paloma's shoes in the Carlsbad units.")

foundation for a farmout agreement; otherwise, it can be rightly assumed, Permian would never have made its own substantive offer, which required a farmout for its consummation, if it believed the underlying orders on which its offer and farmout depended were defective and subject to termination. The level of Permian's hypocrisy is truly astounding, and its abuse of the Division's processes to retaliate against Alpha for rejecting its offer to drill and operate the Dude Wells is disgraceful.

For the foregoing reasons described herein, Division Orders Nos. R-23005 and R-23006 should remain secure without defect, effective, and valid, and the Division should allow Alpha to exercise its right under the OCD Notice Re: Changes to amend applications in Case Nos. 24826 and 24827 to include notice of Paloma's involvement. Therefore, Alpha respectfully requests that the Division deny Permian's Motion.

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
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darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Alpha Energy Partners, 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 via electronic mail on January 3, 2025:

Michael H. Feldewert – mfeldewert@hollandhart.com

Adam G. Rankin – agrankin@hollandhart.com

Paula M. Vance – pmvance@hollandhart.com

Attorneys for Permian Resources Operating, LLC in Case No. 24826

Attorneys for MRC Permian Co. in Case Nos. 22171 & 22172

Attorneys for Sarvis Creek Energy LLC and SEDG I LLC in Case Nos. 22171 & 22172

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ec: dortiz@spencerfane.com

Attorney for Eagle Natural Resources, LLC in Case Nos. 24826 & 24827

Deana M. Bennett – dmb@modrall.com

Attorney for City of Carlsbad in Case Nos. 22171 & 22172

Jesse Tremaine – jessek.tremaine@emnrd.nm.gov

Attorney for Oil Conservation Division in Case No. 22171 & 22172

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/s/ Darin C. Savage

Darin C. Savage

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

**APPLICATION OF ALPHA ENERGY
PARTNERS, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-23005,
EDDY COUNTY, NEW MEXICO.**

Case No. 24826

**APPLICATION OF ALPHA ENERGY
PARTNERS, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-23006,
EDDY COUNTY, NEW MEXICO.**

Case No. 24827

SELF-AFFIRMED STATEMENT OF RILEY MORRIS.

I affirm and state the following:

1. I am the Vice President of Land for Alpha Energy Partners, LLC (“Alpha”).
2. I am over the age of 18, and I have personal knowledge of the above-reference cases and the related facts and matters stated herein, and I am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division” or “OCD”) and the Division has accepted and made a matter of record my qualifications as an expert witness in petroleum land matters.
3. I have reviewed the Motion to Dismiss and Terminate Orders (“Motion to Terminate Orders”) that Permian Resources Operating, LLC (“Permian”) filed with the Division. I am providing this Statement to provide evidence for Alpha’s Response to Permian’s Motion to

**EXHIBIT
1**

Dismiss and Terminate Orders (“Alpha’s Response”). I was the expert witness in petroleum land matters at the hearings in the Case Nos. 22171 and 22172 that resulted in the two Orders (the “Subject Orders”) that Permian seeks to terminate.

4. Alpha originally filed the applications for Case Nos. 22171 and 22172 on September 1, 2021, to pool the N/2 of Sections 19 and 20 (the “N/2 Unit,” pooled in Case No. 22171) and the S/2 of Sections 19 and 20, (the “S/2 Unit, pooled in Case Nos 22172”), all in Township 22 South, Range 27 East, Eddy County, New Mexico (collectively the “Subject Lands”), in order to implement its development plans. However, due to Order R-21888 being approved on October 19, 2021, but effective as of July 2, 2021 a drilling and completions restriction (the “Moratorium”) was put into place for the area in and around the City of Carlsbad, New Mexico in response to a subsidence event at a brine well named the Eugenie #1 (API:30-15-22574), which later came to be known as the Carlsbad Brine Well. Therefore, Alpha was unable to proceed with its applications

5. On July 7, 2022, the Moratorium was reduced in size from a five (5) mile radius of the brine well to a one (1) mile radius. The Dude applications fell within the one-mile radius and therefore, still within the Moratorium boundary. After the reduction in size of the Moratorium, Alpha worked with the Division to create a safe pathway for proceeding with its development plans. The Division heard Alpha’s applications on November 16, 2023, and found that Alpha’s development plan protected correlative rights and prevented waste. The Moratorium was officially lifted on January 1, 2024. Based on these findings, the Division issued Pooling Order Nos. R-23005 for the N/2 Unit and R-23006 for the S/2 Unit pooling all uncommitted interest in the Subject Lands and granted operatorship to Alpha.

6. Permian did not own any interest in the units from the time Alpha filed its applications in the two cases through January 10, 2024, when the Division issued the subject Orders. Beginning on March 27, 2024, after the Division issued the Subject Orders, Permian began acquiring leasehold interests by means of their Land Broker, Warrior Exploration, LLC and under their own name, which ultimately totaled a relatively small 9.6% working interest in the N/2 Unit. Permian obtained its largest interest, covering approximately 8.7% working interest in the N/2 unit, by obtaining a top lease that captured the interest when the original pooled lease expired. (If a pooled lease expires after a pooling order is issued, the original lessor's mineral interest becomes an unpooled interest and a lessee of that interest becomes the owner of an unpooled working interest.) This is how Permian was able to obtain a small amount of unpooled interest in the N/2 Unit, and Permian used this interest along with multiple other small interest leases to become a party of record only in Case No. 24826, involving the N/2 Unit.

7. Permian also acquired a very small 0.13% working interest in the S/2 Unit, but as Permian acknowledges, it obtained this interest as a successor to the 0.13% pooled interest that remains pooled in the S/2 Unit after its acquisition. Thus, Permian was unable to use this interest to enter an appearance and did not become a party of record in Case No. 24827.

8. It is always a challenge to maintain and manage leased interest as an applicant pursues its development plans, especially in these cases when dealing with extended delays of more than 2.5 years while working through a moratorium on drilling and contending with difficult, fragmented title under the City of Carlsbad involving hundreds of owners, and Alpha has invested heavily in title work for this project. The interests acquired by Permian were not under lease by Alpha at any point and thus, the tracking of lease expiration and obligation dates of Third-Party leases, was burdensome for Alpha to achieve given the nature of the fractionalized interest in this

area and focus being drawn to maintaining Alpha's own leasehold position. All oil and gas leases vary in the types of provisions contained therein so we were unable to know what provisions or agreements not filed of record may or may not have served to perpetuate the previous lease(s) and for how long. Such challenging circumstances can inadvertently create unforeseen opportunities for late comers to the units and project to acquire small interests that fall through cracks. Permian has acquired such interest after the pooling orders were issued and is using its interest to try to gain control over a project in its final stages that Alpha has spent years developing.

9. During its efforts to maintain and update title, Alpha discovered some additional parties that needed to be pooled, and in a good-faith effort to clean up title, submitted applications in Case Nos. 24826 and 24827 to pool these additional parties. Permian was able to take advantage of this situation to become a party of record in Case No. 24826 and object to this case, which has allowed them to attempt to disrupt and undermine more than three years of Alpha's hard work with Permian's Motion to Terminate.

10. Approximately one (1) month after Alpha received its pooling orders, Alpha began preparing to drill and operate the wells and units when it entered into discussions with several companies to participate in the drilling and operation of the wells and units in exchange for earning a portion of leasehold interest in the units, a common arrangement in the oil and gas industry known as a farmout agreement.

11. Permian was one of the parties with whom Alpha negotiated a possible farmout agreement. During those negotiations, Permian made an offer to participate in the drilling and operations of the wells and sought a farmout agreement with Alpha in exchange for an option to earn a portion of the leasehold interest in the Subject Lands. See Exhibit 2 of Alpha's Response (detailing negotiations between Alpha and Permian in which Permian expressed its desire to be an

operator and drill wells in the Subject Lands pursuant to the operating rights granted Alpha under Pooling Order Nos. R-23005 and R-23006).

12. Obviously, during its negotiations with Alpha, Permian was operating under the knowledge that Order Nos. R-23005 and R-23006 were valid and effective and would continue to be so if Permian entered into a farmout agreement with Alpha to drill and operate the wells in the N/2 and S/2 units.

13. During this time, Paloma Permian Asset Co, LLC ("Paloma") also presented an offer to Alpha to participate in the drilling and operation of the wells and enter a farmout agreement in exchange for an option to earn a portion of the leasehold interest in the Subject Lands.

14. After lengthy negotiations with both Permian and Paloma, Alpha reviewed the final offers made by Permian and Paloma and selected Paloma's offer.

15. The farmout agreement ("Farmout Agreement"), is dated effective as of July 1, 2024, and a Memorandum of Agreement ("Farmout Memo") dated July 1, 2024, describing the primary terms of the farmout was recorded in Eddy County on July 15, 2024, in Book 1184, Page 0765. Permian attached an accurate copy of the Farmout Memo as Exhibit B to its Motion to Terminate Orders. (A copy of the redacted Farmout Agreement is attached to Alpha's Response at Exhibit 4.)

16. Under the terms of the Farmout Agreement, Paragraph 5(a), Alpha did not farmout its entire interest in the Subject Lands subject to the orders; instead, the Agreement provides Paloma with only an option to earn a portion of the interest in the Subject Lands, as set out in Paragraphs 5(c) and 5(e).

17. In addition, the Farmout Memo makes it clear that Alpha plays a supervisory role in the drilling and operation of the wells, while Paloma's qualified and conditional rights of

operatorship obligates Paloma to comply with the specifications of Alpha's development plans that the Division approved for the protection of correlative rights and prevention of waste. See second recital in Farmout Memo, second Whereas recitation, Exhibit B, Permian's Motion to Terminate (stating that Paloma would earn interest by complying with certain development plans designed to test the Wolfcamp in the Subject Lands). If Alpha in its supervisory role of the drilling and operation of the wells finds that Paloma is not conforming to the approved specifications of the development plans, then pursuant to the terms of the Farmout Agreement, Alpha will reclaim the rights of operatorship under Paragraph 7(a)(i) that had been extended to Paloma under Paragraphs 2 and 3.

18. Thus, the terms of the actual Farmout Agreement make clear that Alpha did not farmout its entire interest in drilling and operating the wells but retains operatorship of the wells and assigns Paloma interest in operatorship on a well by well basis, within ten (10) days of the spudding of each well under Paragraph 5(c) and additional leasehold interest under Paragraph 5(e) if Paloma performs all of the obligations set out within the Farmout Agreement, and only to the extent required by applicable law or regulation to allow Paloma to act as operator for an individual well to be drilled and/or operated with Alpha retaining automatic reversion of Paloma's qualified right to drill and operate the individual well in the event the Farmout Agreement is terminated prior to completion of Alpha's development plan via the requirement of specific performance by Paloma set out in Paragraphs 2 and 3.

19. Even after Permian's offer was rejected in favor of Paloma's offer, Permian still made efforts to be involved in the drilling and operation of the wells by sending Paloma a trade offer to step into Paloma's shoes and drill the wells under the existing pooling orders. Brandon Gaynor, Executive Vice President of Business Development and Strategy at Permian emailed the

trade offer Permian sent to Paloma to Alpha's CEO, Nick Maxwell, on November 27, 2024, see Exhibit 6. If Paloma had accepted Permian's trade offer, then Permian would have stepped into Paloma's shoes for the drilling and operation of the wells and obviously would not have filed a Motion to Terminate the pooling orders.

20. In discussions with Permian after Paloma was selected, it was apparent to Alpha that Permian was not happy with the outcome, as Permian's Co-CEO, James Walters, made statements in my presence such as, "Why don't we own all of this?" and "Didn't we make an offer on this?" These statements were made at an in-person meeting on November 4, 2024, at Permian's offices.

21. After the meeting between Alpha and Permian on November 4, 2024, Alpha sent over a trade proposal that proposed to acquire Permian's ownership in these cases and in turn, offered Permian the majority of Alpha's interest in two other directly adjacent units. This was an attempt to have Permian operate in a similar fashion to the previous bid process in which they did not prevail as the winning bidder. Permian declined the trade proposal on November 18, 2024, ahead of the status conference set for these cases on November 21, 2024.

22. If Permian had prevailed in its offer to Alpha to participate in the drilling and operation of the wells or if Permian had been successful in its trade offer to Paloma, then it is reasonable to assume that Permian would not be attacking the validity of the existing orders but would instead be relying on the validity and effectiveness of the orders as the basis for Permian's participation in drilling and operating the wells.

23. Paloma did not hide behind Alpha or try to hide behind Alpha in order to participate in the drilling and operation of the wells. Not only did Alpha and Paloma record the Farmout Memo with the county clerk of Eddy County, New Mexico, for notice to the world, a copy of

which Permian easily obtained, but Paloma corresponded directly with the working interest owners in the pooled units, and I have been preparing Exhibits for the upcoming hearings in Case Nos. 24826 and 24827 which describe Paloma's role in the drilling and operation of the wells for the Division's review.

24. I understand that this Self-Affirmed Statement will be used as written testimony before the Division in the above-referenced cases and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the state of New Mexico.



Riley Morris, Vice President
of Land for Alpha Energy Partners, LLC

Date: 1/3/25

From: [Nick Maxwell](#)
To: [Riley Morris](#)
Subject: FW: PR - Alpha Dude Carry Proposal
Date: Friday, January 3, 2025 9:17:50 AM
Attachments: [image001.png](#)
[Carlsbad Area – The Dude and El Duderio.pdf](#)

From: Trevor Irby <Trevor.Irby@permianres.com>
Sent: Thursday, April 4, 2024 2:17 PM
To: Nick Maxwell <Nick@alphapermian.com>
Cc: Brandon Gaynor <Brandon.Gaynor@permianres.com>
Subject: PR - Alpha Dude Carry Proposal

Nick—

Good to catch up yesterday. Putting our carry proposal on The Dude DSU in writing as promised. PR proposes a ■% carry through the tanks on ■ wells across The Dude DSU to earn ■% of Alpha's leasehold interest in Sec. 19 & 20, T20SR27E, Eddy County, NM. PR has a simple letter agreement that we will work up if these terms are acceptable.

As discussed, we are happy to link up our technical teams to walk through development plans if it would be helpful for your evaluation.

We think PR is the best operator for this development and look forward to getting this moving forward.

Given the relatively short time clock on the spud requirement, please get back to us by 4/17/24.

Thanks,

Trevor

PERMIAN
RESOURCES

Trevor Irby | Business Development Commercial Manager
O 432.400.1032 M 214.240.9949 | trevor.irby@permianres.com
300 N. Marienfeld Street, Suite 1000 | Midland, TX 79701
permianres.com

Permian Resources is a result of the merger of Centennial Resource Development and Colgate Energy effective September 1, 2022.

EXHIBIT
2

STATE OF NEW MEXICO)
) SS:
COUNTY OF EDDY)

A. **Capitalized Terms.** Capitalized terms used in this Memorandum but not defined herein shall have the meanings given them in the Agreement.

B. **Intent.** The Parties intend that this Memorandum shall provide notice to third parties of the existence of the Agreement relating to the Properties and, in particular, notice (i) that Paloma has the right to earn ownership in and to specified portions of the Properties, as more particularly detailed in the Letter Agreement, and (ii) that, as between Alpha and Paloma, Paloma solely shall be responsible for paying all drilling and completions costs related to the Farmout Wells.

C. **Successors and Assigns.** The Agreement is binding upon and shall inure to the benefit of each Party, its successors and assigns.

D. **Recordation.** Each Party authorizes the other Party to file this Memorandum in the public records of each county where any of the Properties is located and shall serve as notice of the existence of the Agreement, the burdens created by the Agreement with respect to the Properties, and Paloma's contractual rights to earn under the Agreement.

E. **Amendments.** No amendment, change or modification of any of the terms, provisions or conditions of the Agreement of this Memorandum, nor any waiver of rights hereunder, shall be effective unless made in writing and executed by the Parties of their duly authorized representatives.

F. **Additional Information.** Should any person desire additional information regarding the Agreement, said person should contact either Party, as follows:

If to Alpha:

Alpha Energy Partners II, LLC
508 W. Wall St., Suite 1200
Midland, Texas 79701
Attn: Legal

With a copy to (which shall not constitute notice):

Collins Resources, LLC
3824 Cedar Springs Rd., #414
Dallas, Texas 75219
Attn: Legal
Legal@collinspermian.com

If to Paloma:

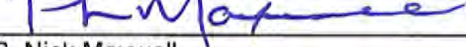
Paloma Permian AssetCo, LLC
1100 Louisiana Street, Suite 5100
Houston, Texas 77002
Attn: Legal

- G. **Memorandum Subject to Agreement.** The Parties hereby refer to the Agreement for all of its terms and provisions and incorporate the same herein by reference as fully as if such terms and provisions were copied at length herein. In the event of a conflict between the terms and provisions of this Memorandum and the terms and provisions of the Agreement, the terms and provisions of the Agreement shall control in all respects.
- H. **Counterparts.** This Memorandum may be executed by the Parties in any number of original counterparts, all of which collectively shall be considered one and the same instrument.
- I. **Termination.** Upon termination of the Agreement for any reason, each Party shall execute, acknowledge, and deliver to the other Party such releases of this Memorandum as may be required to evidence such termination and the release thereof and of this Memorandum. If no such release is recorded, this Memorandum shall automatically expire, and be of no further force and effect (and third persons shall be entitled to rely on such expiration as evidence of the release of the rights of Paloma under the Agreement) on September 15, 2026.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Memorandum has been executed by the parties hereto as of the dates of their respective acknowledgements below but is effective for all purposes as of the Effective Date.

ASSIGNOR:**Alpha Energy Partners II, LLC**

By: 
Name: P. Nick Maxwell
Title: CEO

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF Midland §

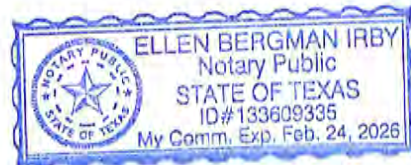
This instrument was acknowledged before me on the 11 day of July, 2024, by P. Nick Maxwell as CEO of Alpha Energy Partners II, LLC, on behalf of such entity.


Notary Public

My Commission Expires: 2/24/2026

My Commission Number: 133609335

(Seal)



ASSIGNEE:

Paloma Permian AssetCo, LLC

By: [Signature]
Name: Andrew N. Keck
Title: Senior Vice President – Land

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 11th day of JULY, 2024, by Andrew N. Keck as Senior Vice President - Land of Paloma Permian AssetCo, LLC, on behalf of such entity.

Pilar A. Garcia

Notary Public

My Commission Expires: _____

(Seal)

My Commission Number: _____





PALOMA PERMIAN, LLC
1100 Louisiana St., Suite 5100
Houston, Texas 77002

July 11, 2024

Alpha Energy Partners II, LLC
Attention: Nick Maxwell, CEO
508 W. Wall St., Suite 1200
Midland, Texas 79701

**RE: Letter Agreement
Sections 17 & 18 and 19 & 20-22S-27E, Eddy County, NM**

Dear Mr. Maxwell,

This letter agreement (the "**Agreement**") dated effective as of July 1, 2024 (the "**Effective Date**"), is intended to memorialize the terms and conditions by and among Alpha Energy Partners II, LLC ("**Alpha**") and Paloma Permian AssetCo, LLC ("**Paloma**"), insofar as it pertains to the farmout from Alpha to Paloma on the terms and conditions hereinafter set forth, as to (a) those certain oil and gas leases described and scheduled in the attached **Exhibit A-1** (hereinafter, the "**Unit 1 Leases**") as to all depths situated within the horizontal boundaries of Sections 19 and 20, Range 27E Township 22S, covering approximately 1,268.64 gross acres (hereinafter "**Unit 1**"), and (b) those certain oil and gas leases described and scheduled in the attached **Exhibit A-2** (hereinafter, the "**Unit 2 Leases**") and together with the Unit 1 Leases, the "**Leases**") as to all depths situated within the horizontal boundaries of Sections 17 and 18, Range 27E Township 22S, covering approximately 1,267.84 gross acres (hereinafter "**Unit 2**", and collectively, with **Unit 1**, the "**Units**" or individually, a "**Unit**"), with each such Unit located in Eddy County, New Mexico. Alpha and Paloma may individually be referred to as a "**Party**" and/or collectively as the "**Parties**".

The Parties herein acknowledge and recognize that Paloma has proposed to drill a series of horizontal wells (such wells, or any substitute for such wells, being the "**Unit 1 Farmout Wells**") to test the Wolfcamp Formation within Unit 1 as further exhibited on the attached **Exhibit E**, the "**Unit 1 Development Plan**". The use of the term "unit" herein is not intended to denote any designated unit but rather a group of USGS sections for development.

The Parties herein acknowledge and recognize that Paloma has proposed to drill a series of horizontal wells (such wells, or any substitute for such wells, being the "**Unit 2 Farmout Wells**") to test the Wolfcamp Formation within Unit 2, further exhibited on the attached **Exhibit F**, the "**Unit 2 Development Plan**" (and collectively with the Unit 1 Development Plan, the "**Development Plans**").

The Unit 1 Farmout Wells and the Unit 2 Farmout Wells are sometimes herein referred to collectively as the "**Farmout Wells**" or individually as a "**Farmout Well**".

The Parties believe, without representation or warranty of any kind or character, that Alpha is the Lessee of record of approximately [REDACTED] net leasehold acres of Wolfcamp, as well as other interests in other depths, located within Unit 1, and approximately [REDACTED] net leasehold acres of Wolfcamp, as well as other interests in other depths, located within in Unit 2. Alpha is the operator of Unit 1 by way of those New Mexico Oil Conservation Division ("**OCD**") pooling orders and/or Joint Operating Agreements scheduled in the attached **Schedule 1**. Unit 1 and Unit 2 are sometimes hereinafter referred to collectively as the "**Farmout Area**".

Now therefore, for and in consideration of the foregoing, the premises, and the mutual covenants and agreements in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Operating Agreement.

