

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

IN THE MATTER OF
AMERICAN ENERGY RESOURCES, LLC,
DE NOVO APPEAL OF ORDER NO. R-23405
IN CASE NO. 24517

CASE NO. 25237

MOTION TO STRIKE AND IMPOSE SANCTIONS

American Energy Resources LLC (American) hereby submits this motion to strike Silverback Operating II LLC and their counsel Benjamin B. Holliday from the record for not having standing:

- 1) Silverbacks claim to have ownership in the Champlin lease.

Silverback acquired from EOG a big well package of wellbores, and the issue that arises with the Champlin lease, specifically, is that EOG plugged and abandoned their well in the Champlin lease the 30-015-23074 Rio Penasco MF Federal #001 well on 5/31/2018 the plug date, therefore leaving the sole operator in the Champlin lease American. (See Attachments)

American is the sole operator in the Champlin lease under its operations of the 30-015-23801 Rio Penasco KD Com #003.
(See Attachments)

- 2) Silverbacks claim that American Interests were quiet titled.

The quiet title does not comport with Due Process.

The quiet title did not call out the legal owners at the time of the quiet title.

Bristal and Staghorn were no longer owners of interest at the time of the quiet title.

Staghorn was in fact dismissed from the quiet title.

Texoma and Wildcat were not listed on the notification list of the quiet title, were not listed as defendants in the quiet title, and were not listed in the quiet title.

Texoma and Wildcats were not hard to locate, for the fact that their mailing addresses were on their assignments recorded at the Eddy County Clerks Office.

T.H. McElvain Oil & Gas Ltd. P'ship

v.

Benson-Montin-Greer Drilling Corp.

(Notice must comport with Due Process)

3) Silverback claim of quiet title.

Silverback and their counsel attempts to change the narrative to sway the Division with the misuse of the quiet title documents; by selectively picking information they needed from the quiet title final order, and in fact withheld culpatory evidence that proves Silverbacks wrongdoing, responsibilities, liabilities, fault for damages and harm.

Silverback intentionally avoided showing the notification list of the quiet title Defendants. Silverback, through their counsel attempted to abuse the pooling process through dubious acts that are unjust and unethical and a clear violation of ethics and standards and in fact is Perjury. Benjamin B. Holliday and Silverback's extensive title search agenda, portraited a false title search for the sole benefit of Silverback and all acted along with Silverback as a creature of nature and mindset without a conscience or remorse of the future damages that Silverback actions would cause and create. (See Attachments)

4) Silverback presented their list of effected parties in their proposed pooling application. Silverback presented their list of parties that were granted interests in the quiet title.

The list of Silverbacks pooled parties notified by letter are as follows:

Meridain 102 LP

Michael Harrison Moore

Ryan Moore SSMTT GST Exempt Trust

Ryan Moore SSMTT GST Exempt Trust

The above Silverback notification list is invalid, none of which are valid owners of the Champlin lease and more concerning is that Silverback attempted to wrongfully abuse a quiet title to creatively mislead the division in their justification to not notify an effected party. A clear elemental pattern is present of Silverback erroneous behavior and bad faith efforts.

The quiet title Silverback presented of the Plaintiffs awarded interest as follows:

Orion-Smith Oil Properties LTD
Argo Energy Partners LTD
Dusty Sanderson and Dana Sanderson
Floyd W. Prather
DES Acquisitions LLC

American has provided title on where the Plaintiffs interests are today:

Argo Energy Partners LTD, who assigned its interests to Cayon Capital Holdings LLC on April 16,

2024 and effective on January 1, 2024, in Book: 1181 Page: 923

Orion-Smith Oil Properties, who assigned its interests to Canyon Capital Holdings LLC on April 18,

2024 and effective on January 1, 2024, in Book: 1181 Page: 927

Dana & Dusty Sanderson, who assigned its interests to Canyon Capital Holdings LLC on April 23,

2024 and effective on January 1, 2024, in Book: 1181 Page:951

DES Acquisitions, still holds interest ownership.

Floyd W. Prather, who assigned its interests to Iron Horse Royalties LLC on April 23, 2024, in Book: 118 Page: 951.

As to the applicant Silverback list of notified parties and the quiet title list awarding plaintiffs interests, do not match. Silverbacks notification list would indicate sending notification to at least one of the Plaintiffs awarded interests in the Champlin lease. But the matter of fact is that Silverbacks notification list does not contain anybody from the quiet title they presented and is a clear indication of Silverbacks attempt to perjury among other violations of state law.

Therefore, Silverback Operating II, LLC, application comes with unclean hands and in fact made no good faith efforts and no good faith attempts to notify American of their proposed wells, therefore Silverback Operating II LLC, does not have standing or merit to seek to pool American existing spacing unit, 19.15.4.8 (A) NMAC.

A simple notification to American would have been the just and ethical thing to do under state law.

Instead, Silverback, through their counsel coerced this elaborate scheme to misuse court documents and mislead and abuse the pooling proceedings for financial gain is grossly negligent.

Furthermore, American correlative rights are superior as the sole operator in the Champlin lease, American denies Silverbacks application under state statutes and laws NMAC 19.15.16.15 B(9)(a); 19.15.16.15 9 B (9)(b)(i); 19.15.16.15.9 B (9)(b)(ii) and further, American objects to Silverback owning a valid interest in the Champlin lease.