[REDACTED]

2. **Unit 1 Operations.**

(a) As used in this Agreement,

(i) the term "**Qualifying Well**" means a Farmout Well, the total calculated horizontal drainhole displacement of which, as measured from the applicable penetration point of the target depth set forth for such well on Exhibit E or Exhibit F, as applicable, to the applicable terminus is [REDACTED] feet (or no less than [REDACTED] feet in the event Paloma is physically prevented from drilling such calculated horizontal drainhole displacement to [REDACTED] feet due to downhole conditions, such as faults, heaving shale, collapsed borehole or other conditions, in each case that do not arise out of the negligence or fault of Paloma and would lead a reasonably prudent operator to not drill such well to [REDACTED] feet) and that has been completed, hydraulically fractured, and has produced, and is capable of producing hydrocarbons in paying quantities; and

(ii) the term "**Spud**" means the penetration of the ground by a drill bit drilled by a drilling rig capable of drilling each of the Farmout Wells as a Qualifying Well; provided, however, subject to Section 4(a), "Spud" may include use of a spudder rig designed or intended to drill, or capable of drilling, only a portion or segment of any particular Farmout Well as a Qualifying Well so long as a drilling rig capable of drilling each of the Farmout Wells as a Qualifying Well is on-site, rigged up, and has commenced operations on such Farmout Well within [REDACTED] days of the date such spudder rig completed drilling operations with respect to such Farmout Well.

(b) On or before [REDACTED] (the "**Initial Unit 1 Spud Date Deadline**"), Paloma shall have Spud the first Farmout Well in the Unit 1 Development Plan. In the event Paloma has not Spud the first Farmout Well by the Initial Unit 1 Spud Date Deadline, at Alpha's sole and absolute discretion, Alpha shall elect that either (i) the Unit 1 Spud Date Deadline shall be extended for an additional [REDACTED] days from the end of the Initial Unit 1 Spud Date Deadline (the "**Second Unit 1 Spud Date Deadline**") and within three (3) days of notice to Paloma of Alpha's election (or Alpha's deemed election), Paloma shall pay an extension fee of \$[REDACTED] in same-day funds to Alpha to an account designated by Alpha; or (ii) this Agreement shall terminate pursuant to Section 7(a)(i), and Paloma shall pay \$[REDACTED] in same-day funds to an account designated by Alpha within three (3) days after the date on which this Agreement is terminated. Failure by Alpha to make an election on or before five (5) days of the Initial Unit 1 Spud Date Deadline shall be deemed to be an election by Alpha of the remedy under Section 2(b)(i).

(c) In the event Paloma has not Spud the first Unit 1 Farmout Well by the Second Unit 1 Spud Date Deadline, this Agreement shall terminate pursuant to Section 7(a)(i), and Paloma shall pay \$[REDACTED] in same-day funds to an account designated by Alpha within three (3) days after the date on which this Agreement is terminated.

(d) In the event Paloma has not drilled, completed and equipped or caused to be drilled, completed and equipped all Farmout Wells set forth in the Unit 1 Development Plan, in each case, as Qualifying Wells on or before [REDACTED] (the "**Initial Unit 1 Completion Date Deadline**"), at Paloma's sole and absolute discretion, Paloma shall elect that either (i) the Initial Unit 1 Completion Date Deadline shall be

extended for an additional ninety (90) days from the end of the Initial Unit 1 Completion Date Deadline (the "**Second Unit 1 Completion Date Deadline**") and concurrently with (and as a condition of the effectiveness of) notice to Alpha of Paloma's election, Paloma shall pay an extension fee equal to the greater of (A) \$[REDACTED] for each Unit 1 Farmout Well that has not been completed as a Qualifying Well; or (B) \$[REDACTED], in each case in same-day funds to Alpha to an account designated by Alpha; or (ii) this Agreement shall terminate pursuant to Section 7(a)(i), and Paloma shall pay \$[REDACTED] in same-day funds to an account designated by Alpha within three (3) days after the date on which this Agreement is terminated. Failure by Paloma to make an election on or before five (5) days of the Initial Unit 1 Completion Date Deadline shall be deemed to be an election under Section 2(d)(i).

- (e) In the event that Paloma has not drilled, completed, and equipped, or caused to be drilled, completed, and equipped, all Farmout Wells set forth in the Unit 1 Development Plan, in each case, as Qualifying Wells on or before the Second Unit 1 Completion Date Deadline, Alpha shall have the right, but not the obligation, to terminate this Agreement as to Unit 1 only or in its entirety pursuant to Section 7(a)(i) (but without prejudice to any rights that Paloma has earned prior to the date of such termination pursuant to Section 5), and, in any event, in connection with such termination, Paloma shall pay Alpha \$[REDACTED] within three (3) days after the date on which this Agreement is terminated.
- (f) Subject to the remainder of this Section 2(f), the remedies for termination in Sections 2(b)(ii), 2(c), 2(d)(ii), and 2(e) shall not be duplicated, and, in the event that Paloma pays such amount once and this Agreement terminates, Paloma shall not be required to pay such amount a second time. The remedies set forth in Section 2(b)(i) and 2(d)(i) are cumulative and not exclusive, and the payment of any amount set forth therein shall not satisfy or prejudice the requirement that Paloma pay any other amount hereunder. Payment of any amount under this Section 2 shall not prejudice or satisfy Paloma's obligations to make any payment under Section 3. In the event that Alpha exercises its election to terminate this Agreement in its entirety under this Section 2, the applicable termination fee required to be paid under Sections 3(a)(ii), 3(b), 3(c)(ii), or 3(d), as applicable, shall be due and payable concurrently with the relevant termination payments under Sections 2(b)(ii), 2(c), 2(d)(ii), or 2(e); provided, however, that in no event shall Paloma be required to pay more than one termination fee under this Section 2 and one termination fee under Section 3.

3. Unit 2 Operations.

- (a) On or before [REDACTED] (the "**Initial Unit 2 Spud Date Deadline**"), Paloma shall have Spud the first Farmout Well in the Unit 2 Development Plan. In the event Paloma has not Spud the first Farmout Well by the Initial Unit 2 Spud Date Deadline, at Alpha's sole and absolute discretion, Alpha shall elect that either (i) the Initial Unit 2 Spud Date Deadline shall be extended for an additional [REDACTED] days from the end of the Initial Unit 2 Spud Date Deadline (the "**Second Unit 2 Spud Date Deadline**") and within three (3) days of notice to Paloma of Alpha's election (or Alpha's deemed election), Paloma shall pay an extension fee of \$[REDACTED] in same-day funds to Alpha to an account designated by Alpha; or (ii) this Agreement shall terminate pursuant to Section 7(a)(i), and Paloma shall pay \$[REDACTED] in same-day funds to an account designated by Alpha within three (3) days after the date on which this Agreement is terminated. Failure by Alpha to make an election on or before five (5) days of the Initial Unit 2 Spud Date Deadline shall be deemed to be an election by Alpha of the remedy under Section 3(a)(i).
- (b) In the event Paloma has not Spud the first Unit 2 Farmout Well by the Second Unit 2 Spud Date Deadline, this Agreement shall terminate pursuant to Section 7(a)(i) and Paloma shall pay \$[REDACTED] in same-day funds to an account designated by Alpha within three (3) days after the date on which this Agreement is terminated.
- (c) In the event Paloma has not drilled, completed and equipped or caused to be drilled, completed and equipped all Farmout Wells set forth in the Unit 2 Development Plan, in each case, as Qualifying Wells, on or before [REDACTED] (the "**Initial Unit 2 Completion Date Deadline**"), at Paloma's sole and absolute discretion, Paloma shall elect that either (i) the Initial Unit 2 Completion Date Deadline shall be extended for an additional [REDACTED] days from the end of the Initial Unit 2 Completion Date Deadline (the "**Second Unit 2 Completion Date Deadline**") and concurrently with (and as a condition of the effectiveness of) notice to Alpha of Paloma's election, Paloma shall pay an extension fee equal to the greater of (A) \$[REDACTED] for each Unit 2 Farmout Well that has not been completed as a Qualifying Well or (B) \$[REDACTED], in each case in same-day funds to Alpha to an account designated by Alpha; or (ii) this

Agreement shall terminate pursuant to Section 7(a)(i), and Paloma shall pay \$ [REDACTED] in same-day funds to an account designated by Alpha within three (3) days after the date on which this Agreement is terminated. Failure by Paloma to make an election on or before five (5) days of the Initial Unit 2 Completion Date Deadline shall be deemed to be an election under Section 3(c)(i).

- (d) In the event that Paloma has not drilled, completed, and equipped, or caused to be drilled, completed, and equipped, all Farmout Wells set forth in the Unit 2 Development Plan, in each case, as Qualifying Wells on or before the Second Unit 2 Completion Date Deadline, Alpha shall have the right, but not the obligation, to terminate this Agreement as to Unit 2 only or in its entirety pursuant to Section 7(a)(i) (but without prejudice to any rights that Paloma has earned prior to the date of such termination pursuant to Section 5), and, in any event, in connection with such termination, Paloma shall pay Alpha \$ [REDACTED] within three (3) days after the date on which this Agreement is terminated.
- (e) Subject to the remainder of this Section 3(e), the remedies for termination in Sections 3(a)(ii), 3(b), 3(c)(ii), and 3(d) shall not be duplicated, and, in the event that Paloma pays such amount once and this Agreement terminates, Paloma shall not be required to pay such amount a second time. The remedies set forth in Section 3(a)(i) and 3(c)(i) are cumulative and not exclusive, and the payment of any amount set forth therein shall not satisfy or prejudice the requirement that Paloma pay any other amount hereunder. Payment of any amount under this Section 3 shall not prejudice or satisfy Paloma's obligations to make any payment under Section 2. In the event that this Agreement terminates under this Section 3 and Paloma has not yet earned all Unit 1 acreage under Section 5, the applicable termination fee required to be paid under Sections 2(b)(ii), 2(c), 2(d)(ii), or 2(e), as applicable, shall be due and payable concurrently with the relevant termination payments under Sections 3(a)(ii), 3(b), 3(c)(ii), or 3(d); provided, however, that in no event shall Paloma be required to pay more than one termination fee under this Section 3 and one termination fee under Section 2.

4. General Operations Provisions.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. **Earning.**

- (a) Alpha hereby retains 20% of Alpha's right, title and interest in and to the Leases and other interests in oil, gas, and other hydrocarbons in Unit 1 and Unit 2 (the "**Alpha Retained Interest**"). The Alpha Retained Interest shall be separate from, and in addition to, the Alpha Farmout Interest, and shall not merge into the Alpha Farmout Interest. Alpha shall be responsible for costs, expenses, and other obligations associated with the Alpha Retained Interest as contemplated under the applicable JOA.

- [REDACTED]
- (c) Within 10 days of Spud of a Farmout Well in accordance with this Agreement, Alpha shall deliver to Paloma a fully executed, wellbore-limited, partial assignment and bill of sale for such well, using the form of partial Assignment and Bill of Sale attached hereto as Exhibit B-1, to be recorded in Eddy County, New Mexico, in each case, assigning to Paloma its Paloma Farmout Interest in and to such Farmout Well. Paloma shall be deemed to have earned and shall be entitled to the Paloma Farmout Interest in each Unit Well upon the Spud of each such Farmout Well.
- [REDACTED]

- (e) Within 30 days after the date on which the Development Plan for a Unit has been fully completed, with all Farmout Wells in such Unit being drilled, completed, and equipped as Qualifying Wells, Alpha shall assign to Paloma the Paloma Farmout Interest in and to the Leases and wellbores within the relevant Unit (including the Paloma Farmout Interest in any wellbores in such Unit owned by Alpha as of the date of this Agreement), to the extent that the Paloma Farmout Interest therein has not previously been assigned to Paloma, it being understood and agreed that any such assignment shall not be in duplication of any interest in a Farmout Well previously conveyed to Paloma pursuant to Section 5(c), using the form of partial Assignment and Bill of Sale attached hereto as Exhibit B-2, to be recorded in Eddy County, New Mexico.
- [REDACTED]
- [REDACTED]

6. Carry

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7. **Termination.**

(a) This Agreement shall enter into effect as of the execution date hereof and shall, subject to Section 7(b), terminate as follows:

(i) By Alpha at its sole election, as and when set forth in Sections 2 and 3; provided, however, that termination of this Agreement under Section 2 with respect to Unit 1 shall provide Alpha the right, but not the obligation, to terminate this Agreement with respect to Unit 2, and the termination of this Agreement under Section 3 with respect to Unit 2 shall provide Alpha the right, but not the obligation, to terminate this Agreement with respect to Unit 1;

(ii) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8. Area of Mutual Interest.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

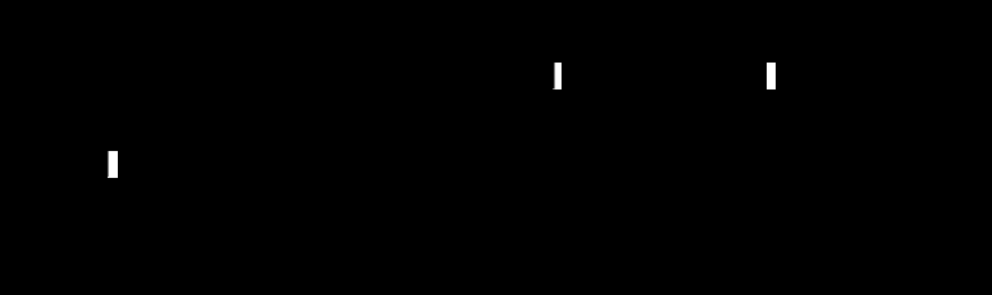
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[illegible]



[REDACTED]

[REDACTED]

10. Miscellaneous.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■

[REDACTED]

4871-2737-3768v.12

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

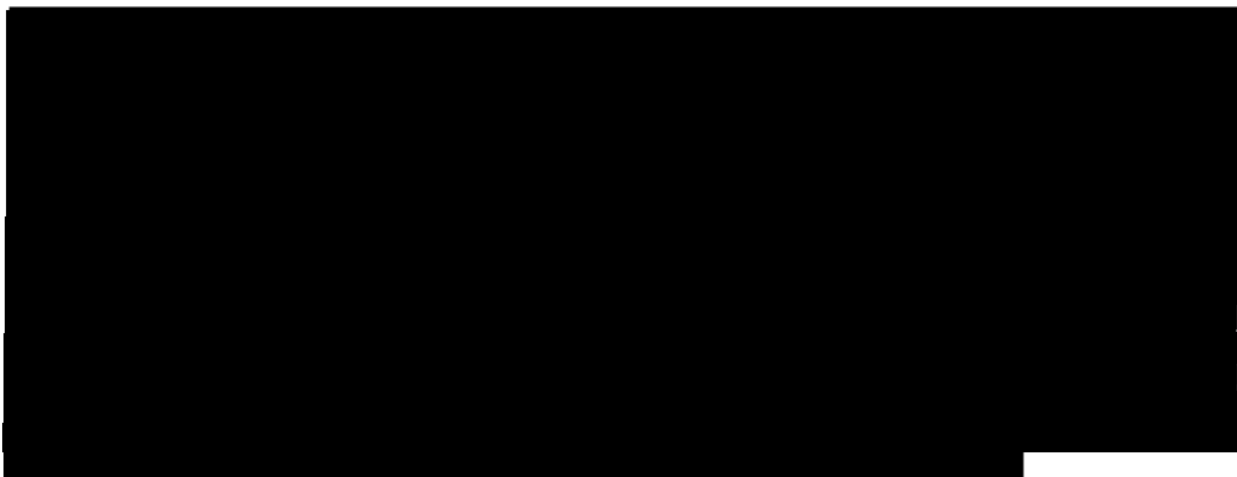
[REDACTED]

11. Overriding Royalty Interest.

[REDACTED]

12. Paloma Guarantors.

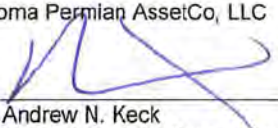
[REDACTED]



Should the terms and conditions of this letter agreement be acceptable to Alpha, please signify your agreement by properly executing in the designated space(s) below and return one (1) copy of this agreement to my attention. By signing below, Paloma agrees to be bound by this Agreement.

Very truly yours,

Paloma Permian AssetCo, LLC

By: 

Andrew N. Keck
Senior Vice President – Land
Paloma Permian AssetCo, LLC

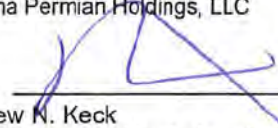
AGREED TO AND ACCEPTED THIS _____ DAY OF JULY, 2024, EFFECTIVE AS OF JULY 1, 2024.

Alpha Energy Partners II, LLC

By: _____
Name: P. Nick Maxwell
Title: CEO

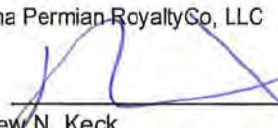
AGREED AND ACCEPTED SOLELY FOR THE PURPOSES SET FORTH IN SECTION 12:

Paloma Permian Holdings, LLC

By: 

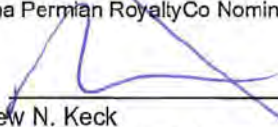
Andrew N. Keck
Senior Vice President – Land

Paloma Permian RoyaltyCo, LLC

By: 

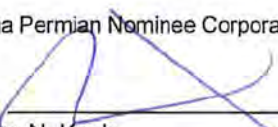
Andrew N. Keck
Senior Vice President – Land

Paloma Permian RoyaltyCo Nominee Corporation

By: 

Andrew N. Keck
Senior Vice President – Land

Paloma Permian Nominee Corporation

By: 

Andrew N. Keck
Senior Vice President – Land

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Should the terms and conditions of this letter agreement be acceptable to Alpha, please signify your agreement by properly executing in the designated space(s) below and return one (1) copy of this agreement to my attention. By signing below, Paloma agrees to be bound by this Agreement.

Very truly yours,

Paloma Permian AssetCo, LLC

By: _____
Andrew N. Keck
Senior Vice President – Land
Paloma Permian AssetCo, LLC

AGREED TO AND ACCEPTED THIS _____ DAY OF JULY, 2024, EFFECTIVE AS OF JULY 1, 2024.

Alpha Energy Partners II, LLC

By: _____
Name: P. Nick Maxwell
Title: CEO

AGREED AND ACCEPTED SOLELY FOR THE PURPOSES SET FORTH IN SECTION 12:

Paloma Permian Holdings, LLC

By: _____
Name: _____
Title: _____

Paloma Permian RoyaltyCo, LLC

By: _____
Name: _____
Title: _____

Paloma Permian RoyaltyCo Nominee Corporation

By: _____
Name: _____
Title: _____

Paloma Permian Nominee Corporation

By: _____
Name: _____
Title: _____

Exhibit "A-1"

The Unit 1 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--|-------------------------------|------------|---|-----------|--------|----------|-------|
| W.H. Merchant, Jr and Mary F. Merchant | D.L. Hannifin | 6/28/1966 | T225 R27E Section 19: E/2NE 1/4 of center line of US Highway 62, W2SE, Lots 1-4, E2W2 | 1.00 | 1.00 | Franklin | MO |
| Thyrus Lue Loftis | Uplift Energy, LLC | 9/18/2018 | T225 R27E Section 19: Lots 6 and 7, Blk M - Hemler | 1.00 | 1.00 | Franklin | MO |
| Richard Waters | Uplift Energy, LLC | 9/21/2018 | T225 R27E Section 19: Lots 11, 12, 13, Blk L - Hemler | 1.00 | 1.00 | Franklin | MO |
| Velma A. Brown | Uplift Energy, LLC | 9/18/2018 | T225 R27E Section 19: Lots 6 and 7, Blk M - Hemler | 1.00 | 1.00 | Franklin | MO |
| Freddie Finstad | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 19: Lot 4, Blk B - Moore | 1.00 | 1.00 | Franklin | MO |
| Willie J. Evans | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 19: E2 of Lot 6, Blk A - Moore | 1.00 | 1.00 | Franklin | MO |
| Frank Romero | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 19: East 42' of Lot 4, Blk A - Moore T225 R27E Section 19: East 50.21' of Lot 3, Blk B - Moore | 1.00 | 1.00 | Franklin | MO |
| Kelly Innerarity, Individually and as Successor Trustee of the Calile Anne Innerarity (Plaint) Trust | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 19: 0.401 Acre tract as described by metes and bounds | 1.00 | 1.00 | Franklin | MO |
| Hatch Royalty, LLC | Alpha Energy Partners, LLC | 5/13/2021 | T225 R27E Section 19: All of the E2SE, less and except a 3.91 acre tract | 1.00 | 1.00 | Franklin | MO |
| Susan C. Fishman | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: South 2/3rds of the SWNE | 1.00 | 1.00 | Franklin | MO |
| Dorado Petroleum, LLC | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: 1.134 acre tract as described by metes and bounds | 1.00 | 1.00 | Franklin | MO |
| Mark Savage | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: South 2/3rds of the SWNE | 1.00 | 1.00 | Franklin | MO |
| Carolyn Banks | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: Lots 4 and 5, Blk M - Hemler | 1.00 | 1.00 | Franklin | MO |
| Jeff Gorrell | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: Lot 11 and Lot 1, SAE the North 208' and the West 4.58', Lot 10 SAE the West 100' - Moore | 1.00 | 1.00 | Franklin | MO |
| Todd and Robyn Hyden | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: West 80' of Lot 3, Blk A - Moore | 1.00 | 1.00 | Franklin | MO |
| Shirley Grabb | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: West 99.42' of the East 149' of Lot 2, Blk A - Moore | 1.00 | 1.00 | Franklin | MO |
| Daniel and Kathryn Gibson | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: East 60' of Lot 4, Blk B - Moore | 1.00 | 1.00 | Franklin | MO |
| Covert D. Anderson | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: N2 of Lot 2, Blk L - Hemler | 1.00 | 1.00 | Franklin | MO |
| Dona McBee | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: N2 of Lot 2, Blk L - Hemler | 1.00 | 1.00 | Franklin | MO |
| Patt MacDonald, Trustee | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: 0.401 Acre tract as described by metes and bounds | 1.00 | 1.00 | Franklin | MO |
| Eula F. Foreman | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: Lot 8, Blk B, SAE the West 55' - Moore | 1.00 | 1.00 | Franklin | MO |
| Barbara J. Olin | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: West 55' of Lot 8, Blk B - Moore | 1.00 | 1.00 | Franklin | MO |
| Evelyn M. Moore | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 19: West 55' of Lot 8, Blk B - Moore | 1.00 | 1.00 | Franklin | MO |
| FlatRock Royalties, LLC | Alpha Energy Partners, LLC | 9/1/2021 | T225 R27E Section 19: North 2/3rds of the NWNE | 1.00 | 1.00 | Franklin | MO |
| John Lorenzen | Alpha Energy Partners, LLC | 10/6/2021 | T225 R27E Section 19: South 2/3rds of the SWNE | 1.00 | 1.00 | Franklin | MO |
| Moor Childrens Home | Alpha Energy Partners, LLC | 11/18/2021 | T225 R27E Section 19: N/3 of NWNE bein Lots 4-10 of Blk L of Hemler Subdivision | 1.00 | 1.00 | Franklin | MO |
| James B. Kenney | Alpha Energy Partners II, LLC | 1/1/2024 | T225 R27E Section 19: All of the E2SE, less and except a 3.91 acre tract | 1.00 | 1.00 | Franklin | MO |
| Jim Blain Kenney | Alpha Energy Partners II, LLC | 1/1/2024 | T225 R27E Section 19: All of the E2SE, less and except a 3.91 acre tract | 1.00 | 1.00 | Franklin | MO |
| James Gilbert Bell | Alpha Energy Partners II, LLC | 1/1/2024 | T225 R27E Section 19: All of the E2SE, less and except a 3.91 acre tract | 1.00 | 1.00 | Franklin | MO |
| Rhoda Sue Bell Smith | Alpha Energy Partners II, LLC | 1/1/2024 | T225 R27E Section 19: All of the E2SE, less and except a 3.91 acre tract | 1.00 | 1.00 | Franklin | MO |
| Dereasa E. Schogins | Alpha Energy Partners, LLC | 9/10/2018 | T225 R27E Section 19: All of the E2SE, less and except a 3.91 acre tract | 1.00 | 1.00 | Franklin | MO |
| John R. Gentry | Uplift Energy LLC | 10/7/2018 | T225 R27E Section 20: Lot 1, Townsend Subdivision | 1.00 | 1.00 | Franklin | MO |
| Sheryl D. Brewer | Uplift Energy LLC | 10/12/2018 | T225 R27E Section 20: SWSW, S2SESW | 1.00 | 1.00 | Franklin | MO |
| Darla Brewer | Uplift Energy LLC | 10/13/2018 | T225 R27E Section 20: SWSW, S2SESW | 1.00 | 1.00 | Franklin | MO |
| Dana Kimmel | Uplift Energy LLC | 10/15/2018 | T225 R27E Section 20: SWSW, S2SESW | 1.00 | 1.00 | Franklin | MO |
| Mark Mckay | Uplift Energy LLC | 10/23/2018 | T225 R27E Section 20: Lot 1, Blk 3 - Cass Tract out of SWNW as described by metes and bounds | 1.00 | 1.00 | Franklin | MO |

Exhibit "A-1"

The Unit 1 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg. | County | State |
|---|-----------------------------|--------------|--|-----------|---------|--------|-------|
| Kenneth M. Cass | Uplift Energy LLC | 10/23/2018 | T225 R27E Section 20: Lot 1, Blk 3 - Cass Tract out of SWNW as described by metes and bounds | ██ | ██ | ██ | ██ |
| Mary E. Barringer | Uplift Energy LLC | 10/23/2018 | T225 R27E Section 20: Lot 1, Blk 3 - Cass Tract out of SWNW as described by metes and bounds | ██ | ██ | ██ | ██ |
| Marion Lee Smith | Uplift Energy LLC | 10/25/2018 | T225 R27E Section 20: Tract 17 in SWNW | ██ | ██ | ██ | ██ |
| Danny Oliver | Uplift Energy LLC | 11/5/2018 | T225 R27E Section 20: Portion of W2NW as further described by metes and bounds | ██ | ██ | ██ | ██ |
| Uplift Energy LLC | Alpha Permian Resources LLC | 6/1/2019 | Multiple | ██ | ██ | ██ | ██ |
| Jason Skeen | Uplift Energy LLC | 6/4/2019 | T225 R27E Section 20: Lot 2, Blk 3 - Cass | ██ | ██ | ██ | ██ |
| Caroline C. Cass, individually and as Executrix of the Patricia Rippee Estate | Uplift Energy LLC | 12/13/2018 | T225 R27E Section 20: Lot 1, Blk 3 - Cass Tract out of SWNW as described by metes and bounds | ██ | ██ | ██ | ██ |
| Terry M. Lewis, individually and as independent executrix of the Estate of Jewel B. Lewis | Uplift Energy LLC | 12/17/2018 | T225 R27E Section 20: Portion of the S2SWNW as further described by metes and bounds | ██ | ██ | ██ | ██ |
| Kenneth and Betty Fugate | Uplift Energy LLC | 5/31/2019 | T225 R27E Section 20: Lot 1 and a portion of lot 2 as further described by metes and bounds - Walterscheid | ██ | ██ | ██ | ██ |
| Charlene Skeen | Uplift Energy LLC | 6/4/2019 | T225 R27E Section 20: Lot 2, Blk 3 - Cass | ██ | ██ | ██ | ██ |
| Sara L. Skeen | Uplift Energy LLC | 6/4/2019 | T225 R27E Section 20: Lot 2, Blk 3 - Cass | ██ | ██ | ██ | ██ |
| Kenneth A. Davis, individually and as Trustee of the Kenneth A. Davis Revocable Trust dated February 12, 1988 | Uplift Energy LLC | 6/20/2019 | T225 R27E Section 20: All that portion being more particularly described in that Warranty deed dated March 12, 1974 filed in volume 223, page 209 of the deed records of Eddy County, New Mexico | ██ | ██ | ██ | ██ |
| Mary Ann Olive Revocable Trust | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 20: 5.15 acres out of the N2S2SW | ██ | ██ | ██ | ██ |
| Penasco Petroleum, LLC | Alpha Energy Partners, LLC | 4/19/2021 | Multiple | ██ | ██ | ██ | ██ |
| Rolla R. Hinkle III | Alpha Energy Partners, LLC | 4/19/2021 | Multiple | ██ | ██ | ██ | ██ |
| John Paul Williams Special Needs Trust | Alpha Energy Partners, LLC | 8/1/2021 | T225 R27E Section 20: SWSWNW | ██ | ██ | ██ | ██ |
| Robert Pack | Alpha Energy Partners, LLC | April 1 2021 | T225 R27E Section 20: N2NE lying North and East of the Railroad | ██ | ██ | ██ | ██ |
| Tony W. Bowden | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 20: SESW, S2SE | ██ | ██ | ██ | ██ |
| Trevor Turnelle | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 20: All of the S2NE and N2SE lying south and west of the main canal | ██ | ██ | ██ | ██ |
| Tom L. Smith | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 20: Lots 6 and 7 - Walterscheid | ██ | ██ | ██ | ██ |
| Dwayne B. and Melody M. Smith | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 20: Lot 7 - Walterscheid | ██ | ██ | ██ | ██ |
| Sheila H. Carpenter | Alpha Energy Partners, LLC | 4/1/2021 | T225 R27E Section 20: Tract 2 - Gentry | ██ | ██ | ██ | ██ |
| Dwight Smith | Alpha Energy Partners, LLC | 4/13/2021 | T225 R27E Section 20: Lot 7 - Walterscheid | ██ | ██ | ██ | ██ |
| Ashlee N. Pennington | Alpha Energy Partners, LLC | 4/19/2021 | T225 R27E Section 20: Lot 9 - Walterscheid | ██ | ██ | ██ | ██ |
| Ginnvren Willetts | Alpha Energy Partners, LLC | 5/1/2021 | T225 R27E Section 20: S2SENW, NESW | ██ | ██ | ██ | ██ |
| Marvin Albright | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 20: 1.0 acre tract as further described by metes and bounds | ██ | ██ | ██ | ██ |

Exhibit "A-1"

The Unit 1 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|---------------------------------|-------------------------------|------------|--|-----------|--------|--------|-------|
| Ruth S. Bell | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 20: Tract 12 in the SWNW | 0.01 | 001 | Wade | OK |
| James and Lorna Smith | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 20: Lot 7 - Walterscheid | 0.01 | 001 | Wade | OK |
| Jackie Box | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 20: 0.31 acre tract as further described by metes and bounds | 0.01 | 001 | Wade | OK |
| Lanell Brockman | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 20: 0.31 acre tract as further described by metes and bounds | 0.01 | 001 | Wade | OK |
| Tommy Box | Alpha Energy Partners, LLC | 6/1/2021 | T225 R27E Section 20: 0.31 acre tract as further described by metes and bounds | 0.01 | 001 | Wade | OK |
| Mary Horn | Alpha Energy Partners, LLC | 6/1/2024 | T225 R27E Section 20: Tract 15 in the SWNW | 0.01 | 001 | Wade | OK |
| Stephen Young | Alpha Energy Partners, LLC | 6/1/2024 | T225 R27E Section 20: West 150' of Tract 3 in the SWNW | 0.01 | 001 | Wade | OK |
| CRM 2018, LLC | Alpha Energy Partners, LLC | 10/1/2021 | Multiple | 0.01 | 001 | Wade | OK |
| Perry Province | Alpha Energy Partners, LLC | 6/4/2021 | T225 R27E Section 20: SESW, S2SE | 0.01 | 001 | Wade | OK |
| Vicksburg Royalties, LLC | Alpha Energy Partners, LLC | 7/1/2021 | T225 R27E Section 20: All that portion of the S2NE, N2SE lying North and East of the South Boundary Line of the Southern or Main Canal of Carlsbad | 0.01 | 001 | Wade | OK |
| Mason Oaks Energy Holdings, LLC | Alpha Energy Partners, LLC | 10/1/2021 | T225 R27E Section 20: SESW, S2SE | 0.01 | 001 | Wade | OK |
| Dottie Bell Stone Mayes | Alpha Energy Partners, LLC | 9/20/2021 | T225 R27E Section 20: Lot 1, Townsend Subdivision | 0.01 | 001 | Wade | OK |
| Carol Kozma | Alpha Energy Partners, LLC | 9/27/2021 | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| Judy Edwards | Alpha Energy Partners, LLC | 9/27/2021 | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| Wayne Edwards | Alpha Energy Partners, LLC | 9/27/2021 | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| Gerald M. Seefeldt | Uplift Energy LLC | 12/17/2018 | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| Scott M. Seefeldt | Uplift Energy LLC | 12/20/2018 | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| James M. Seefeldt | Uplift Energy LLC | 12/20/2018 | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| Lori B. Rowland | Uplift Energy LLC | 12/20/2018 | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| Uplift Energy LLC | Alpha Energy Partners II, LLC | TBD | T225 R27E Section 19 and 20: Multiple | 0.01 | 001 | Wade | OK |
| Kimbell Knight Royalties | Alpha Energy Partners II, LLC | TBD | T225 R27E Section 20: S2NE, N2SE | 0.01 | 001 | Wade | OK |
| Buckner Bunton Barry | Alpha Energy Partners II, LLC | TBD | T225 R27E Section 19: E2SE4 | 0.01 | 001 | Wade | OK |
| Jason Robert Humphrey | Alpha Energy Partners II, LLC | 4/18/2024 | T225 R27E Section 20: S2SE4 and SE4SW4 | 0.01 | 001 | Wade | OK |
| Susan Claire Foltz | Alpha Energy Partners II, LLC | 4/18/2024 | T225 R27E Section 20: S2SE4 and SE4SW4 | 0.01 | 001 | Wade | OK |
| Lance Kaye Stuart | Alpha Energy Partners II, LLC | 4/18/2024 | T225 R27E Section 20: S2SE4 and SE4SW4 | 0.01 | 001 | Wade | OK |
| Humphrey | Alpha Energy Partners II, LLC | 4/18/2024 | T225 R27E Section 20: S2SE4 and SE4SW4 | 0.01 | 001 | Wade | OK |
| Diane Carol Bunting | Alpha Energy Partners II, LLC | 4/18/2024 | T225 R27E Section 20: S2SE4 and SE4SW4 | 0.01 | 001 | Wade | OK |
| Total Net Acres: | | | | 0.01 | 001 | Wade | OK |

End of Exhibit A-1

Exhibit "A-2"
The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|----------------------------|----------------|-----------|---|------------|------------|------------|------------|
| Carlina D Briggs | Chi Energy Inc | 7/15/2003 | T22S R27E 17: 53.5 ACRES OF LAND, MORE OR LESS, BEING THE NESW AND THE PORTION OF THE NWSW LYING EAST OF THE P.V. & N.E. RAILWAY, ALL IN SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, LESS AND EXCEPT 5.7 ACRES OF LAND, MORE OR LESS, AS DESCRIBED IN THE WARRANTY DEED DATED JULY 29, 1941, RECORDED IN BOOK 77, PAGE 623, FROM T.S. WHITCAMP AND WIFE, NETTIE WHITCAMP, TO CECIL C. THOMPSON | ██████████ | ██████████ | ██████████ | ██████████ |
| W T And Lera Parker | Chi Energy Inc | 7/15/2003 | T22S R27E 17: NWSE | ██████████ | ██████████ | ██████████ | ██████████ |
| Raymond Gist Stephens | Chi Energy Inc | 7/15/2003 | T22S R27E SEC 17: 26.7 ACRES, MORE OR LESS, BEING THE EASTERN 26.7 ACRES OF THE SWSE OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED IN WARRANTY DEED DATED SEPTEMBER 5, 1980, RECORDED IN BOOK 245, PAGE 949, FROM MARGIE FAY CROLEY TO MONTGOMERY AGENCY, INC | ██████████ | ██████████ | ██████████ | ██████████ |
| Raymond Gist Stephens | Chi Energy Inc | 7/15/2003 | T22S R27E SEC 17: 26.7 ACRES, MORE OR LESS, BEING THE EASTERN 26.7 ACRES OF THE SWSE OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED IN WARRANTY DEED DATED SEPTEMBER 5, 1980, RECORDED IN BOOK 245, PAGE 949, FROM MARGIE FAY CROLEY TO MONTGOMERY AGENCY, INC | ██████████ | ██████████ | ██████████ | ██████████ |
| Jack And Myralon Perkowski | Chi Energy Inc | 7/15/2003 | T22S R27E SEC 17: 26.7 ACRES, MORE OR LESS, BEING THE EASTERN 26.7 ACRES OF THE SWSE OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED IN WARRANTY DEED DATED SEPTEMBER 5, 1980, RECORDED IN BOOK 245, PAGE 949, FROM MARGIE FAY CROLEY TO MONTGOMERY AGENCY, INC | ██████████ | ██████████ | ██████████ | ██████████ |
| William And Neva Wheeler | Chi Energy Inc | 7/28/2003 | T22S R27E SEC 17: 26.7 ACRES, MORE OR LESS, BEING THE EASTERN 26.7 ACRES OF THE SWSE OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED IN WARRANTY DEED DATED SEPTEMBER 5, 1980, RECORDED IN BOOK 245, PAGE 949, FROM MARGIE FAY CROLEY TO MONTGOMERY AGENCY, INC | ██████████ | ██████████ | ██████████ | ██████████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pr | County | State |
|------------------------------|----------------|------------|---|-----------|--------|--------|-------|
| William And Neva Wheeler | Chi Energy Inc | 7/28/2003 | T22S R27E SEC 17: 26.7 ACRES, MORE OR LESS, BEING THE EASTERN 26.7 ACRES OF THE SWSE OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED IN WARRANTY DEED DATED SEPTEMBER 5, 1980, RECORDED IN BOOK 245, PAGE 949, FROM MARGIE FAY CROLEY TO MONTGOMERY AGENCY, INC | 26.7 | | | NE |
| John F Fischer | Chi Energy Inc | 8/12/2003 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Joseph Fischer | Chi Energy Inc | 8/12/2003 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Rita Carolyn F Kezar | Chi Energy Inc | 8/12/2003 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Rita Carolyn F Kezar | Chi Energy Inc | 8/12/2003 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Rita Carolyn F Kezar | Chi Energy Inc | 8/12/2003 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Robert Fischer | Chi Energy Inc | 8/12/2003 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Dolph Jr And Francis Simpson | Chi Energy Inc | 10/12/2003 | T22S R27E SEC 17: 0.28031 ACRES, MORE OR LESS, LOCATED IN THE SWSW, CONSISTING OF THE S2 OF LOT 7, BLOCK 2, SOUTH Y SUBDIVISION | 0.28 | | | NE |
| Ruth Bowden | Chi Energy Inc | 10/27/2003 | T22S R27E SEC 17: 15 ACRES, MORE OR LESS, BEING A PORTION OF THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, LYING SOUTH OF THE RIGHT OF WAY OF THE MAIN CANAL USRS, AND BEING MORE PARTICULARLY DESCRIBED AS LOTS 1-10 IN BLOCK 1, ALL OF LOTS 1,5,6,10,20, AND 21 IN BLOCK 2, AND THE NORTH HALF (N2) OF LOTS 3,4,7-9, AND 15-17 IN BLOCK 2 IN THE SOUTH "Y" SUBDIVISION PLAT DATED APRIL 4, 1947, RECORDED IN CABINET 1, SLIDE 66-3, AS AMENDED IN CABINET 2, SLIDE 71-3, CABINET 4, SLIDE 946-2, CABINET 5, SLIDE 55-2, AND CABINET 5, SLIDE 117-2 | 15.0 | | | NE |
| Von W Burba | Chi Energy Inc | 10/27/2003 | T22S R27E SEC 17: 0.53906 ACRES, MORE OR LESS, LOCATED IN THE SESW, CONSISTING OF THE S2 OF LOT 16 AND THE WEST 60 FEET OF THE S2 OF LOT 17, BLOCK 2, SOUTH Y SUBDIVISION | 0.54 | | | NE |
| Estate Of Bobbye Dene Rogers | Chi Energy Inc | 1/26/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jeanette Verhines | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jeanette Verhines | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jeanette Verhines | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jeanette Verhines | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jeanette Verhines | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jeanette Verhines | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| William George Fischer | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jerry Ballard | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jerry Ballard | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jerry Ballard | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jerry Ballard | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Jerry Ballard | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |
| Loretta Sughrue | Chi Energy Inc | 2/20/2004 | T22S R27E SEC 17: E2SE | 1.56 | | | NE |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------|----------------|-----------|---|-----------|--------|--------|-------|
| John F Williams | Chi Energy Inc | 8/19/2004 | TT2S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY1, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY, AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PVNE RY,AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------|----------------|-----------|---|-----------|--------|--------|-------|
| John F Williams | Chi Energy Inc | 8/19/2004 | T22S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY ¹ , ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PINE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--------------------|----------------|-----------|--|-----------|--------|--------|--------|
| John F Williams | Chi Energy Inc | 8/19/2004 | T22S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY1, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PUNE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | ██████ | ██████ | ██████ | ██████ |
| Francis G Tracy Jr | Chi Energy Inc | 11/1/2004 | T22S R27E SEC 17: 1.53 ACRES OF LAND, MORE OR LESS, OUT OF THE NWSW IN SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE SAME LANDS DESCRIBED IN THE QUITCLAIM DEED DATED DECEMBER 30, 1958, RECORDED IN BOOK 161, PAGE 124, FROM THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY TO OLIVE C. TRACY, FRANCIS G. TRACY, JR., AND JOSEPHINE TRACY EDDY | ██████ | ██████ | ██████ | ██████ |
| Carlina D Briggs | Chi Energy Inc | 11/7/2004 | T22S R27E 17: NWSE | ██████ | ██████ | ██████ | ██████ |
| Ralph Calvani | Chi Energy Inc | 3/9/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|----------------------------------|----------------|-----------|---|-----------|--------|--------|--------|
| Ralph Calvani | Chi Energy Inc | 3/9/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Ralph Calvani | Chi Energy Inc | 3/9/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Ralph Calvani | Chi Energy Inc | 3/9/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Meivin Donald Brinninstool Trust | Chi Energy Inc | 4/1/2005 | T22S R27E SEC 17: 5.7 ACRES OF LAND, MORE OR LESS, OUT OF THE NWSW LYING EAST OF THE P.V. & N.E. RAILWAY, ALL IN SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE SAME LANDS DESCRIBED IN WARRANTY DEED DATED MARCH 1, 1969, RECORDED IN BOOK 205, PAGE 729, FROM WALISIE CAMPBELL, A FEME SOLE, TO W.D. BRINNINSTOOL | ██████ | ██████ | ██████ | ██████ |
| Cavern City Construction | Gene Schumate | 4/15/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------------------|---------------|-----------|--|------------|------------|------------|------------|
| Skeen Farm And Ranches Llc | Gene Schumate | 4/15/2005 | 1725 R27E SEC 17: 2.01 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED IN THE SPECIAL WARRANTY MINERAL DEED DATED OCTOBER 4, 2004, RECORDED IN BOOK 568, PAGE 871, FROM COTTON GROWERS, INC. TO SKEEN FARMS & RANCHES, LLC AND 2.916 ACRES OF LAND, MORE OR LESS, BEING THE 5.34-ACRE TRACT DESCRIBED IN THE WARRANTY DEED DATED JANUARY 12, 1924, RECORDED IN BOOK 53, PAGE 209, FROM MARY K. CALVANI, ET AL., TO THE OTIS GIN AND WAREHOUSE COMPANY, LESS AND EXCEPT THE PREVIOUS DESCRIBED 2.01 ACRES AND 0.1 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED IN THE QUITCLAIM DEED DATED JULY 26, 1979, RECORDED IN BOOK 241, PAGE 46, FROM COTTON GROWERS, INC. TO QUEEN OIL AND GAS COMPANY AND 0.314 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 19, 1975, RECORDED IN BOOK 221, PAGE 390, FROM ALBERT H. FISHER AND LENA L. FISHER, HIS WIFE, TO BILL QUEEN, DOING BUSINESS AS QUEEN OIL AND GAS | ██████████ | ██████████ | ██████████ | ██████████ |
| Armando And Carolina Rascon | Gene Schumate | 4/15/2005 | 1725 R27E SEC 17: 1.42 ACRES, MORE OR LESS, OUT OF THE SE3/4 OF SECTION 17, DESCRIBED BY METES AND BOUNDS AS FOLLOWS: COMMENCING AT THE SW CORNER OF SAID SECTION 17; THENCE, EAST ALONG THE SOUTH LINE OF SAID SECTION 17, 891.8 FEET TO THE SOUTH END OF A LINE DESCRIBED IN A BOUNDARY LINE AGREEMENT BETWEEN GEORGE R BENZ AND WIFE AND ALBERT FISHER AND WIFE RECORDED IN BOOK 34, PAGE 323 OF MISCELLANEOUS RECORDS OF EDDY COUNTY, NEW MEXICO; THENCE, NORTH ALONG THE SAID LINE TO THE INTERSECTION OF THE NORTH ROW LINE OF THE CARLSBAD IRRIGATION DISTRICT'S SOUTHERN CANAL; THENCE, CONTINUING ALONG THE SAME LINE 300.0 FEET TO THE SOUTH ROW LINE OF U. S. HIGHWAY 285; THENCE, S 60° 40' E ALONG THE SOUTH ROW LINE OF U. S. HIGHWAY 285 A DISTANCE OF 918.38 FEET; TO THE POINT OF BEGINNING OF THE TRACT OF LAND HEREIN DESCRIBED; THENCE, S 01° 29' W A DISTANCE OF 303.72 FEET TO A POINT ON THE NORTH ROW LINE OF SAID CANAL; THENCE, S 27° 38' E ALONG THE NORTH ROW LINE OF SAID CANAL 342.65 FEET TO THE CENTERLINE OF THE GOVERNMENT SUBLATERAL, SAID CENTERLINE BEING THE WEST BOUNDARY LINE OF PROPERTY DESCRIBED IN A QUIT CLAIM DEED ON FILE ON PAGE 84, BOOK 80, EDDY COUNTY CLERK'S RECORD OF DEEDS, EDDY COUNTY CLERK'S OFFICE, EDDY COUNTY, NEW MEXICO; THENCE, N 00° 28' E ALONG SAID CENTERLINE 466.92 FEET TO THE SOUTH ROW LINE OF U.S. HIGHWAY 285; THENCE, N 47° 12' W ALONG SAID R-O-W LINE, 199.49 FEET; THENCE, N 60° 40' W ALONG SAID R-O-W LINE 9.72 FEET TO THE POINT OF BEGINNING | ██████████ | ██████████ | ██████████ | ██████████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eft. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-------------------------|---------------|-----------|---|-----------|--------|--------|--------|
| Mary Ann Melton | Gene Schumate | 4/19/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Albert Frederic Boeglin | Gene Schumate | 4/19/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Juanita Boeglin | Gene Schumate | 5/2/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Juanita Boeglin | Gene Schumate | 5/2/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

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|-----------------|---------------|-----------|---|------------|------------|------------|------------|
| Juanita Boeglin | Gene Schumate | 5/2/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████████ | ██████████ | ██████████ | ██████████ |
| Juanita Boeglin | Gene Schumate | 5/2/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████████ | ██████████ | ██████████ | ██████████ |
| Juanita Boeglin | Gene Schumate | 5/2/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████████ | ██████████ | ██████████ | ██████████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------------------|---------------|-----------|---|-----------|--------|--------|--------|
| Diane Forester | Gene Schumate | 5/2/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Susan Boeglin | Gene Schumate | 5/2/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| William A Wheeler Jr | Gene Schumate | 5/5/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Eugene Sr And Ethelyn Shuey | Gene Schumate | 5/9/2005 | T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--------------------|---------------|-----------|--|-----------|--------|--------|--------|
| Gerald I Croley Jr | Gene Schumate | 5/12/2005 | T72S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T72S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T72S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T72S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T72S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T72S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

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|--------------|---------------|-----------|---|-----------|--------|--------|--------|
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO | ██████ | ██████ | ██████ | ██████ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO | ██████ | ██████ | ██████ | ██████ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |

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| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO | ██████ | ██████ | ██████ | ██████ |
| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |
| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO | ██████ | ██████ | ██████ | ██████ |
| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

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|---------------------------|---------------|-----------|--|-----------|--------|--------|-------|
| Donna Padgett | Gene Schumate | 5/12/2005 | T225 R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T225 R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ■ | ■ | ■ | ■ |
| Queen Oil And Gas Company | Gene Schumate | 5/12/2005 | T225 R27E SEC 17: 0.1 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED IN THE QUITCLAIM DEED DATED JULY 26, 1979, RECORDED IN BOOK 241, PAGE 46, FROM COTTON GROWERS, INC. TO QUEEN OIL AND GAS COMPANY AND 0.314 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 19, 1975, RECORDED IN BOOK 221, PAGE 390, FROM ALBERT H. FISHER AND LENA L. FISHER, HIS WIFE, TO BILL QUEEN, DOING BUSINESS AS QUEEN OIL AND GAS | ■ | ■ | ■ | ■ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T225 R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T225 R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ■ | ■ | ■ | ■ |

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| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |
| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████ | ██████ | ██████ | ██████ |

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| Kathy Pyeatt | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ■ | ■ | ■ | ■ |
| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ■ | ■ | ■ | ■ |
| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ■ | ■ | ■ | ■ |

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| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████████ | ██████████ | ██████████ | ██████████ |
| Donna Padgett | Gene Schumate | 5/12/2005 | T22S R27E SEC 17: 25.509 ACRES OF LAND, MORE OR LESS, IN THE SWSE AND SESW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 7, 1997, RECORDED IN BOOK 426, PAGE 1124, FROM WESTERN COMMERCE BANK TO CAVERN CITY CONSTRUCTION CO T22S R27E SEC 17: 1.19 ACRES OF LAND, MORE OR LESS, IN THE SWSE OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED DECEMBER 31, 1996, RECORDED IN BOOK 269, PAGE 1042, FROM WESTERN COMMERCE BANK TO EUGENE G SHUEY, SR AND WIFE ETHELYN LOUISE CROLEY SHUEY | ██████████ | ██████████ | ██████████ | ██████████ |

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| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|------------------------------|---------------|-----------|--|-----------|--------|--------|-------|
| The Kirkpatrick Living Trust | Gene Schumate | 5/14/2005 | T22S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY1, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PUNE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------------|---------------|-----------|--|-----------|--------|--------|-------|
| Nancy Finlay Rodekhor | Gene Schumate | 5/14/2005 | T22S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY1, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PINE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------------|---------------|-----------|--|-----------|--------|--------|-------|
| Nancy Finlay Rodekhor | Gene Schumate | 5/14/2005 | T22S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY1, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PUNE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|----------------------|---------------|-----------|--|-----------|--------|--------|-------|
| Nancy Finlay Rodehor | Gene Schumate | 5/14/2005 | TT2S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY1, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PUNE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|----------------------|---------------|-----------|--|-----------|--------|--------|-------|
| Nancy Finlay Rodehor | Gene Schumate | 5/14/2005 | <p> T22S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY1, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PUNE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 </p> | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|------------------|---------------|-----------|---|-----------|--------|--------|-------|
| Nora Finlay Cook | Gene Schumate | 5/14/2005 | T22S R27E SEC 17: 8.0 ACRES OF LAND, MORE OR LESS, BEING THE PORTION OF THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, UNDERLYING THE RIGHT-OF-WAY FOR THE BURLINGTON NORTHERN & SANTA FE (BNSF) RAILWAY COMPANY, ALSO BEING DESCRIBED AS THE NWSW, SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO LESS AND EXCEPT ALL OF THE NWSW WEST OF THE RIGHT-OF-WAY AND TRACK OF THE PECOS VALLEY AND NORTHEASTERN RAILWAY COMPANY AS THE SAME IS AT PRESENT LOCATED AND CONSTRUCTED OVER AND ACROSS SAID ABOVE DESIGNATED LAND AS DESCRIBED IN THE WARRANTY DEED DATED APRIL 19, 1899, RECORDED IN VOLUME 7, PAGE 243, FROM WILLIAM A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO THE PECOS VALLEY AND NORTH EASTERN RAILROAD COMPANY; AND FURTHER LESS AND EXCEPT ALL OF THE NWSW LYING EAST OF THE PINE RYAS DESCRIBED IN THE WARRANTY DEED DATED APRIL 15, 1902, RECORDED IN BOOK 9, PAGE 111, FROM W. A. FINLAY AND NANNIE E. FINLAY, HIS WIFE, TO SMITH & BITTING, A FIRM COMPOSED OF SAM B. SMITH AND S. T. BITTING. 2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--------------------------|---------------|-----------|--|-----------|--------|--------|-------|
| Gladys Etta Benz Wiseman | Gene Schumate | 5/19/2005 | T22S R27E SEC 17: 0.544 ACRES, MORE OR LESS, OUT OF THE SWSW OF SECTION 17, DESCRIBED BY METES AND BOUNDS AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.; THENCE ON AN ASSUMED BEARING OF DUE SOUTH A DISTANCE OF 285.9 FEET; THENCE SOUTH 59 DEGREES 30 MINUTES EAST A DISTANCE OF 64.9 FEET; THENCE SOUTH 66 DEGREES 50 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 72 DEGREES 40 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 78 DEGREES 05 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 83 DEGREES 58 MINUTES EAST A DISTANCE OF 104.5 FEET TO THE SOUTHWEST CORNER AND POINT OF BEGINNING OF THE TRACT HERE DESCRIBED; THENCE NORTH 0 DEGREES 43 MINUTES WEST A DISTANCE OF 427.0 FEET, MORE OR LESS, TO THE SOUTH RIGHT OF WAY LINE OF THE ROAD CONNECTING U.S. HIGHWAY NO. 180 AND U.S. HIGHWAY NO. 285; THENCE EASTERLY, ALONG THE SOUTH RIGHT OF WAY LINE OF THE SAID CONNECTING ROAD, TO ITS INTERSECTION WITH A LINE WHICH IS PARALLEL TO AND 50 FEET DISTANT FROM THE WEST BOUNDARY OF THE TRACT HERE DESCRIBED; THENCE SOUTH 0 DEGREES 43 MINUTES EAST, TO THE NORTH RIGHT OF WAY LINE OF THE MAIN IRRIGATION CANAL OF CARLSBAD PROJECT U.S.R.S.; THENCE WESTERLY, ALONG THE NORTH RIGHT OF WAY LINE OF SAID MAIN IRRIGATION CANAL, TO THE POINT OF BEGINNING OF THE TRACT HERE DESCRIBED T22S R27E SEC 17: 2.12 ACRES, MORE OR LESS, DESCRIBED AS "TRACT 2" IN THE OIL & GAS LEASE DATED MAY 9, 2005, RECORDED IN BOOK 600, PAGE 517, FROM JACKIE YEAGER, ATTORNEY IN FACT FOR GLADYS ETTA BENZ WISEMAN, DEALING IN HER SOLE AND SEPARATE PROPERTY, TO GENE SHUMATE | | | | |
| Kenneth Eugene Fischer | Gene Schumate | 6/1/2005 | T22S R27E SEC 17: E2SE | | | | |
| Carol Fischer Matsumoto | Gene Schumate | 6/1/2005 | T22S R27E SEC 17: E2SE | | | | |
| Linda Fischer Matthews | Gene Schumate | 6/1/2005 | T22S R27E SEC 17: E2SE | | | | |
| Tom Fischer | Gene Schumate | 6/1/2005 | T22S R27E SEC 17: E2SE | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--------------------------|---------------|-----------|---|-----------|--------|--------|-------|
| Edythe Irene Benz Gibson | Gene Schumate | 6/7/2005 | <p>T22S R27E SEC 17: 0.544 ACRES, MORE OR LESS, OUT OF THE SWSW OF SECTION 17, DESCRIBED BY METES AND BOUNDS AS FOLLOWS:</p> <p>COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.; THENCE ON AN ASSUMED BEARING OF DUE SOUTH A DISTANCE OF 285.9 FEET; THENCE SOUTH 59 DEGREES 30 MINUTES EAST A DISTANCE OF 64.9 FEET; THENCE SOUTH 66 DEGREES 50 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 72 DEGREES 40 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 78 DEGREES 05 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 83 DEGREES 58 MINUTES EAST A DISTANCE OF 104.5 FEET TO THE SOUTHWEST CORNER AND POINT OF BEGINNING OF THE TRACT HERE DESCRIBED; THENCE NORTH 0 DEGREES 43 MINUTES WEST A DISTANCE OF 427.0 FEET, MORE OR LESS, TO THE SOUTH RIGHT OF WAY LINE OF THE ROAD CONNECTING U.S. HIGHWAY NO. 180 AND U.S. HIGHWAY NO. 285; THENCE EASTERLY, ALONG THE SOUTH RIGHT OF WAY LINE OF THE SAID CONNECTING ROAD, TO ITS INTERSECTION WITH A LINE WHICH IS PARALLEL TO AND 50 FEET DISTANT FROM THE WEST BOUNDARY OF THE TRACT HERE DESCRIBED; THENCE SOUTH 0 DEGREES 43 MINUTES EAST, TO THE NORTH RIGHT OF WAY LINE OF THE MAIN IRRIGATION CANAL OF CARLSBAD PROJECT U.S.R.S.; THENCE WESTERLY, ALONG THE NORTH RIGHT OF WAY LINE OF SAID MAIN IRRIGATION CANAL, TO THE POINT OF BEGINNING OF THE TRACT HERE DESCRIBED</p> <p>T22S R27E SEC 17: 2.12 ACRES, MORE OR LESS, DESCRIBED AS "TRACT 2" IN THE OIL & GAS LEASE DATED MAY 9, 2005, RECORDED IN BOOK 600, PAGE 517, FROM JACKIE YEAGER, ATTORNEY IN FACT FOR GLADYS ETTA BENZ WISEMAN, DEALING IN HER SOLE AND SEPARATE PROPERTY, TO GENE SHUMATE</p> | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|---------------------------------|---------------|-----------|--|-----------|--------|--------|-------|
| Georgia Roberta Benz Deyoung | Gene Schumate | 6/7/2005 | T22S R27E SEC 17: 0.544 ACRES, MORE OR LESS, OUT OF THE SWSW OF SECTION 17, DESCRIBED BY METES AND BOUNDS AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.; THENCE ON AN ASSUMED BEARING OF DUE SOUTH A DISTANCE OF 285.9 FEET; THENCE SOUTH 59 DEGREES 30 MINUTES EAST A DISTANCE OF 64.9 FEET; THENCE SOUTH 66 DEGREES 50 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 72 DEGREES 40 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 78 DEGREES 05 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 83 DEGREES 58 MINUTES EAST A DISTANCE OF 104.5 FEET TO THE SOUTHWEST CORNER AND POINT OF BEGINNING OF THE TRACT HERE DESCRIBED; THENCE NORTH 0 DEGREES 43 MINUTES WEST A DISTANCE OF 427.0 FEET, MORE OR LESS, TO THE SOUTH RIGHT OF WAY LINE OF THE ROAD CONNECTING U.S. HIGHWAY NO. 180 AND U.S. HIGHWAY NO. 285; THENCE EASTERLY, ALONG THE SOUTH RIGHT OF WAY LINE OF THE SAID CONNECTING ROAD, TO ITS INTERSECTION WITH A LINE WHICH IS PARALLEL TO AND 50 FEET DISTANT FROM THE WEST BOUNDARY OF THE TRACT HERE DESCRIBED; THENCE SOUTH 0 DEGREES 43 MINUTES EAST, TO THE NORTH RIGHT OF WAY LINE OF THE MAIN IRRIGATION CANAL OF CARLSBAD PROJECT U.S.R.S.; THENCE WESTERLY, ALONG THE NORTH RIGHT OF WAY LINE OF SAID MAIN IRRIGATION CANAL, TO THE POINT OF BEGINNING OF THE TRACT HERE DESCRIBED T22S R27E SEC 17: 2.12 ACRES, MORE OR LESS, DESCRIBED AS "TRACT 2" IN THE OIL & GAS LEASE DATED MAY 9, 2005, RECORDED IN BOOK 600, PAGE 517, FROM JACKIE YEAGER, ATTORNEY IN FACT FOR GLADYS ETTA BENZ WISEMAN, DEALING IN HER SOLE AND SEPARATE PROPERTY, TO GENE SHUMATE | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--------------|---------------|-----------|--|-----------|--------|--------|-------|
| Carol Benz | Gene Schumate | 6/7/2005 | T22S R27E SEC 17: 0.544 ACRES, MORE OR LESS, OUT OF THE SWSW OF SECTION 17, DESCRIBED BY METES AND BOUNDS AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.; THENCE ON AN ASSUMED BEARING OF DUE SOUTH A DISTANCE OF 285.9 FEET; THENCE SOUTH 59 DEGREES 30 MINUTES EAST A DISTANCE OF 64.9 FEET; THENCE SOUTH 66 DEGREES 50 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 72 DEGREES 40 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 78 DEGREES 05 MINUTES EAST A DISTANCE OF 100 FEET; THENCE SOUTH 83 DEGREES 58 MINUTES EAST A DISTANCE OF 104.5 FEET TO THE SOUTHWEST CORNER AND POINT OF BEGINNING OF THE TRACT HERE DESCRIBED; THENCE NORTH 0 DEGREES 43 MINUTES WEST A DISTANCE OF 427.0 FEET, MORE OR LESS, TO THE SOUTH RIGHT OF WAY LINE OF THE ROAD CONNECTING U.S. HIGHWAY NO. 180 AND U.S. HIGHWAY NO. 285; THENCE EASTERLY, ALONG THE SOUTH RIGHT OF WAY LINE OF THE SAID CONNECTING ROAD, TO ITS INTERSECTION WITH A LINE WHICH IS PARALLEL TO AND 50 FEET DISTANT FROM THE WEST BOUNDARY OF THE TRACT HERE DESCRIBED; THENCE SOUTH 0 DEGREES 43 MINUTES EAST, TO THE NORTH RIGHT OF WAY LINE OF THE MAIN IRRIGATION CANAL OF CARLSBAD PROJECT U.S.R.S.; THENCE WESTERLY, ALONG THE NORTH RIGHT OF WAY LINE OF SAID MAIN IRRIGATION CANAL, TO THE POINT OF BEGINNING OF THE TRACT HERE DESCRIBED | | | | |
| Mildred Monk | Gene Schumate | 6/8/2005 | T22S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------------|---------------|-----------|---|-----------|--------|--------|--------|
| Virginia Pinchert | Gene Schumate | 6/8/2005 | T12S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Richard Weldon | Gene Schumate | 6/8/2005 | T12S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Teresa Lorraine Woody | Gene Schumate | 6/20/2005 | T12S R27E SEC 17: 19 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE PORTION OF THE S2SW OF SECTION 17 UNDERLYING (i) THE RIGHT OF WAY FOR THE BURLINGTON NORTHERN AND SANTA FE RAILWAY, (ii) THE RIGHT OF WAY FOR US HIGHWAY 285, AND (iii) THE RIGHT OF WAY FOR THE MAIN CANAL OF THE CARLSBAD PROJECT, USRS | ██████ | ██████ | ██████ | ██████ |
| Marion Jenkins Et Ux | Gene Schumate | 8/11/2005 | T12S R27E SEC 17: 2.044 ACRES, MORE OR LESS, IN THE SWSW OF SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING DESCRIBED IN THE QUITCLAIM DEED DATED MARCH 27, 2019, RECORDED IN BOOK 1121, PAGE 502, FROM JOE D. JENKINS, AS PERSONAL REPRESENTATIVE FOR THE ESTATE OF MARION JENKINS, DECEASED, AND MARY JO JENKINS TO JENKINS FURNITURE COMPANY INC | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--|-------------------|-----------|---|-----------|--------|--------|--------|
| George G Eddy Jr Trust | Gene Schumate | 8/11/2005 | T22S R27E SEC 17: 1.53 ACRES OF LAND, MORE OR LESS, OUT OF THE NWSW IN SECTION 17, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, BEING THE SAME LANDS DESCRIBED IN THE QUITCLAIM DEED DATED DECEMBER 30, 1958, RECORDED IN BOOK 161, PAGE 124, FROM THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY TO OLIVE C. TRACY, FRANCIS G. TRACY, JR., AND JOSEPHINE TRACY EDDY | ██████ | ██████ | ██████ | ██████ |
| Deillah H Newman | Gene Schumate | 8/15/2005 | T22S R27E SEC 17: 4.01 ACRES, MORE OR LESS, IN THE S2SW OF SECTION 17, BEING DESCRIBED IN THE WARRANTY DEED DATED FEBRUARY 5, 1981, RECORDED IN BOOK 247, PAGE 347, FROM ALBERT H FISHER AND LENA L FISHER, HIS WIFE, TO HARRY P PITCHER AND BONNIE F PITCHER, HIS WIFE | ██████ | ██████ | ██████ | ██████ |
| Betty Louise Hughes | Uplift Energy LLC | 3/20/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Robert Galindo | Uplift Energy LLC | 3/21/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Constance Irene Hood | Uplift Energy LLC | 4/3/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Nathaniel Dorske | Uplift Energy LLC | 5/31/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Lawrence W. Hyland | Uplift Energy LLC | 6/5/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| William Bennett Hicks | Uplift Energy LLC | 6/6/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Barbara K. Beasley | Uplift Energy LLC | 6/13/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Susan Escobedo | Uplift Energy LLC | 6/13/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Rosalyn G. Hall | Uplift Energy LLC | 6/22/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Jeane P. Strickland | Uplift Energy LLC | 6/26/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Donald W. Andrews | Uplift Energy LLC | 6/27/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Gary Bennett Wheeler | Uplift Energy LLC | 6/28/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Jimmy Rue Worley | Uplift Energy LLC | 7/1/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Donald L. Harris | Uplift Energy LLC | 7/5/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Vincent P & Deborah W. Hyland | Uplift Energy LLC | 7/5/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Debra B. King | Uplift Energy LLC | 7/5/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Michelle Lynn Hicks | Uplift Energy LLC | 7/6/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Linda M. Hicks | Uplift Energy LLC | 7/6/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Laura Rapp Mijangos | Uplift Energy LLC | 7/10/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Ricardo O. Hernandez | Uplift Energy LLC | 7/12/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Sally Kovac | Uplift Energy LLC | 7/16/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| William D. Ingram Jr. | Uplift Energy LLC | 7/16/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Marvin C. Walker | Uplift Energy LLC | 7/16/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Gary Edward Jr. Davy | Uplift Energy LLC | 7/16/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Robert Wayne. Davy | Uplift Energy LLC | 7/16/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Mary Alice Guerra, Belen S. and Valles | Uplift Energy LLC | 7/18/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Marion A. Avera | Uplift Energy LLC | 7/19/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Feliz Saiz | Uplift Energy LLC | 7/19/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |
| Syble L. Croley | Uplift Energy LLC | 7/20/2018 | T22S R27E SEC 17: N/2 | ██████ | ██████ | ██████ | ██████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-------------------------------------|-------------------|-----------|-----------------------|-----------|--------|--------|-------|
| Barbara Bowden Figueira | Uplift Energy LLC | 7/20/2018 | T225 R27E SEC 17: N/2 | | | | |
| Patricia (Leea Ann Lynch) Salisbury | Uplift Energy LLC | 7/20/2018 | T225 R27E SEC 17: N/2 | | | | |
| Clinton Glaze | Uplift Energy LLC | 7/20/2018 | T225 R27E SEC 17: N/2 | | | | |
| Jeffrey Glaze | Uplift Energy LLC | 7/20/2018 | T225 R27E SEC 17: N/2 | | | | |
| Elsie Clayton | Uplift Energy LLC | 7/23/2018 | T225 R27E SEC 17: N/2 | | | | |
| Jerry Osborne | Uplift Energy LLC | 7/23/2018 | T225 R27E SEC 17: N/2 | | | | |
| Jim Connolly Deceased | Uplift Energy LLC | 7/23/2018 | T225 R27E SEC 17: N/2 | | | | |
| Karolyn G. Brummett | Uplift Energy LLC | 7/24/2018 | T225 R27E SEC 17: N/2 | | | | |
| Jesus & Angela Sotelo | Uplift Energy LLC | 7/24/2018 | T225 R27E SEC 17: N/2 | | | | |
| Polcarpio B. Garcia | Uplift Energy LLC | 7/25/2018 | T225 R27E SEC 17: N/2 | | | | |
| Raymond B. Rice | Uplift Energy LLC | 7/25/2018 | T225 R27E SEC 17: N/2 | | | | |
| Robert T Madrid | Uplift Energy LLC | 7/26/2018 | T225 R27E SEC 17: N/2 | | | | |
| Lauren Lewis | Uplift Energy LLC | 7/26/2018 | T225 R27E SEC 17: N/2 | | | | |
| Dana Reese | Uplift Energy LLC | 7/26/2018 | T225 R27E SEC 17: N/2 | | | | |
| Joe M. Andrews | Uplift Energy LLC | 7/27/2018 | T225 R27E SEC 17: N/2 | | | | |
| Helen Elizondo | Uplift Energy LLC | 7/27/2018 | T225 R27E SEC 17: N/2 | | | | |
| Joe Madrano | Uplift Energy LLC | 7/27/2018 | T225 R27E SEC 17: N/2 | | | | |
| Florence M. Ojeda | Uplift Energy LLC | 7/30/2018 | T225 R27E SEC 17: N/2 | | | | |
| Santiago Garcia | Uplift Energy LLC | 8/4/2018 | T225 R27E SEC 17: N/2 | | | | |
| Tommy J. Tupper | Uplift Energy LLC | 8/4/2018 | T225 R27E SEC 17: N/2 | | | | |
| Francesca E. Smith | Uplift Energy LLC | 8/4/2018 | T225 R27E SEC 17: N/2 | | | | |
| Gayle Eileen McNutt | Uplift Energy LLC | 8/2/2018 | T225 R27E SEC 17: N/2 | | | | |
| Teresa H. Matney | Uplift Energy LLC | 8/3/2018 | T225 R27E SEC 17: N/2 | | | | |
| Ronald T. May | Uplift Energy LLC | 8/9/2018 | T225 R27E SEC 17: N/2 | | | | |
| Dianne Mathis | Uplift Energy LLC | 8/9/2018 | T225 R27E SEC 17: N/2 | | | | |
| Joyce Adaire Wehmeyer | Uplift Energy LLC | 8/9/2018 | T225 R27E SEC 17: N/2 | | | | |
| Josie M. Perez | Uplift Energy LLC | 8/9/2018 | T225 R27E SEC 17: N/2 | | | | |
| Frank Terrazas | Uplift Energy LLC | 8/14/2018 | T225 R27E SEC 17: N/2 | | | | |
| Pam Cummings | Uplift Energy LLC | 8/14/2018 | T225 R27E SEC 17: N/2 | | | | |
| Patricia Stamps | Uplift Energy LLC | 8/14/2018 | T225 R27E SEC 17: N/2 | | | | |
| Robert L. Osborne Jr. | Uplift Energy LLC | 8/16/2018 | T225 R27E SEC 17: N/2 | | | | |
| Gwenda Lee Reynolds | Uplift Energy LLC | 8/17/2018 | T225 R27E SEC 17: N/2 | | | | |
| Annette P. Sharp | Uplift Energy LLC | 8/17/2018 | T225 R27E SEC 17: N/2 | | | | |
| John Randall Lockhane | Uplift Energy LLC | 8/22/2018 | T225 R27E SEC 17: N/2 | | | | |
| Janet Sue Wilson | Uplift Energy LLC | 8/22/2018 | T225 R27E SEC 17: N/2 | | | | |
| Lisa Ann Johnson | Uplift Energy LLC | 8/22/2018 | T225 R27E SEC 17: N/2 | | | | |
| David James Lockhane | Uplift Energy LLC | 8/22/2018 | T225 R27E SEC 17: N/2 | | | | |
| Barbara Vanlandingham | Uplift Energy LLC | 8/23/2018 | T225 R27E SEC 17: N/2 | | | | |
| Home of the Southwest Lakeview | Uplift Energy LLC | 8/24/2018 | T225 R27E SEC 17: N/2 | | | | |
| Ronald Payne | Uplift Energy LLC | 8/28/2018 | T225 R27E SEC 17: N/2 | | | | |
| Ignacio T. Garcia | Uplift Energy LLC | 8/28/2018 | T225 R27E SEC 17: N/2 | | | | |
| Thomas L. Oaklief | Uplift Energy LLC | 8/29/2018 | T225 R27E SEC 17: N/2 | | | | |
| David ALLEN Vier | Uplift Energy LLC | 8/29/2018 | T225 R27E SEC 17: N/2 | | | | |

Exhibit "A-2"
The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|----------------------------------|---------------------------|------------|-----------------------|-----------|--------|--------|-------|
| Martin Holt | Uplift Energy LLC | 8/30/2018 | T225 R27E SEC 17: N/2 | | | | |
| Christine Vaneckhoutte | Uplift Energy LLC | 8/30/2018 | T225 R27E SEC 17: N/2 | | | | |
| Donna Kay Newberry | Uplift Energy LLC | 8/30/2018 | T225 R27E SEC 17: N/2 | | | | |
| Mary Kathy Hamilton | Uplift Energy LLC | 9/6/2018 | T225 R27E SEC 17: N/2 | | | | |
| Phillips Jean Patton | Uplift Energy LLC | 9/10/2018 | T225 R27E SEC 17: N/2 | | | | |
| Robert L. Brown | Uplift Energy LLC | 9/12/2018 | T225 R27E SEC 17: N/2 | | | | |
| George G. Vaught Jr. | Uplift Energy LLC | 9/12/2018 | T225 R27E SEC 17: N/2 | | | | |
| Allen L. Smith | Uplift Energy LLC | 9/25/2018 | T225 R27E SEC 17: N/2 | | | | |
| Karrie Jane Lynn | Uplift Energy LLC | 11/7/2018 | T225 R27E SEC 17: N/2 | | | | |
| Margaret Soto | Uplift Energy LLC | 11/26/2018 | T225 R27E SEC 17: N/2 | | | | |
| Jack Taylor | Uplift Energy LLC | 1/23/2019 | T225 R27E SEC 17: N/2 | | | | |
| Antonio S. & Gloria A. Ellis | Uplift Energy LLC | 1/31/2019 | T225 R27E SEC 17: N/2 | | | | |
| Dale Edward Meade | Uplift Energy LLC | 2/19/2019 | T225 R27E SEC 17: N/2 | | | | |
| Douglas L. Lunsford | Uplift Energy LLC | 3/1/2019 | T225 R27E SEC 17: N/2 | | | | |
| Wilma Hernandez Smith | Uplift Energy LLC | 3/4/2019 | T225 R27E SEC 17: N/2 | | | | |
| McCulliss Oil and Gas Inc. | Uplift Energy LLC | 3/11/2019 | T225 R27E SEC 17: N/2 | | | | |
| McCulliss Resources Company Inc. | Uplift Energy LLC | 3/11/2019 | T225 R27E SEC 17: N/2 | | | | |
| Roland Wilkinson | Uplift Energy LLC | 3/19/2019 | T225 R27E SEC 17: N/2 | | | | |
| Douglas C. Lynn Jr. | Uplift Energy LLC | 3/21/2019 | T225 R27E SEC 17: N/2 | | | | |
| Cynthia D. Porter | Uplift Energy LLC | 5/8/2019 | T225 R27E SEC 17: N/2 | | | | |
| Phyllis Carter | Uplift Energy LLC | 5/31/2019 | T225 R27E SEC 17: N/2 | | | | |
| Richard W. and Carol J. Reeves | Uplift Energy LLC | 5/31/2019 | T225 R27E SEC 17: N/2 | | | | |
| Peggy Moore | Uplift Energy LLC | 6/3/2019 | T225 R27E SEC 17: N/2 | | | | |
| James B. Nesbit | Uplift Energy LLC | 6/10/2019 | T225 R27E SEC 17: N/2 | | | | |
| Robert N. deMoss | Uplift Energy LLC | 6/18/2019 | T225 R27E SEC 17: N/2 | | | | |
| Norma Hicks Webb | Uplift Energy LLC | 6/19/2019 | T225 R27E SEC 17: N/2 | | | | |
| Debra Frances Suver | Uplift Energy LLC | 6/19/2019 | T225 R27E SEC 17: N/2 | | | | |
| Mary Renee Suver | Uplift Energy LLC | 6/19/2019 | T225 R27E SEC 17: N/2 | | | | |
| Evelyn Kay Ormand | Uplift Energy LLC | 6/26/2019 | T225 R27E SEC 17: N/2 | | | | |
| E. L. Munchief | Uplift Energy LLC | 6/30/2019 | T225 R27E SEC 17: N/2 | | | | |
| Rhonda Izard | Uplift Energy LLC | 7/2/2019 | T225 R27E SEC 17: N/2 | | | | |
| Leslie M. Powell | Uplift Energy LLC | 7/18/2019 | T225 R27E SEC 17: N/2 | | | | |
| Bobbie Jo Pacheco | Uplift Energy LLC | 7/24/2019 | T225 R27E SEC 17: N/2 | | | | |
| Uplift Energy LLC | Alpha Energy Partners LLC | 4/-/2021 | T225 R27E SEC 17: N/2 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------------------|----------------------------|------------|---|-----------|--------|--------|-------|
| Carlsbad Builders Inc Et Al | Cities Service Oil Company | 11/12/1970 | AND THE W2SE OF SECTION 18, T22S-R27E, EDDY COUNTY, NM, MORE FULLY DESCRIBED AS FOLLOWS: TRACTS 17, 18, 19, AND 50 ¹ OF THE SWINE AND BEING THE SAME TRACTS AS SHOWN BY THE ASSESSOR'S PLAT ON FILE IN TH OFFICE OF COUNTY CLERK OF EDDY COUNTY, RECORDED IN BOOK 3, PAGE 244, LOTS 2 AND 6, OF BLK B, AND LOTS 7, 8, AND 9, OF BLK C, ALL IN THE DAVIS SUBDIVISION AND BEING THE SAME TRACTS AS SHOWN BY THE ASSESSOR'S PLAT ON FILE IN THE OFFICE OF COUNTY CLERK OF EDDY COUNTY, RECORDED IN BOOK 3, PAGE 244 LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, AND 34 OF BLK 12, BEING A PART OF THE SOUTHRIDGE SUBDIVISION AND TRACT 56 AS SHOWN BY THE ASSESSOR'S PLAT ON FILE IN THE OFFICE OF COUNTY CLERK OF EDDY COUNTY, RECORDED IN BOOK 4, PAGE 33 TRACT 10, AND LOTS 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 52, 54, OF BLK 9, AND LOTS 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 38, AND 52, BLK 7, AND LOTS 15, 16, 17, 18, 21, 22, 23, AND 24, OF BLK 6, ALL BEING THE SAME TRACTS AS SHOWN BY THE ASSESSOR'S PLAT ON FILE IN THE OFFICE OF COUNTY CLERK OF EDDY COUNTY, RECORDED IN BOOK 4, PAGE 33 LOTS 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, OF BLK 1, AND LOTS 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, AND 22, OF BLK 2, LOTS 1, 3, 5, 7, AND 9, BLK 3, LOTS 5, 7, 9, 11, 13, 15, 24, 26, 28, 30, 32, 34, 36, AND 38, OF BLK 4, AND TRACT 71, ALL BEING THE SAME TRACTS AS SHOWN BY THE ASSESSOR'S PLAT ON FILE IN THE OFFICE OF COUNTY CLERK OF EDDY COUNTY, RECORDED IN BOOK 1, PAGE 32 | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|----------------------------|----------------------------|-----------|---|-----------|--------|--------|-------|
| Francis G. Tracy Jr. Et Ux | Cities Service Oil Company | 6/18/1971 | <p>T22S R27E SEC 18: ALL THAT PART OF THE SENE AND THE NESE OF SECTION 18, LYING WESTERLY OF THE WESTERLY RIGHT OF WAY LINE OF US HWY 62, AS ESTABLISHED BY EASEMENT, SANTA FE SECRETARY'S NO. 75737, DATED APRIL 27, 1935, FROM THE ATCHISON, TOPEKA, AND SANTA FE RAILWAY COMPANY TO THE BOARD OF COUNTY COMMISSIONERS OF EDDY COUNTY AND THE STATE OF NEW MEXICO, SAID WESTERLY RIGHT OF WAY LINE BEING MORE FULLY DESCRIBED AS FOLLOWS:</p> <p>BEGINNING AT A POINT IN THE NORTH LINE OF SAID SENE OF SECTION 18, DISTANT 130' WESTERLY FROM MEASURED AT RIGHT ANGLES TO, THE CENTER LINE OF SAID RAILWAY COMPANYS MAIN TRACK, AS NOW LOCATED AND CONSTRUCTED, THENCE SOUTH</p> <p>15 DEGREES 38 MINUTES EAST, PARALLEL WITH SAID TRACK CENTER LINE AND SAID CENTER LINE PRODUCED, A DISTANCE OF 1,694.9', MORE OR LESS, TO THE EAST LINE OF SAID SECTION 18; THENCE SOUTH ALONG SAID EAST SECTION LINE A DISTANCE OF 1,031.6', MORE OR LESS, TO THE NESE OF SECTION 18</p> <p>SAVE AND EXCEPT: A TRACT OF LAND DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF THE NESE OF SECTION 18, T22S-R27E, NM/PM, 349' EAST OF THE SW CORNER OF THE SAID NESE THENCE NORTH, PARALLEL TO THE WEST LINE OF THE SAID NESE A DISTANCE OF 915.5' MORE OR LESS TO THE INTERSECTION WITH THE WEST LINE OF THE USRS MAIN CANAL RIGHT OF WAY, THENCE SOUTHEASTERLY ALONG SAID WEST RIGHT OF WAY LINE A DISTANCE OF 1,047' MORE OR LESS TO ITS INTERSECTION WITH THE SOUTH LINE OF THE SAID NESE, THENCE WEST ALONG THE SOUTH LINE OF THE SAID NESE A DISTANCE OF 509' MORE OR LESS TO THE POINT OF BEGINNING. SAID TRACT CONTAINING 5.3 ACRES MORE OR LESS</p> | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|------------------|----------------------------|-----------|--|-----------|--------|--------|-------|
| Josephine T Eddy | Cities Service Oil Company | 8/13/1971 | T22S R27E SEC 18: ALL THAT PART OF THE SENE AND THE NESE OF SECTION 18, LYING WESTERLY OF THE WESTERLY RIGHT OF WAY LINE OF US HWY 62, AS ESTABLISHED BY EASEMENT, SANTA FE SECRETARY'S NO. 75737, DATED APRIL 27, 1935, FROM THE ATCHISON, TOPEKA, AND SANTA FE RAILWAY COMPANY TO THE BOARD OF COUNTY COMMISSIONERS OF EDDY COUNTY AND THE STATE OF NEW MEXICO, SAID WESTERLY RIGHT OF WAY LINE BEING MORE FULLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE NORTH LINE OF SAID SENE OF SECTION 18, DISTANT 130' WESTERLY FROM MEASURED AT RIGHT ANGLES TO, THE CENTER LINE OF SAID RAILWAY COMPANYS MAIN TRACK, AS NOW LOCATED AND CONSTRUCTED, THENCE SOUTH 15 DEGREES 38 MINUTES EAST, PARALLEL WITH SAID TRACK CENTER LINE AND SAID CENTER LINE PRODUCED, A DISTANCE OF 1,694.9', MORE OR LESS, TO THE EAST LINE OF SAID SECTION 18; THENCE SOUTH ALONG SAID EAST SECTION LINE A DISTANCE OF 1,031.6', MORE OR LESS, TO THE NESE OF SECTION 18 SAVE AND EXCEPT: A TRACT OF LAND DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF THE NESE OF SECTION 18, T22S-R27E, NM/PM, 349' EAST OF THE SW CORNER OF THE SAID NESE THENCE NORTH, PARALLEL TO THE WEST LINE OF THE SAID NESE A DISTANCE OF 915.5' MORE OR LESS TO THE INTERSECTION WITH THE WEST LINE OF THE USRS MAIN CANAL RIGHT OF WAY, THENCE SOUTHEASTERLY ALONG SAID WEST RIGHT OF WAY LINE A DISTANCE OF 1,047' MORE OR LESS TO ITS INTERSECTION WITH THE SOUTH LINE OF THE SAID NESE, THENCE WEST ALONG THE SOUTH LINE OF THE SAID NESE A DISTANCE OF 509' MORE OR LESS TO THE POINT OF BEGINNING. SAID TRACT CONTAINING 5.3 ACRES MORE OR LESS | | | | |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-------------------------|----------------------------|-----------|--|-----------|--------|--------|-------|
| The City Of Carlsbad | Frank Shackelford | 6/11/1973 | T22S R27E SEC 18: TRACT 3: A CITY PARK DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE CENTER SECTION LINE OF SECTION 18, T22S-R27E, BEING 1.342' SOUTH OF THE NE CORNER OF THE NW AND BEING THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED, THENCE WEST APPROXIMATELY 885' TO THE CENTERLINE OF COLORADO STREET, THENCE SOUTH APPROXIMATELY 180' TO THE CENTER LINE OF ARIZONA STREET APPROXIMATELY 175', THENCE DUE WEST APPROXIMATELY 290', THENCE SOUTH APPROXIMATELY 163' TO THE CENTER LINE OF TAMPICO STREET, THENCE WEST APPROXIMATELY 390' TO THE SOUTH BOUNDARY LINE OF THE MAIN CANAL, THENCE SOUTHWEST APPROXIMATELY 150', THENCE WEST APPROXIMATELY 175' TO THE CENTERLINE OF CALIFORNIA STREET APPROXIMATELY 170', THENCE WEST 490' TO THE WEST LINE OF SECTION 18, THENCE NORTH APPROXIMATELY 90' TO THE CENTER OF THE MAIN CANAL THENCE NORTHEASTERLY ALONG THE CENTER LINE OF THE MAIN CANAL 3,075' TO THE CENTER SECTION LINE OF SECTION 18, THENCE SOUTH APPROXIMATELY 730' TO THE POINT OF BEGINNING | ■ | ■ | ■ | ■ |
| Margaret S Spence Et Al | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: SWSW (LOT 4), SESW | ■ | ■ | ■ | ■ |
| Margaret S Spence Et Al | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: SWSW (LOT 4), SESW | ■ | ■ | ■ | ■ |
| Normandy Corporation | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: 58 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF FIFTH STREET (BEING 2,502.8' N OF SOUTH LINE OF SECTION 18, AND 220' WEST OF THE EAST LINE) THENCE WEST 2,460' TO WEST LINE OF SECTION, THENCE SOUTH 1,225.5' TO THE SW CORNER OF THE N2SW, THENCE EAST 2,460' THENCE NORTH 1,225.5' TO THE POINT OF BEGINNING | ■ | ■ | ■ | ■ |

Exhibit "A-2"
The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|----------------------------|----------------------------|------------|--|-----------|--------|--------|-------|
| Normandy Corporation | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: 58 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF FIFTH STREET (BEING 2,502.8' N OF SOUTH LINE OF SECTION 18, AND 220' WEST OF THE EAST LINE) THENCE WEST 2,460' TO WEST LINE OF SECTION, THENCE SOUTH 1,225.5' TO THE SW CORNER OF THE N2SW, THENCE EAST 2,460' THENCE NORTH 1,225.5' TO THE POINT OF BEGINNING | ■ | ■ | ■ | ■ |
| Margaret S Spence Et Al | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: SWSW (LOT 4), SESW | ■ | ■ | ■ | ■ |
| Carlsbad Municipal Schools | Cities Service Oil Company | 10/23/1974 | T22S R27E SEC 18: BEGINNING AT A POINT ON THE SOUTH LINE OF NESE SECTION 18, T22S-R27E, NMPLA, 349' EAST OF THE SW CORNER OF SAID 40 ACRE SUBDIVISION, THENCE NORTH, PARALLEL TO THE WEST LINE OF SAID NESE, A DISTANCE OF 915.5', MORE OR LESS, TO THE INTERSECTION WITH WEST LINE OF USFS MAIN CANAL ROW, THENCE SOUTHEASTERLY, ALONG SAID WEST ROW 1,047', MORE OR LESS, TO THE INTERSECTION OF SOUTH LINE OF NESE, THENCE WEST ALONG SOUTH LINE OF SAID NESE A DISTANCE OF 509', MORE OR LESS, TO THE POINT OF BEGINNING, CONTAINING 5.3 ACRES MORE OR LESS, EDDY COUNTY, NM | ■ | ■ | ■ | ■ |
| Normandy Corporation | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: 58 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF FIFTH STREET (BEING 2,502.8' N OF SOUTH LINE OF SECTION 18, AND 220' WEST OF THE EAST LINE) THENCE WEST 2,460' TO WEST LINE OF SECTION, THENCE SOUTH 1,225.5' TO THE SW CORNER OF THE N2SW, THENCE EAST 2,460' THENCE NORTH 1,225.5' TO THE POINT OF BEGINNING | ■ | ■ | ■ | ■ |
| Normandy Corporation | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: 58 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF FIFTH STREET (BEING 2,502.8' N OF SOUTH LINE OF SECTION 18, AND 220' WEST OF THE EAST LINE) THENCE WEST 2,460' TO WEST LINE OF SECTION, THENCE SOUTH 1,225.5' TO THE SW CORNER OF THE N2SW, THENCE EAST 2,460' THENCE NORTH 1,225.5' TO THE POINT OF BEGINNING | ■ | ■ | ■ | ■ |
| Margaret S Spence Et Al | Cities Service Oil Company | 9/25/1970 | T22S R27E SEC 18: SWSW (LOT 4), SESW | ■ | ■ | ■ | ■ |
| Carlsbad Municipal | Cities Service Oil Company | 11/30/1970 | T22S R27E SEC 18: 10.161 acres of land, more or less, being described as Tract #24 located in the SW1/4 of the SE4SE4, and the West 157.3 feet of tract #54 of the SE4SE4, all located in Section 18, 22S-27E, Eddy County, New Mexico | ■ | ■ | ■ | ■ |
| Do Henry Et Ux | Cities Service Oil Company | 11/23/1970 | T22S R27E SEC 18: SWSE (TRACT 73) | ■ | ■ | ■ | ■ |
| Elise M Weidon Et Al | Leonard T May | 6/15/1973 | T22S R27E SEC 18: SESE (TRACT 56) | ■ | ■ | ■ | ■ |

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The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|---------------------------------------|----------------------------|-----------|---|-----------|--------|--------|-------|
| Ralph Calvani Et Al | Cities Service Oil Company | 9/26/1973 | T22S R27E SEC 18: 1.8078 ACRES DESCRIBED AS: BEGINNING 75' SOUTH OF THE NE CORNER OF THE SESE TO THE WEST ROW LINE OF HWY 62, THENCE SW ALONG HIGHWAY ROW 360' TO THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED, THENCE NW 110', THENCE SW 400' TO THE ROW OF KIRCHER STREET, THENCE SE ALONG KIRCHER STREET 100' TO THE WEST ROW OF HWY 62, THENCE NE ALONG SAID ROW 360' TO POINT OF BEGINNING | ████ | ████ | ████ | ████ |
| Marion Jenkins Et Ux | Leonard T May | 6/20/1973 | T22S R27E SEC 18: SESE (TRACTS 104, 105 AND 107) CONTAINING 1.655 ACRES, MORE OR LESS | ████ | ████ | ████ | ████ |
| Maxine Whitlock | Cities Service Oil Company | 2/8/1974 | T22S R27E SEC 18: TRACT 52 DESCRIBED AS FOLLOWS: BEGINNING AT THE NE CORNER OF THE SESE OF SAID SECTION 18; THENCE SOUTH APPROXIMATELY 75' TO WEST ROW OF U.S. HIGHWAY 62; THENCE SW ALONG SAID ROW APPROXIMATELY 140' TO NORTH BOUNDARY OF THE MAIN CANAL; THENCE NW ALONG THE MAIN CANAL APPROXIMATELY 240' TO THE NORTH LINE OF THE SESE; THENCE EAST ALONG SAID N LINE APPROXIMATELY 225' TO THE POINT OF BEGINNING | ████ | ████ | ████ | ████ |
| Jk Bowden Et Ux | Cities Service Oil Company | 5/25/1973 | T22S R27E SEC 18: SESE (LOTS 1, 2, 3, 5, 6 AND 7) HANSON SUBDIVISION, A SUBDIVISION OF THE CITY OF CARLSBAD, NEW MEXICO, AS PER PLAT RECORDED AUGUST 9, 1955, IN BOOK 4 AT PAGE 89 OF MAP RECORDS OF EDDY COUNTY, NEW MEXICO | ████ | ████ | ████ | ████ |
| Dion R Kasakoff by Henry Pfafflin Alf | Cities Service Oil Company | 9/4/1973 | T22S R27E SEC 18: TRACT 62 MORE FULLY DESCRIBED AS: BEGINNING 745' WEST OF THE SE CORNER OF THE SE AND BEING A POINT OF THE WEST ROW OF US 62, THENCE NE ALONG SAID ROW 380' TO THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED; THENCE NW 400'; THENCE NE 108.9'; THENCE SE 400'; THENCE SW 108.9' TO THE POINT OF BEGINNING | ████ | ████ | ████ | ████ |
| James B Williams Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: NWSE (LOTS 5 AND 11, BLK 8), SOUTHRIDGE SUBDIVISION, AND (TRACT 34) DESCRIBED AS FOLLOWS: BEGINNING 30' EAST AND 481.8' NORTH OF THE CENTER OF SECTION 18, FOR THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED, THENCE EAST 300', THENCE NORTH 75', THENCE WEST 300', THENCE SOUTH 75', TO THE POINT OF BEGINNING | ████ | ████ | ████ | ████ |

Exhibit "A-2"
The Unit 2 Leases

| Lessor | Lessee | Eft. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|-----------------------------------|----------------------------|------------|--|-----------|--------|--------|-------|
| W H Hayter Et Ux | Cities Service Oil Company | 3/7/1973 | T22S R27E SEC 18: A TRACT OF LAND BEGINNING 690' EAST AND 30' NORTH OF THE SW CORNER OF THE SWSE OF SECTION 18, THENCE NORTH 317', THENCE EAST 79.5', THENCE SOUTH 317', THENCE WEST 79.5' TO THE POINT OF BEGINNING, ALSO KNOWN AS TRACT 72 | ■ | ■ | ■ | ■ |
| Fox And Lake Church Of Christ | Leonard T May | 6/27/1973 | T22S R27E SEC 18: SWNE (LOTS 1, 3, 5, 7, BLK 8), DAVIS SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Brooks Brininstool Jr | Cities Service Oil Co | 8/16/1974 | T22S R27E SEC 18: NWSE - NORTH 100' OF (LOTS 3 AND 4, BLK 6), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Elisa H Rodriguez | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: SESE (TRACT 69) | ■ | ■ | ■ | ■ |
| Jullean Harkness Et Ux | Cities Service Oil Company | 10/29/1974 | T22S R27E SEC 18: SWSE (LOTS 3 AND 4), MURRAY SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Tony Giddens Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: (LOTS 10 AND 12, BLK 4), AND (LOT 3, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Juan Salcido Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: NWSE (LOT 50, BLK 7), SOUTHRIDGE ADDITION AND (LOT 1, BLK 18), NEW SAN JOSE ADDITION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Reproco Inc | Cities Service Oil Co | 9/10/1974 | T22S R27E SEC 18: SESE (LOT 4) HANSON SUBDIVISION, A SUBDIVISION OF THE CITY OF CARLSBAD, NEW MEXICO, AS PER PLAT RECORDED AUGUST 9, 1955, IN BOOK 4 AT PAGE 89 OF MAP RECORDS OF EDDY COUNTY, NEW MEXICO | ■ | ■ | ■ | ■ |
| Eloy N Martinez Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: SWSE (LOTS 2 AND 4, BLK 4), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Wb Dillahunty Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: SESE (LOT 8) HANSON SUBDIVISION, A SUBDIVISION OF THE CITY OF CARLSBAD, NEW MEXICO, AS PER PLAT RECORDED AUGUST 9, 1955, IN BOOK 4 AT PAGE 89 OF MAP RECORDS OF EDDY COUNTY, NEW MEXICO | ■ | ■ | ■ | ■ |
| Arther Green Et Ux | Cities Service Oil Company | 7/24/1974 | T22S R27E SEC 18: TRACTS 47 AND 48 AS SHOWN ON THE AMENDED TAX ASSESSORS PLAT OF THE SWNE OF SECTION 18, TOWNSHIP 22 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO, PLAT RECORDS AND CONTAINING 0.3891 ACRES, MORE OR LESS | ■ | ■ | ■ | ■ |
| Melesio R Perez Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: NESW (LOTS 39 AND 41, BLK 31), NEW SAN JOSE ADDITION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Lillian Thompson | Cities Service Oil Company | 2/20/1975 | T22S R27E SEC 18: NESW (LOTS 17 AND 19, BLK 31), 1ST ADDITION, NEW SAN JOSE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Administrator Of Veterans Affairs | Cities Service Oil Company | 9/25/1974 | T22S R27E SEC 18: SWSE (LOT 20, BLK 3), SOUTHRIDGE SUBDIVISION AND (LOT 47, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Sterling Ingram Et Ux | Leonard T May | 5/11/1973 | T22S R27E SEC 18: NWSE (LOT 51, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |

Exhibit "A-2"
The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pk | County | State |
|----------------------------|-------------------------------|------------|---|-----------|--------|--------|-------|
| Victorio A Rodriguez Et Ux | Oxy Usa Inc | 4/1/1990 | T22S R27E SEC 18: SWSE (LOT 5), MURRAY SUBDIVISION, CITY OF CARLSBAD, NM, BEING PART OF THE E2 | ■ | ■ | ■ | ■ |
| Hector S Guerra Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: SWSE (LOT 2, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Jessie R Smart Et Ux | Cities Service Oil Company | 11/19/1973 | T22S R27E SEC 18: SWSE (LOT 1, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Hulon A Bright Et Ux | Leonard T May | 5/24/1973 | T22S R27E SEC 18: THE WEST 55' OF A TRACT OF LAND DESCRIBED AS: BEGINNING AT A POINT ON THE WEST LINE OF US HWY 62, WHICH POINT BEARS NORTH 34 DEGREES 50 MINUTES WEST 700' DISTANCE FROM THE SE CORNER OF SECTION 18, T22S-R27E, NMPM, THENCE NORTHWESTERLY ON A LINE AT RIGHT ANGLES TO SAID WEST LINE OF US HWY 62 A DISTANCE OF 300' TO THE POINT OF BEGINNING OF THIS TRACT, THENCE SOUTHWESTERLY ALONG A LINE PARALLEL TO THE WEST LINE OF SAID US HWY 62 A DISTANCE OF 108.9', THENCE NORTHWESTERLY ALONG A LINE AT RIGHT ANGLES TO SAID WEST BOUNDARY LINE OF US HWY 62 A DISTANCE OF 100', THENCE NORTHEASTERLY ALONG A LINE PARALLEL TO SAID WEST BOUNDARY LINE OF US HWY 62 A DISTANCE OF 108.9', THENCE SOUTHEASTERLY ALONG A LINE AT RIGHT ANGLES TO THE SAID WEST BOUNDARY LINE OF US HWY 62 A DISTANCE OF 100' TO THE POINT OF BEGINNING, SITUATED IN EDDY COUNTY, NM | ■ | ■ | ■ | ■ |
| Guadalupe C Duran Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: SWSE (LOT 7, BLK 1), MURRAY SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Ollie L Washington | Cities Service Oil Company | 11/5/1973 | T22S R27E SEC 18: NWSE (LOT 29, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Gloria Mae Ramirez | Cities Service Oil Company | 7/24/1974 | T22S R27E SEC 18: NWSE (LOT 26, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Gloria Mae Ramirez | Cities Service Oil Company | 7/24/1974 | T22S R27E SEC 18: NWSE (LOT 26, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Gloria Mae Ramirez | Cities Service Oil Company | 7/24/1974 | T22S R27E SEC 18: NWSE (LOT 26, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Ralph G Garcia Et Ux | Cities Service Oil Company | 8/6/1974 | T22S R27E SEC 18: NWSE (LOT 24, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Felipe H Saldana Et Ux | Cities Service Oil Company | 2/26/1975 | T22S R27E SEC 18: SENW (LOT 6, BLK 15), NEW SAN JOSE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Richard Perez Et Ux | Cities Service Oil Company | 2/22/1973 | T22S R27E SEC 18: NESW (LOT 43, BLK 31), NEW SAN JOSE ADDITION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|------------------------------|----------------------------|------------|---|-----------|--------|--------|-------|
| Valentino Villa Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: NESW (LOT 33, BLK 31), NEW SAN JOSE ADDITION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Mildred Smith | Cities Service Oil Company | 11/26/1973 | T225 R27E SEC 18: NWSE (LOT 25, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Lillie D Johnson | Cities Service Oil Company | 2/21/1975 | T225 R27E SEC 18: NESW (LOT 45, BLK 31), 1ST ADDITION, NEW SAN JOSE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Lillie D Johnson | Cities Service Oil Company | 2/21/1975 | T225 R27E SEC 18: NESW (LOT 45, BLK 31), 1ST ADDITION, NEW SAN JOSE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Billy Mason Et Ux | Cities Service Oil Company | 7/26/1974 | T225 R27E SEC 18: SWSE (LOT 8, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Jesus D Armendaraz Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: SWSE (LOT 10, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Florida May Young | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: NWSE (LOT 47, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Manuel G Carrasco Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: SWSE (LOT 5, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Willie Lee Jones Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: NWSE (LOT 25, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Rogelio B Ybarra Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: SWSE (LOT 3, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| C J Garra Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: SWSE (LOT 9, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Gene A Kinsey Et Ux | Cities Service Oil Company | 7/18/1974 | T225 R27E SEC 18: SWSE (LOT 13, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Jerald Dennis Et Ux | Cities Service Oil Company | 7/19/1974 | T225 R27E SEC 18: SWSE (LOT 19, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Clara Massey | Cities Service Oil Company | 7/19/1974 | T225 R27E SEC 18: SWSE (LOT 16, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Miguel A Garcia Jr Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: SWSE (LOT 11, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Celedonio C Ramirez Jr Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: SWSE (LOT 14, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| C M Montano Et Ux | Cities Service Oil Company | 11/12/1973 | T225 R27E SEC 18: NWSE (LOT 9, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Carlos A Cordova Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: NWSE (LOT 21, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Meliton Fierro Jr Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: SWSE (LOT 7, BLK 2), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Frances E Hodges | Cities Service Oil Company | 11/6/1973 | T225 R27E SEC 18: NWSE (LOT 40, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Daniel V Dorado Et Ux | Cities Service Oil Company | 11/12/1973 | T225 R27E SEC 18: SWSE (LOT 12, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |
| Alfredo N Hinojos Jr Et Ux | Cities Service Oil Company | 8/6/1974 | T225 R27E SEC 18: NWSE (LOT 14, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ████ | ████ | ████ | ████ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--------------------------|----------------------------|-----------|---|-----------|--------|--------|-------|
| Monico J Aguilera Et Ux | Cities Service Oil Company | 11/9/1973 | T225 R27E SEC 18: NWSE (LOT 13, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Trinidad P Jaquez Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: SWSE (LOT 4, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Trinidad P Jaquez Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: SWSE (LOT 4, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Trinidad P Jaquez Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: SWSE (LOT 4, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Trinidad P Jaquez Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: SWSE (LOT 4, BLK 3), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Lorenzo Ramirez Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: SESE (TRACT 59) | ██ | ██ | ██ | ██ |
| Millard H Queen Et Ux | Leonard T May Company | 6/18/1973 | T225 R27E SEC 18: SWSE (LOT 6, BLK 4), SOUTHRIDGE SUBDIVISION OF THE CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Riley Stearns Jr Et Ux | Cities Service Oil Company | 4/13/1973 | T225 R27E SEC 18: SWSE (LOT 8, BLK 4), SOUTHRIDGE SUBDIVISION OF THE CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Ida Mae Tiner | Leonard T May | 4/10/1973 | T225 R27E SEC 18: NWSE (LOT 17, BLK 8), SOUTHRIDGE SUBDIVISION OF THE CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Jonathan D Harper Et Ux | Cities Service Oil Company | 11/5/1973 | T225 R27E SEC 18: SWSE (LOT 18, BLK 4), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| John Pirtle Et Ux | Cities Service Oil Company | 8/8/1974 | T225 R27E SEC 18: NWSE (LOT 16, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| E M Smith Et Al | Cities Service Oil Company | 8/8/1974 | T225 R27E SEC 18: NWSE (LOT 4, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Joe R Duarte Et Ux | Cities Service Oil Company | 7/29/1974 | T225 R27E SEC 18: NWSE (LOT 10, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Roosevelt Hudson Et Ux | Cities Service Oil Company | 7/24/1974 | T225 R27E SEC 18: NWSE (LOT 6, BLK 9), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Lucas Hernandez Et Ux | Cities Service Oil Company | 7/26/1974 | T225 R27E SEC 18: NWSE (LOT 8, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Homer Rogers Et Ux | Cities Service Oil Co | 8/16/1974 | T225 R27E SEC 18: NWSE (LOT 16, BLK 9), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Frank Minner Et Ux | Cities Service Oil Company | 7/26/1974 | T225 R27E SEC 18: NWSE (LOT 11, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Luriline Washington | Cities Service Oil Co | 8/16/1974 | T225 R27E SEC 18: NWSE (LOT 19, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Pedro F Montanez Et Ux | Cities Service Oil Company | 7/16/1974 | T225 R27E SEC 18: NWSE (LOT 15, BLK 8), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Jesus P Hernandez Et Ux | Cities Service Oil Company | 2/22/1973 | T225 R27E SEC 18: NWSE (LOT 48, BLK 7), SOUTHRIDGE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |
| Charlie Stearns Jr Et Ux | Cities Service Oil Company | 7/23/1974 | T225 R27E SEC 18: NWNE (LOT 3, BLK 1), 3RD ADDITION OF NEW SAN JOSE SUBDIVISION, CITY OF CARLSBAD, NM | ██ | ██ | ██ | ██ |

Exhibit "A-2"

The Unit 2 Leases

| Lessor | Lessee | Eff. Date | Legal Description | Net Acres | Vol/Pg | County | State |
|--------------------------|-------------------------------|-----------|--|-----------|--------|--------|-------|
| Adan M Galindo Et Ux | Cities Service Oil Company | 8/2/1973 | T22S R27E SEC 18: EAST 45' OF TRACT 57, ALSO DESCRIBED BY METES AND BOUNDS AS FOLLOWS: BEGINNING 30' NORTH OF THE SW CORNER OF THE SESE; THENCE EAST 153'; THENCE NORTHWEST 911' (APPROXIMATELY) TO THE SOUTH ROW OF KIRCHER STREET; THENCE SE ALONG KIRCHER STREET 55' TO THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED; THENCE SE ALONG KIRCHER STREET 45'; THENCE SW 108.9'; THENCE NW 45'; THENCE NE 108.9' TO THE POINT OF BEGINNING SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| William A Gossett Et Ux | Cities Service Oil Company | 7/17/1974 | T22S R27E SEC 18: NWNE (LOT 7, BLK 2), 3RD ADDITION OF NEW SAN JOSE SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| William B Hunt Et Al | Cities Service Oil Company | 8/8/1974 | T22S R27E SEC 18: NWSE (LOT 7), LESS & EXCEPT THE WEST 15', HILLTOP SUBDIVISION, CITY OF CARLSBAD, NM | ■ | ■ | ■ | ■ |
| Kimbell Knight Royalties | Alpha Energy Partners II, LLC | 6/1/2024 | T22S R27E SEC 18: 8.3020 ACRES OF LAND, MORE OR LESS, BEING DESCRIBED IN THE FOLLOWING TRACTS: TRACT 1: 2.3864 ACRES OF LAND, MORE OR LESS, W2 OF LOT 15 IN BLOCK A OF HALL'S SUBDIVISION SECTION 17, T22S-R27E TRACT 2: 5.9156 ACRES OF LAND, MORE OR LESS, WEST 36.25 FEET OF LOTS 5 AND 6 AND ALL OF LOTS 7, 8, 9, AND 10 IN BLOCK 1, AND ALL OF BLOCK 2 OF BRYANT ADDITION TO HALL SUBDIVISION, AS AMENDED, LOCATED IN THE NW4 OF SECTION 17, T22S-R27E | ■ | ■ | ■ | ■ |
| Merland Inc. | Alpha Energy Partners II, LLC | TBD | 12.48 acres of land, more or less, being all that part of the NE4 of the NE4 of Section 18 lying East of the A.T. and S.F. Railroad Right of Way | ■ | ■ | ■ | ■ |
| Additional Acres | Alpha Energy Partners II, LLC | | Additional Contractual Interest net acre figure being confirmed | ■ | | | |
| Total Net Acres: | | | | ■ | | | |

End of Exhibit A-2

EXHIBIT B-1

Form of Wellbore Assignment and Bill of Sale

WELLBORE ASSIGNMENT AND BILL OF SALE

STATE OF NEW MEXICO §
 §
 COUNTY OF EDDY §

THIS WELLBORE ASSIGNMENT AND BILL OF SALE (this "**Assignment**"), executed as of the dates set forth in the respective notary certifications below, but effective as of July 1, 2024 at 7:00 a.m. CDT (the "**Effective Date**"), is from Alpha Energy Partners II, LLC, a Texas limited liability company, whose mailing address is 508 W. Wall St., Suite 1200, Midland, Texas 79701 (hereinafter "**Assignor**") to Paloma Permian AssetCo, LLC, a Delaware limited liability company, whose mailing address is 1100 Louisiana Street, Suite 5100, Houston, Texas 77002 (hereinafter "**Assignee**"). Assignor and Assignee may be referred to herein individually as a "**Party**" and collectively as the "**Parties**".

Capitalized terms used but not defined herein shall have the respective meanings set forth in that certain Letter Agreement dated effective as of July 1, 2024, by and between Assignor and Assignee (the "**Agreement**").

WITNESSETH:

WHEREAS, as set forth in the Agreement, Assignor agreed to convey and assign certain wellbore-limited interests in and to the Assets (as defined below) INsofar AND ONLY INsofar as the same may be necessary to produce hydrocarbons from the Farmout Well (as defined below) to Assignee, subject to the terms more specifically set forth in the Agreement;

WHEREAS, as set forth in the Agreement, Assignor has retained, and shall retain, twenty percent (20%) of Assignor's right, title, and interest in and to the Assets (as defined below) (the "**Assignor Retained Interest**");

WHEREAS, pursuant and subject to the Agreement and this Assignment, Assignor shall convey to Assignee an amount equal to [REDACTED] percent ([REDACTED]%) of Assignor's interest in and to the Assets INsofar AND ONLY INsofar as the same may be necessary to produce hydrocarbons from the Farmout Well, after excluding the Assignor Retained Interest (the "**Assignee Farmout Interest**"); and

WHEREAS, pursuant and subject to the Agreement and this Assignment, Assignor shall retain the remainder of its interests, after taking into account the Assignor Retained Interest and the Assignee Farmout Interest (the "**Assignor Farmout Interest**").

NOW, THEREFORE, for and in consideration of the covenants and agreements herein made by Assignee to Assignor, the receipt and sufficiency of which are acknowledged by Assignor, Assignor does hereby sell, assign, transfer, convey and deliver unto Assignee, the Assignee Farmout Interest in and to the following, less and except the "Excluded Properties," as defined in Section 6 of this Assignment but INsofar AND ONLY INsofar as the same may be necessary to produce oil, gas, and other hydrocarbons from the Farmout Well (the "**Assets**"), and only as to the Assignee Farmout Interest therein:

- a) The wellbore of the [Name of Well] well, API # [35-017-XXXX] located in Section [XX], Township [X] South, Range [XX] East, Eddy County, New Mexico, (the "**Farmout Well**");
- b) the leasehold estates created by the oil and gas leases described on **Exhibit A** hereto (the "**Leases**");
- c) all related surface, subsurface, and other rights and interests attributable or allocable to the Leases by virtue of pooling, unitization, communitization, operating agreement, permit, license, or other agreement, but subject to the terms, conditions, covenants, and obligations set forth in the Leases or on **Exhibit A**;

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- d) to the extent assignable, all of Assignor's interests in and to all the property and rights incident to the Leases INsofar AND ONLY INsofar as they relate to, affect, and are necessary for the ownership and operation of the wellbore of the Farmout Well, including, but not limited to, all rights in, to and under all agreements, contracts, surface use agreements, operating agreements, declarations and orders, farmin and farmout agreements, participation agreements, exchange agreements, division and transfer orders, pooling agreements, pre-pooling agreements, product purchase and sale contracts, transportation agreements, processing and gathering agreements, leases, permits, rights-of-way, easements, options, orders and other contracts or agreements of a similar nature to the extent appurtenant to or used primarily in connection with the ownership, operation or development of the Leases;
- e) all of Assignor's rights in and to all existing equipment and other personal property, fixtures and improvements located in, on, or connected to the wellbore of the Farmout Well and used exclusively for the benefit of the Farmout Well;
- f) all rights, claims, and causes of action arising on or after the Effective Date to the extent such rights, claims, and causes of action relate to any of the foregoing, except to the extent relating to obligations or rights retained by Assignor pursuant to the Agreement or this Assignment; and
- g) copies of Assignor's lease and title files for the Assets and files relating to the drilling, completions and operations of the Farmout Well.

It is Assignor's intent to sell, assign, transfer, convey and deliver to Assignee the Assignee Farmout Interest in and to the Assets, regardless of whether a particular oil and gas lease, well or interest is incorrectly described on, or omitted from, the attached Exhibits.

TO HAVE AND TO HOLD the Assets, INsofar AND ONLY INsofar as the Farmout Well, and insofar as the Assignee Farmout Interest, unto Assignee, its successors and assigns, forever, subject to the terms and provisions hereof and of the Agreement.

1. **Special Warranty of Title.** This Assignment is made by Assignor (i) without warranty of title of any kind or nature whatsoever, either express, statutory or implied, except that Assignor does hereby bind itself, its heirs, successors and assigns, to warrant and forever defend all and singular title to the said Assets unto Assignee, and Assignee's successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof, by through or under Assignor and its affiliates, but not otherwise, subject, however, to (a) the terms of the Leases and other instruments granting title to any of the Assets; and (b) the terms of the Agreement and any instrument or agreement executed or delivered in connection therewith (including the creation or reservation by Assignee or a third person of the overriding royalty interest(s) permitted under Section 11 thereunder); and (ii) with the right of full substitution and subrogation of Assignee in and to all covenants and warranties heretofore given or made by others with respect to the Assets. **ANY COVENANTS OR WARRANTIES IMPLIED BY STATUTE OR LAW OR BY THE USE OF THE WORD "SELL," "ASSIGN," "TRANSFER," "CONVEY" OR OTHER WORDS OF GRANT ARE HEREBY EXPRESSLY WAIVED AND DISCLAIMED BY THE PARTIES**

2. **Disclaimer of Representations and Warranties.** Except as provided in this Assignment, it is the explicit intent and understanding of each of the Parties that Assignor is not making any representation or warranty whatsoever, oral or written, express or implied, and Assignee is not relying on any other statement, representation or warranty, oral or written, express or implied, made or communicated to such Party. To the extent the Assets conveyed hereby constitute personal property, **THIS WELLBORE ASSIGNMENT AND BILL OF SALE IS EXECUTED, DELIVERED AND ACCEPTED WITHOUT ANY REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION WARRANTIES OF MARKETABILITY, MERCHANTABILITY, QUALITY, CONDITION, AND/OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND ASSIGNEE ACCEPTS ALL PERSONAL PROPERTY INCLUDED IN THE ASSETS IN THEIR "AS IS, WHERE**

Exhibit B-1

Page 2 of 6

IS" CONDITION AND STATE OF REPAIR. THE PARTIES AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW, RULE, REGULATION OR ORDER TO BE OPERATIVE, THE DISCLAIMERS CONTAINED IN THIS WELLBORE ASSIGNMENT AND BILL OF SALE ARE "CONSPICUOUS" FOR THE PURPOSES OF SUCH APPLICABLE LAW, RULE, REGULATION OR ORDER.

3. **Retained Liabilities and Obligations.** Subject to the terms of the Agreement (it being understood and agreed that Assignee has, under the Agreement, certain obligations to carry costs relating to the Assignor Farmout Interest, which obligations shall not be reduced, modified, or offset by anything in this Assignment), Assignor hereby retains all of its rights and Liabilities (as hereinafter defined) related to (i) the Assets attributable to periods prior to the Effective Date, (ii) the Assignor Retained Interest (iii) the Excluded Properties (as defined below); and (iv) the Assignor Farmout Interest. As used in this Assignment, "**Liabilities**" means any and all claims, causes of actions, payments, charges, judgments, assessments, liabilities, losses, damages, penalties, fines or costs and expenses, including any reasonable fees of attorneys, experts, consultants, accountants and other professional representatives and legal or other expenses incurred in connection therewith and including liabilities, costs, losses and damages for personal injury, illness or death, property damage, contracts claims, torts or otherwise.

4. **Assumed Liabilities and Obligations.** Except for the Liabilities retained by Assignor pursuant to Section 3, Assignee hereby assumes, and agrees to perform and pay for, any and all Liabilities and obligations arising out of, or relating to, the Assignee Farmout Interest in the Assets, to the extent occurring or arising on or after the Effective Date, including (i) all Liabilities and obligations for environmental matters related to, and environmental condition of, the Assets, and (ii) all Liabilities and obligations for (a) proper plugging and abandoning of the Farmout Well, and (b) restoring the surface of the affected premises with respect to the Farmout Well.

5. **Further Assurances.** Without additional consideration, Assignor and Assignee agree to take such further actions and execute such further documents as may be reasonably necessary or appropriate for the full and complete enjoyment of the rights herein granted including without limitation all such other additional instruments, notices, division orders, transfer orders and other documents, and to do all such other and further acts and things as may be necessary to more fully and effectively sell, assign, transfer, convey and deliver to Assignee the right, title and interest conveyed hereby or intended to be conveyed.

6. **Excluded Properties.** The Assets do not include, and therefore are hereby expressly excepted and excluded therefrom and reserved to Assignor:

- (a) the Assignor Retained Interest and Assignor Farmout Interest in and to the Assets;
- (b) all of Assignor's interests in and to the Leases and other assets otherwise conveyed to Assignee hereunder, to the extent not included in the Assets (including those interests that do not relate to the Farmout Well);
- (c) all of Assignor's royalties, overriding royalties and other burdens, reversionary interests and similar burdens of record, including all mineral interest;
- (c) all corporate, financial, tax and legal (other than title) records of Assignor;
- (d) all computer or communications software or intellectual property (including tapes, data and program documentation and all tangible manifestations and technical information relating thereto) owned, licensed or used by Assignor; and
- (e) All geophysical and other seismic and related technical data and information relating to the Assets.

7. **Governing Law.** This Assignment and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of Texas, except to the extent that the laws of another state are

Exhibit B-1

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mandatorily applicable, without regard to principles of conflicts of laws otherwise applicable to such determinations.

8. **Miscellaneous.** Sections 10(e), (f), (g), (i), (l), (m), (p), (q), (r), (s), and (t) of the Agreement are incorporated herein, *mutatis mutandis*, as though more fully set forth herein.

9. **Counterparts.** This Assignment may be executed in any number of original counterparts and each such counterpart shall be deemed to be an original instrument, but all such counterparts shall constitute but one and the same instrument of conveyance. To facilitate recording, counterpart signature pages and acknowledgments may be affixed to the body of one original instrument.

10. **Agreement.** This Assignment is subject to all of the terms, provisions and conditions of the Agreement. In the event of a conflict between the terms and conditions in this Assignment and the terms and conditions in the Agreement, the terms and conditions of the Agreement shall control.

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Exhibit B-1

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IN WITNESS WHEREOF, this Assignment is executed by each party on the date of such party's respective acknowledgment below but is effective for all purposes as of the Effective Date.

ASSIGNOR:

Alpha Energy Partners II, LLC

By: _____
Name: P. Nick Maxwell
Title: CEO

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2024, by P. Nick Maxwell as CEO of Alpha Energy Partners II, LLC, on behalf of such entity.

Notary Public

My Commission Expires: _____

(Seal)

My Commission Number: _____

ASSIGNEE:

Paloma Permian AssetCo, LLC

By: _____
Name: Andrew N. Keck
Title: Senior Vice President – Land

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____, 2024, by Andrew N. Keck as Senior Vice President - Land of Paloma Permian AssetCo, LLC, on behalf of such entity.

My Commission Expires: _____
My Commission Number: _____

Notary Public
(Seal)

Exhibit B-1

Page 6 of 6

EXHIBIT B-2

Form of Assignment and Bill of Sale

ASSIGNMENT AND BILL OF SALE

STATE OF NEW MEXICO §
 §
 COUNTY OF EDDY §

THIS ASSIGNMENT AND BILL OF SALE (this "**Assignment**"), executed as of the dates set forth in the respective notary certifications below, but effective as of July 1, 2024 at 7:00 a.m. CDT (the "**Effective Date**"), is from Alpha Energy Partners II, LLC, a Texas limited liability company, whose mailing address is 508 W. Wall St., Suite 1200, Midland, Texas 79701 (hereinafter "**Assignor**") to Paloma Permian AssetCo, LLC, a Delaware limited liability company, whose mailing address is 1100 Louisiana Street, Suite 5100, Houston, Texas 77002 (hereinafter "**Assignee**"). Assignor and Assignee may be referred to herein individually as a "**Party**" and collectively as the "**Parties**".

Capitalized terms used but not defined herein shall have the respective meanings set forth in that certain Letter Agreement dated effective as of July 1, 2024, by and between Assignor and Assignee (the "**Agreement**").

WITNESSETH:

WHEREAS, as set forth in the Agreement, Assignor agreed to convey and assign certain interests and assets to Assignee, subject to the terms more specifically set forth in the Agreement;

WHEREAS, as set forth in the Agreement, Assignor has retained, and shall retain, twenty percent (20%) of Assignor's right, title, and interest in and to the Assets (as defined below) (the "**Assignor Retained Interest**");

WHEREAS, pursuant and subject to the Agreement and this Assignment, Assignor shall convey to Assignee an amount equal to [REDACTED] percent ([REDACTED]%) of Assignor's interest in and to the Assets, after excluding the Assignor Retained Interest, and without duplication of any interest in a Farmout Well (as defined below) conveyed to Assignee prior to the date hereof (the "**Assignee Farmout Interest**"); and

WHEREAS, pursuant and subject to the Agreement and this Assignment, Assignor shall retain the remainder of its interests, after taking into account the Assignor Retained Interest and the Assignee Farmout Interest (the "**Assignor Farmout Interest**").

NOW, THEREFORE, for and in consideration of the covenants and agreements herein made by Assignee to Assignor, the receipt and sufficiency of which are acknowledged by Assignor, Assignor does hereby sell, assign, transfer, convey and deliver unto Assignee the Assignee Farmout Interest in and to the following, less and except the "Excluded Properties," as defined in Section 6 of this Assignment (the "**Assets**"), but only as to the Assignee Farmout Interest therein:

- a) the leasehold estates created by the oil and gas leases described on **Exhibit A** hereto, to the extent located within the geographic boundaries of Sections _____, Range 27E Township 22S, Eddy County, New Mexico (the "**Leases**");
- b) all surface, subsurface, and other rights and interests attributable or allocable to the Leases by virtue of pooling, unitization, communitization, operating agreement, permit, license, or other agreement, but subject to the terms, conditions, covenants, and obligations set forth in the Leases or on **Exhibit A**;

Exhibit B-2

Page 1 of 6

- c) all oil, gas, injection, disposal, or other wells located on the Leases or the lands covered thereby, including the wells listed on Exhibit "B", but excluding the Farmout Wells (as defined below) (collectively, the "**Wells**");
- d) to the extent assignable, all of Assignor's interests in and to all the property and rights incident to the Leases insofar as they relate to the Leases, including, but not limited to, all rights in, to and under all agreements, contracts, surface use agreements, operating agreements, declarations and orders, farmin and farmout agreements, participation agreements, exchange agreements, division and transfer orders, pooling agreements, pre-pooling agreements, product purchase and sale contracts, transportation agreements, processing and gathering agreements, leases, permits, rights-of-way, easements, options, orders and other contracts or agreements of a similar nature to the extent appurtenant to or used primarily in connection with the ownership, operation or development of the Leases or Wells;
- e) all equipment and other personal property, fixtures and improvements on the Leases or used or obtained in connection with any of the foregoing rights or interests;
- f) all rights and interests arising under or derived from any unitization, communitization, pooling, or agreements, and the units created thereby insofar as the same relate to the Wells and the Leases, and any lands or leases pooled or unitized therewith, including any and all units formed under orders, regulations, rules, and other official acts of the governmental authority having jurisdiction, together with any right, title and interest created thereby in the Leases;
- g) all rights, claims, and causes of action to the extent such rights, claims, and causes of action relate to any of the foregoing, except to the extent relating to obligations or rights retained by Assignor pursuant to the Agreement or this Assignment;
- h) all trade credits, receivables and general intangibles, to the extent held by Assignor in its capacity as a co-owner in any of the foregoing or arising out of the operation of or production from the Leases from and after the Effective Date (including, but not limited to, any and all contractual rights, claims, receivables, revenues, recoupment rights, recovery rights, production imbalances, accounting adjustments, mis-payments, erroneous payments or other claims of any nature in favor of Assignor and relating and accruing to any time period from and after the Effective Date); and
- i) copies of Assignor's lease and title files relating to the drilling, completions and operations of the Farmout Wells (to the extent not previously provided).

It is Assignor's intent to sell, assign, transfer, convey and deliver to Assignee the Assignee Farmout Interest in and to the Assets, regardless of whether a particular oil and gas lease, well or interest is incorrectly described on, or omitted from the attached Exhibits.

TO HAVE AND TO HOLD the Assets, insofar as the Assignee Farmout Interest, unto Assignee, its successors and assigns, forever, subject to the terms and provisions hereof and of the Agreement.

1. **Special Warranty of Title.** This Assignment is made by Assignor (i) without warranty of title of any kind or nature whatsoever, either express, statutory or implied, except that Assignor does hereby bind itself, its heirs, successors and assigns, to warrant and forever defend all and singular title to the said Assets unto Assignee, and Assignee's successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof, by through or under Assignor and its affiliates, but not otherwise, subject, however, to (a) the terms of the Leases and other instruments granting title to any of the Assets and (b) the terms of the Agreement and any instrument or agreement executed or delivered in connection therewith (including the creation or reservation by Assignee or a third person of an overriding royalty interest(s) permitted under Section 11 thereunder) and (ii) with the right of full substitution and subrogation of Assignee in and to all covenants and warranties heretofore given or made by others with respect to the Assets. **ANY COVENANTS OR WARRANTIES IMPLIED BY STATUTE OR LAW OR BY THE USE OF THE WORD "SELL," "ASSIGN," "TRANSFER,"**

Exhibit B-2

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"CONVEY" OR OTHER WORDS OF GRANT ARE HEREBY EXPRESSLY WAIVED AND DISCLAIMED BY THE PARTIES.

2. **Disclaimer of Representations and Warranties.** Except as provided in this Assignment, it is the explicit intent and understanding of each of the Parties that Assignor is not making any representation or warranty whatsoever, oral or written, express or implied, and Assignee is not relying on any other statement, representation or warranty, oral or written, express or implied, made or communicated to such Party. To the extent the Assets conveyed hereby constitute personal property, **THIS ASSIGNMENT AND BILL OF SALE IS EXECUTED, DELIVERED AND ACCEPTED WITHOUT ANY REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION WARRANTIES OF MARKETABILITY, MERCHANTABILITY, QUALITY, CONDITION, AND/OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND ASSIGNEE ACCEPTS ALL PERSONAL PROPERTY INCLUDED IN THE ASSETS IN THEIR "AS IS, WHERE IS" CONDITION AND STATE OF REPAIR. THE PARTIES AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW, RULE, REGULATION OR ORDER TO BE OPERATIVE, THE DISCLAIMEDS CONTAINED IN THIS ASSIGNMENT AND BILL OF SALE ARE "CONSPICUOUS" FOR THE PURPOSES OF SUCH APPLICABLE LAW, RULE, REGULATION OR ORDER.**

3. **Retained Liabilities and Obligations.** Subject to the terms of the Agreement (it being understood and agreed that Assignee has, under the Agreement, certain obligations to carry costs relating to the Assignor Farmout Interest, which obligations shall not be reduced, modified, or offset by anything in this Assignment), Assignor hereby retains all of its rights and Liabilities (as hereinafter defined) arising out of (i) the Assignor Retained Interest; (ii) the Excluded Properties (as defined below); (iii) the Assignor Farmout Interest; (iv) production (and proceeds therefrom) from or attributable to any Wells listed on Exhibit "B" prior to the latest signature date or notary date on this Assignment (the **Execution Date**) and ordinary course lease operating expenses (excluding Liabilities assumed pursuant to Section 4(ii)(a) and (b) hereof) with respect to such Wells incurred prior to the Execution Date. As used in this Assignment, **"Liabilities"** means any and all claims, causes of actions, payments, charges, judgments, assessments, liabilities, losses, damages, penalties, fines or costs and expenses, including any reasonable fees of attorneys, experts, consultants, accountants and other professional representatives and legal or other expenses incurred in connection therewith and including liabilities, costs, losses and damages for personal injury, illness or death, property damage, contracts claims, torts or otherwise.

4. **Assumed Liabilities and Obligations.** Except for the Liabilities retained by Assignor pursuant to Section 3, Assignee hereby assumes, and agrees to perform and pay for, any and all Liabilities and obligations arising out of, or relating to, the Assignee Farmout Interest in the Assets, or which are otherwise the obligation of Assignee under the Agreement, whether occurring or arising before, on or after the Effective Date, including (i) all Liabilities and obligations for environmental matters related to, and the environmental condition of, the Assets, (ii) all Liabilities and obligations for (a) proper plugging and abandoning of all wells located on the Assets, including the Wells described on Exhibit "B", and (b) restoring the surface of the affected premises pertaining to such wells, even though such Liabilities and obligations to plug and abandon and restore the premises may have arisen prior to the Effective Date, and (iii) all Liabilities and obligations related to third party funds held in suspense by Assignor pertaining to any of the wells located on the Assets, including the Wells described on Exhibit "B" (the **"Suspense Proceeds"**) and paid to Assignee, including the proper distribution of the Suspense Proceeds to the parties lawfully entitled thereto and any statutory or contractual interest due thereon. Notwithstanding the foregoing sentence, Assignor agrees to remain liable for any statutory or contractual interest accruing as to the Suspense Proceeds prior to the Effective Date.

5. **Further Assurances.** Without additional consideration, Assignor and Assignee agree to take such further actions and execute such further documents as may be reasonably necessary or appropriate for the full and complete enjoyment of the rights herein granted including without limitation all such other additional instruments, notices, division orders, transfer orders and other documents, and to do all such other and further acts and things as may be necessary to more fully and effectively sell, assign, transfer, convey and deliver to Assignee the right, title and interest conveyed hereby or intended to be conveyed.

Exhibit B-2

Page 3 of 6

6. **Excluded Properties.** The Assets do not include, and therefore are hereby expressly excepted and excluded therefrom and reserved to Assignor:

- (a) all of Assignor's royalties, overriding royalties and other burdens, reversionary interests and similar burdens of record, including all mineral interests;
- (b) all corporate, financial, tax and legal (other than title) records of Assignor;
- (c) all hydrocarbon production from or attributable to the Assets with respect to all periods prior to the Execution Date and all proceeds attributable thereto;
- (d) any refund of costs, taxes or expenses borne by Assignor;
- (e) except to the extent constituting suspended royalties (which such funds shall be paid to Assignee at concurrently with the Execution Date, all deposits, cash, checks, funds and accounts receivable or received attributable to the Assets with respect to any period of time prior to the Execution Date ;
- (f) all computer or communications software or intellectual property (including tapes, data and program documentation and all tangible manifestations and technical information relating thereto) owned, licensed or used by Assignor; and
- (g) all geophysical and other seismic and related technical data and information relating to the Assets.

7. **Farmout Wells.** Assignor may have assigned and conveyed certain wellbore-limited interests in and to wells drilled on one or more of the Leases to Assignee prior to the Execution Date pursuant to the Agreement (each, a "**Farmout Well**"). The interests conveyed to Assignee hereunder are not intended to be in duplication of the any interest previously conveyed to Assignee in any Farmout Well, and any such Farmout Well, and Assignee's interests in and to any such Farmout Well shall be pursuant to any such previous wellbore-limited assignment and not this Assignment.

8. **Governing Law.** This Assignment and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of Texas, except to the extent that the laws of another state are mandatorily applicable, without regard to principles of conflicts of laws otherwise applicable to such determinations.

9. **Miscellaneous.** Sections 10(e), (f), (g), (i), (l), (m), (p), (q), (r), (s), and (t) of the Agreement are incorporated herein, *mutatis mutandis*, as though more fully set forth herein.

10. **Counterparts.** This Assignment may be executed in any number of original counterparts and each such counterpart shall be deemed to be an original instrument, but all such counterparts shall constitute but one and the same instrument of conveyance. To facilitate recording, counterpart signature pages and acknowledgments may be affixed to the body of one original instrument.

11. **Agreement.** This Assignment is subject to all of the terms, provisions and conditions of the Agreement. In the event of a conflict between the terms and conditions in this Assignment and the terms and conditions in the Agreement, the terms and conditions of the Agreement shall control.

IN WITNESS WHEREOF, this Assignment and Bill of Sale is executed by each party on the date of such party's respective acknowledgment below but is effective for all purposes as of the Effective Date.

ASSIGNOR:

Alpha Energy Partners II, LLC

By: _____
Name: P. Nick Maxwell
Title: CEO

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2024, by P. Nick Maxwell as CEO of Alpha Energy Partners II, LLC, on behalf of such entity.

Notary Public

My Commission Expires: _____

(Seal)

My Commission Number: _____

Exhibit B-2

Page 5 of 6

ASSIGNEE:

Paloma Permian AssetCo, LLC

By: _____
Name: Andrew N. Keck
Title: Senior Vice President – Land

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____, 2024, by Andrew N. Keck as Senior Vice President - Land of Paloma Permian AssetCo, LLC, on behalf of such entity.

My Commission Expires: _____
My Commission Number: _____

Notary Public
(Seal)

EXHIBIT C

Attached to and made part of that certain Letter Agreement by and between Alpha Energy Partners II, LLC and Paloma Permian AssetCo, LLC dated effective July 1, 2024.

All lands within the following:

Township 21 South, Range 26 East
Township 21 South, Range 27 East
Township 22 South, Range 26 East
Township 22 South, Range 27 East

all in Eddy County, New Mexico

END OF EXHIBIT C

FORM OF MEMORANDUM OF AGREEMENT

STATE OF NEW MEXICO)
) **SS:**
COUNTY OF EDDY)

WHEREAS, Alpha is the lessee of record to the oil and gas leases set forth on Exhibit "A" hereto (the "**Leases**"); and

WHEREAS, pursuant to that certain Letter Agreement effective July 1, 2024 by and between Alpha and Paloma (the ***“Agreement”***), Paloma has an option to earn a portion of Alpha’s leasehold interest in the Leases and subsequent partial assignment from Alpha to Paloma by complying with certain development plans designed to test the Wolfcamp Formation within Sections 17, 18, 19, and 20-22S-27E all in Eddy County, New Mexico (collectively, the ***“Properties”***).

NOW THEREFORE, for and in consideration of the premises and other good and valuable consideration, the Parties hereby acknowledge the following:

- A. **Capitalized Terms.** Capitalized terms used in this Memorandum but not defined herein shall have the meanings given them in the Agreement.
- B. **Intent.** The Parties intend that this Memorandum shall provide notice to third parties of the existence of the Agreement relating to the Properties and, in particular, notice (i) that Paloma has the right to earn ownership in and to specified portions of the Properties, as more particularly detailed in the Letter Agreement, and (ii) that, as between Alpha and Paloma, Paloma solely shall be responsible for paying all drilling and completions costs related to the Farmout Wells.
- C. **Successors and Assigns.** The Agreement is binding upon and shall inure to the benefit of each Party, its successors and assigns.
- D. **Recordation.** Each Party authorizes the other Party to file this Memorandum in the public records of each county where any of the Properties is located and shall serve as notice of the existence of the Agreement, the burdens created by the Agreement with respect to the Properties, and Paloma's contractual rights to earn under the Agreement.
- E. **Amendments.** No amendment, change or modification of any of the terms, provisions or conditions of the Agreement of this Memorandum, nor any waiver of rights hereunder, shall be effective unless made in writing and executed by the Parties of their duly authorized representatives.

Exhibit D

Page 1 of 4

- F. **Additional Information.** Should any person desire additional information regarding the Agreement, said person should contact either Party, as follows:

If to Alpha:

Alpha Energy Partners II, LLC
508 W. Wall St., Suite 1200
Midland, Texas 79701
Attn: Legal

With a copy to (which shall not constitute notice):

Collins Resources, LLC
3824 Cedar Springs Rd., #414
Dallas, Texas 75219
Attn: Legal
Legal@collinspermian.com

If to Paloma:

Paloma Permian AssetCo, LLC
1100 Louisiana Street, Suite 5100
Houston, Texas 77002
Attn: Legal

- G. **Memorandum Subject to Agreement.** The Parties hereby refer to the Agreement for all of its terms and provisions and incorporate the same herein by reference as fully as if such terms and provisions were copied at length herein. In the event of a conflict between the terms and provisions of this Memorandum and the terms and provisions of the Agreement, the terms and provisions of the Agreement shall control in all respects.
- H. **Counterparts.** This Memorandum may be executed by the Parties in any number of original counterparts, all of which collectively shall be considered one and the same instrument.
- I. **Termination.** Upon termination of the Agreement for any reason, each Party shall execute, acknowledge, and deliver to the other Party such releases of this Memorandum as may be required to evidence such termination and the release thereof and of this Memorandum. If no such release is recorded, this Memorandum shall automatically expire, and be of no further force and effect (and third persons shall be entitled to rely on such expiration as evidence of the release of the rights of Paloma under the Agreement) on September 15, 2026.

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Exhibit D

Page 2 of 4

IN WITNESS WHEREOF, this Memorandum has been executed by the parties hereto as of the dates of their respective acknowledgements below but is effective for all purposes as of the Effective Date.

ASSIGNOR:

Alpha Energy Partners II, LLC

By: _____
Name: P. Nick Maxwell
Title: CEO

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2024, by P. Nick Maxwell as CEO of Alpha Energy Partners II, LLC, on behalf of such entity.

Notary Public

My Commission Expires: _____

(Seal)

My Commission Number: _____

Exhibit D

ASSIGNEE:

Paloma Permian AssetCo, LLC

By: _____
Name: Andrew N. Keck
Title: Senior Vice President – Land

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____, 2024, by Andrew N. Keck as Senior Vice President - Land of Paloma Permian AssetCo, LLC, on behalf of such entity.

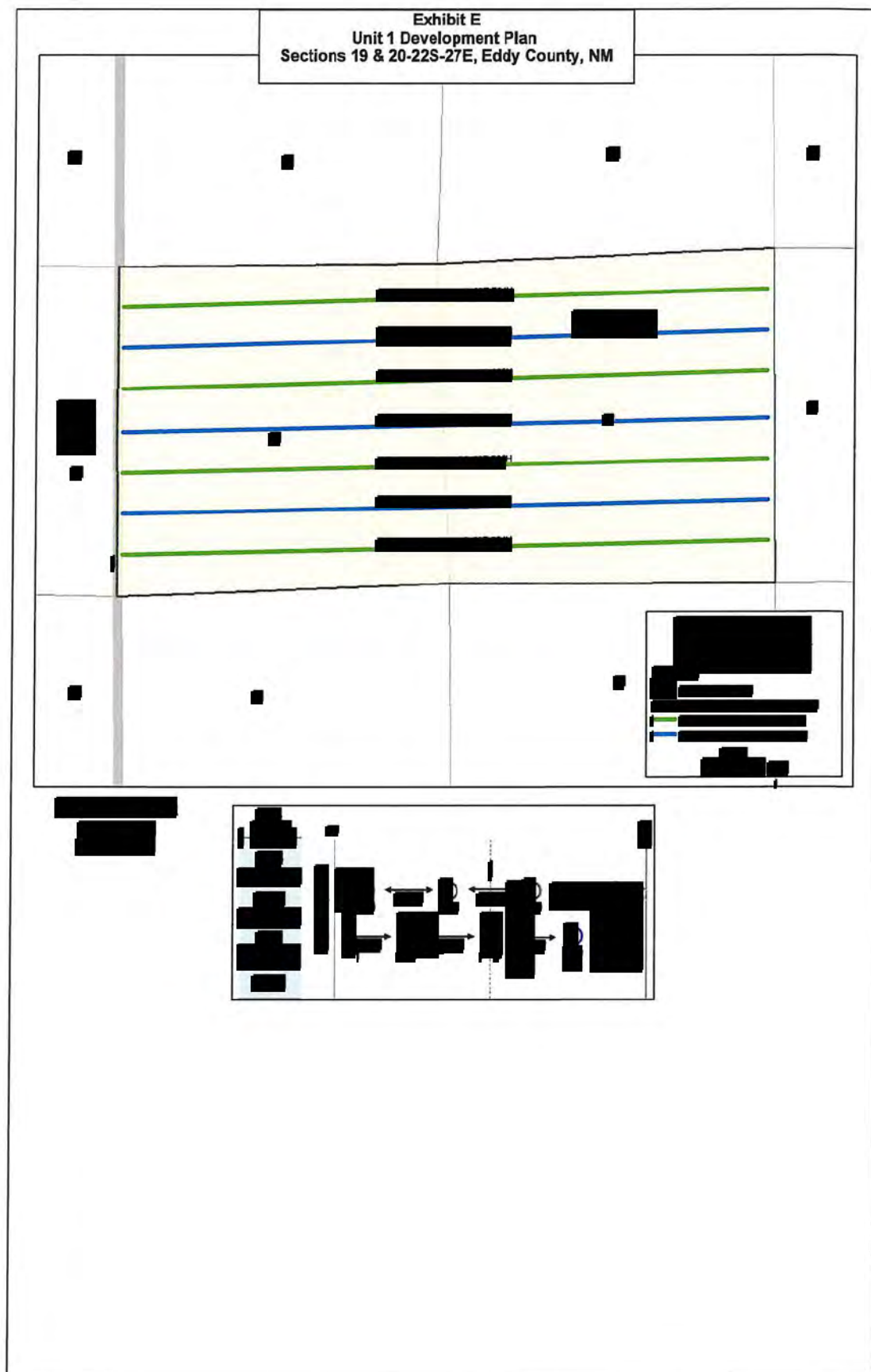
My Commission Expires: _____
My Commission Number: _____

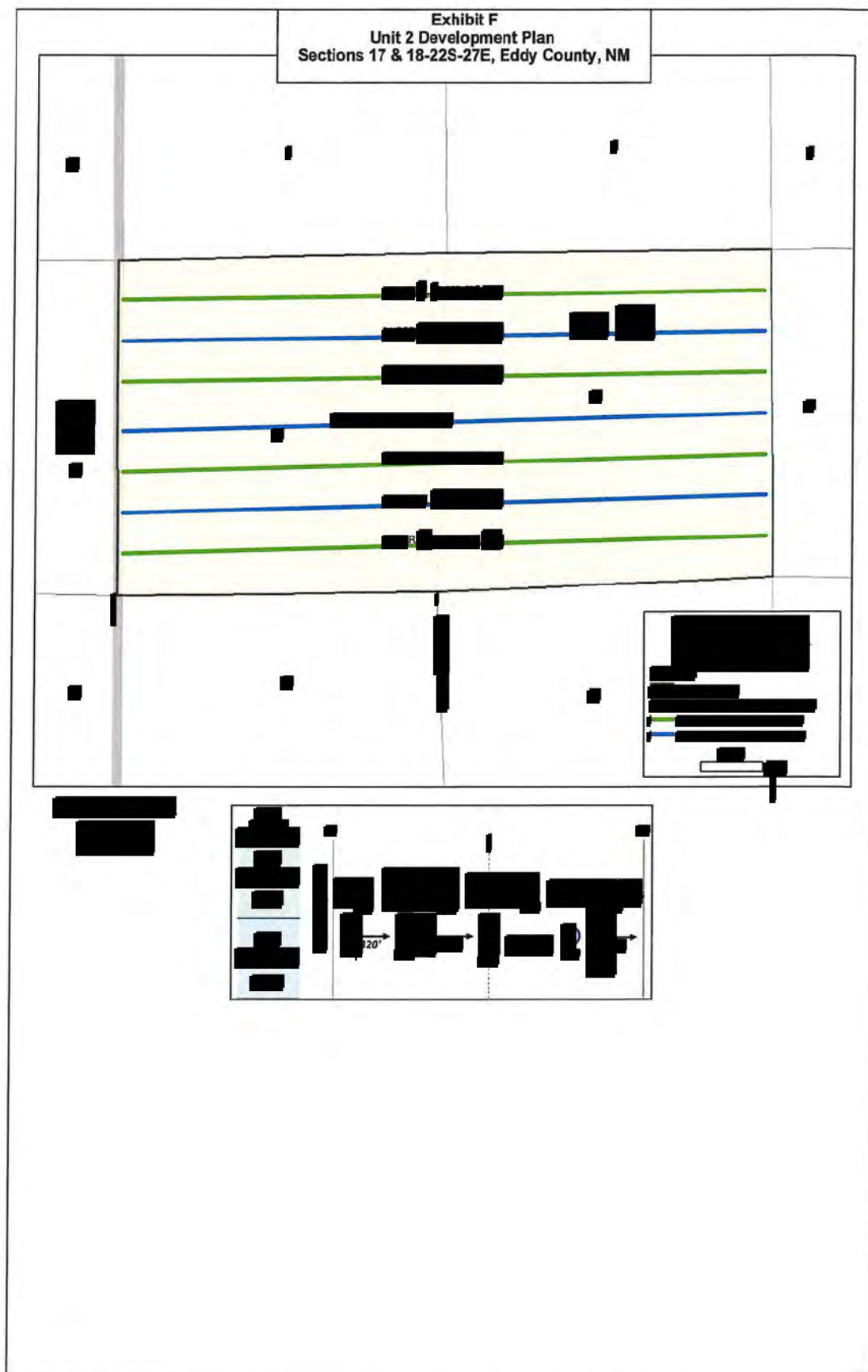
Notary Public
(Seal)

END OF EXHIBIT D

Exhibit D

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MODEL FORM OPERATING AGREEMENT

DATED

_____ , _____
Year

CONTRACT AREA

COUNTY OF _____, STATE OF _____
Eddy _____
NEW MEXICO

A.A.P.L. NO. 610-2015

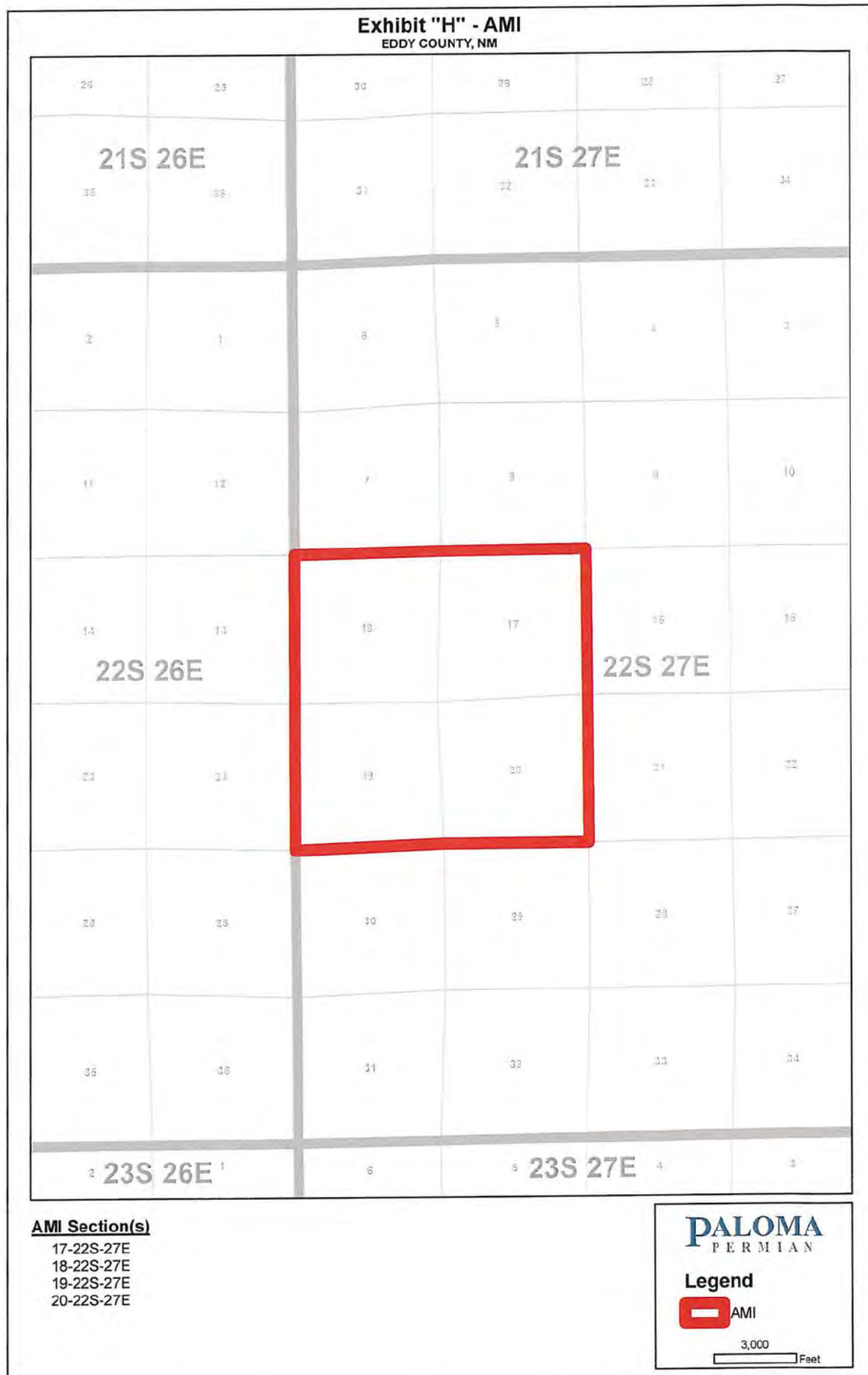


EXHIBIT I

Attached to and made part of that certain Letter Agreement by and between Alpha Energy Partners II, LLC and Paloma Permian AssetCo, LLC dated effective July 1, 2024.

| CONTRACT TYPE | PARTY 1 | PARTY 2 | DATE |
|------------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

END OF EXHIBIT I

SCHEDULE 1

Attached to and made part of that certain Letter Agreement by and between Alpha Energy Partners II, LLC and Paloma Permian AssetCo, LLC dated effective July 1, 2024.

Pooling Orders and/or Joint Operating Agreements

1. Order No. R-23005, Case No. 22171, covering the Wolfcamp Formation in the N/2 of Sections 19 and 20, 22S-27E, Eddy County, New Mexico.
2. Order No. R-23006, Case No. 22172, covering the Wolfcamp Formation in the S/2 of Sections 19 and 20, 22S-27E, Eddy County, New Mexico.

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

END OF SCHEDULE 1

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



NOTICE

MATERIAL CHANGES OR DEFICIENCIES IN APPLICATIONS SUBMITTED TO THE OCD ENGINEERING BUREAU

EFFECTIVE June 11, 2020

The OCD Engineering Bureau (OCD) gives notice that it intends to deny applications for which the applicant proposes a material change during the review process or when a material deficiency is identified during the administrative or technical review process. A change or deficiency is material if its existence or nonexistence is of consequence to the public notice or substantive rules for the application. If OCD denies an application, the applicant may refile through the fee portal.

OCD provides the following non-exclusive list of common material changes and deficiencies:

- **Compulsory Pooling**
 - Change to horizontal spacing unit
 - Change to financial evidence, including expenditures or risk charge
 - Failure to completely and accurately notice as required by 19.15.4.12 NMAC
- **Authorization to Inject**
 - Change to surface or bottom-hole location that results in a new “affected person” as defined in 19.15.2.7(A)(8) NMAC. [Note: If the change of location does not result in a new “affected person”, the applicant must re-notice the application to all previously identified “affected persons.”]
 - Change to injection interval
 - Failure to completely and accurately provide notice as required by 19.15.26.8(C) NMAC
- **Non-Standard Location**
 - Change to first or last take point resulting in increased encroachment
 - Failure to completely and accurately provide notice as required by 19.15.4.12 NMAC for hearings and 19.15.15.13 NMAC for administrative applications

Notice – Material Changes or Deficiencies in Applications

Page 2

- **Downhole Commingling**
 - Change or addition of pool
 - Changes to allocation method made by the applicant
 - Failure to completely and accurately provide notice as required by 19.15.12.11(C) NMAC
- **Surface Commingling**
 - Change or addition of lease
 - Change or addition of pool
 - Change to allocation method made by the applicant
 - Failure to completely and accurately provide notice as required by 19.15.12.10(C)(4) NMAC
- **Off-Lease Storage and Measurement**
 - Change or addition of lease
 - Change or addition of pool
 - Change to location of storage facility or measurement configuration
 - Failure to completely and accurately provide notice as required by 19.15.23.9(A)(5) NMAC
- **OCD Hearing Applications**
 - Change of Operator Name
 - Change in Operator OGRID Number

From: [Nick Maxwell](#)
To: [Riley Morris](#)
Subject: FW: Paloma Trade Ideas
Date: Friday, January 3, 2025 11:54:32 AM
Attachments: [image001.png](#)
[PR Alpha - Paloma 11272024.pdf](#)

From: Brandon Gaynor <Brandon.Gaynor@permianres.com>
Sent: Wednesday, November 27, 2024 4:29 PM
To: Nick Maxwell <Nick@alphapermian.com>
Cc: Patrick Godwin <Patrick.Godwin@permianres.com>; Travis Macha <Travis.Macha@permianres.com>; James Walter <James.Walter@permianres.com>
Subject: Paloma Trade Ideas

Nick,

I enjoyed drinks last week and want to work to find a solution that works well for all parties. To that end, I had the team round up some trade opportunities for Paloma. The idea would be that we trade Paloma one (or a couple) of these units and **step into Paloma's shoes in the Carlsbad units**. Paloma would receive the PR units free and clear, without any carry required. Obviously, we'll need to work on the correct trade ratio, etc.

To the extent that Paloma is interested in something different, we are willing to discuss other structures as well. We may be able to offer up other units if Paloma wants to carry PR somewhere, but we thought we'd start here since this would be the simplest solution.

Take a look and let me know how we can help. We appreciate your willingness to explore these possibilities with Paloma.

Thanks,

PERMIAN
RESOURCES

Brandon Gaynor | EVP of Business Development and Strategy
O 432.695.4237 | M 432.266.8382 | brandon.gaynor@permianres.com
300 N. Marienfeld Street, Suite 1000 | Midland, TX 79701
permianres.com

This message may contain confidential and/or privileged information. If you are not the addressee or authorized to receive this for the addressee, you must not use, copy, disclose or take any action based on this message or any information herein. If you have received this message in error, please advise the sender immediately by reply e-mail and delete this message.

EXHIBIT
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