WHEREFORE, American Energy Resources LLC respectfully prays that the Commission show mercy to protecting American correlative rights from the Applicant Silverbacks bad faith attempts. American Energy Resources LLC respectfully requests that Silverback Operating II, LLC filed application be terminated, canceled, dismissed in its entirety and furthermore stricken from the record with imposed sanctions, penalties, and fines for their bad faith efforts, and reported to the Attorney Generals Office. American by the burden of proof has presented more evidence as to its correlative rights being affected and documented evidence to be heard before the Commission.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Jonathan Samaniego', is written over a horizontal line.

Jonathan Samaniego
P.O. Box 114 Hagerman, NM 88232
Energy.jrs@gmail.com
Representative for American Energy Resources, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true a 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 March 17, 2025:

HOLLIDAY ENERGY LAW GROUP, PC

Benjamin B. Holliday

107 Katherine Court, Suite 100

San Antonio, Texas 78209

Phone: (210)469-3197

ben@theenergylawgroup.com

ben-svc@theenergylawgroup.com

ATTORNEYS FOR SILVERBACK OPERATING II, LLC

Sheila Apodaca

occ.hearings@emnrd.nm.gov

New Mexico Energy, Minerals, and Natural

Resources Department

Wendell Chino Building

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

Oil Conservation Commission Clerk

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-128
 Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator YATES PETROLEUM CORPORATION			Lease Rio Penasco NF Federal		Well No. 1
Unit Letter F	Section 11	Township 19 South	Range 25 East	County Eddy	

Actual Footage Location of Well:

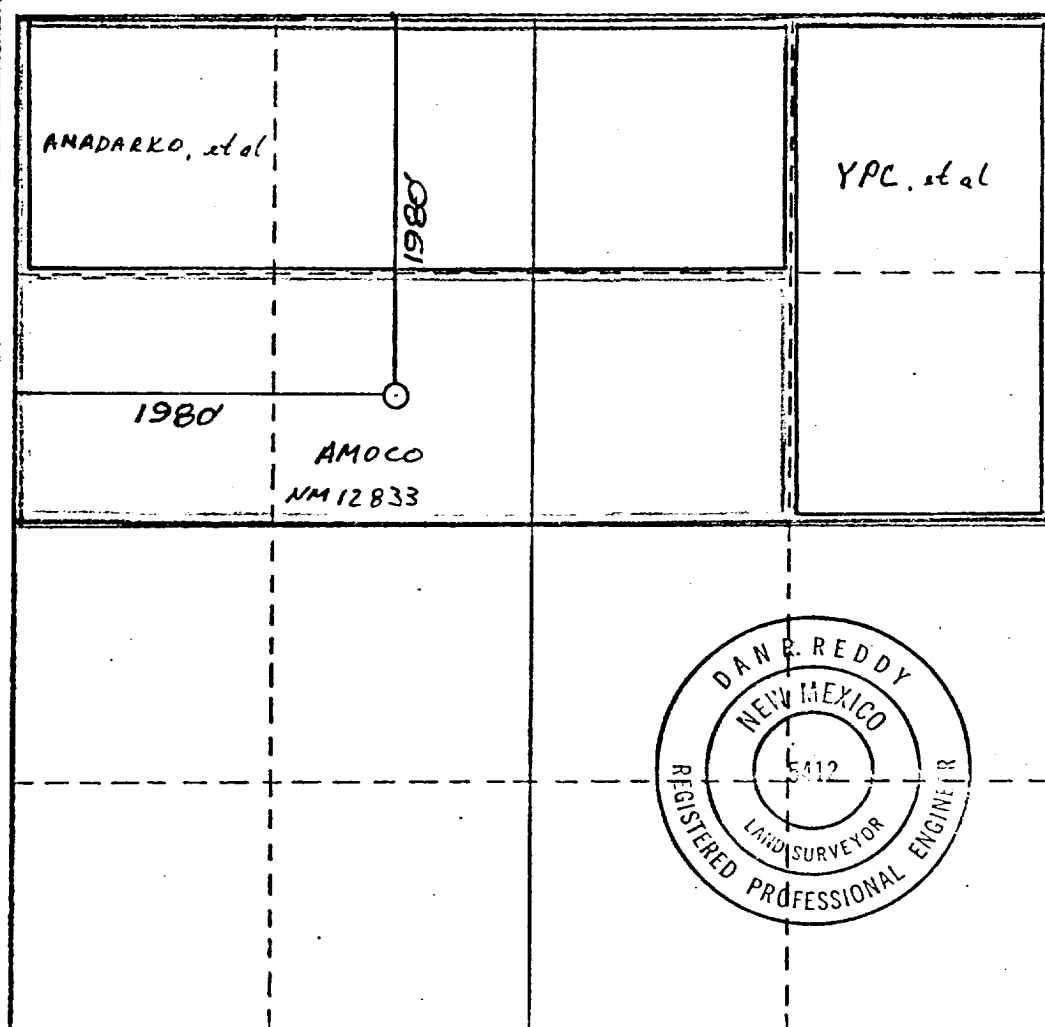
1980	feet from the	North	line and	1980	feet from the	West	line
Ground Level Elev. 3453.8	Producing Formation MORROW		Pool UNDES. MORROW	Dedicated Acreage 1.0000			

- Outline the acreage dedicated to the subject well by colored pencil or machine marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of the well been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation TO BE COMMUNITIZED

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Gliserio Rodriguez

Name
GLISERIO RODRIGUEZ

Position
GEOGRAPHER

Company
YATES PETROLEUM CORP

Date
11-12-79

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

October 27, 1979

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.

NM PE&LS #5412

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

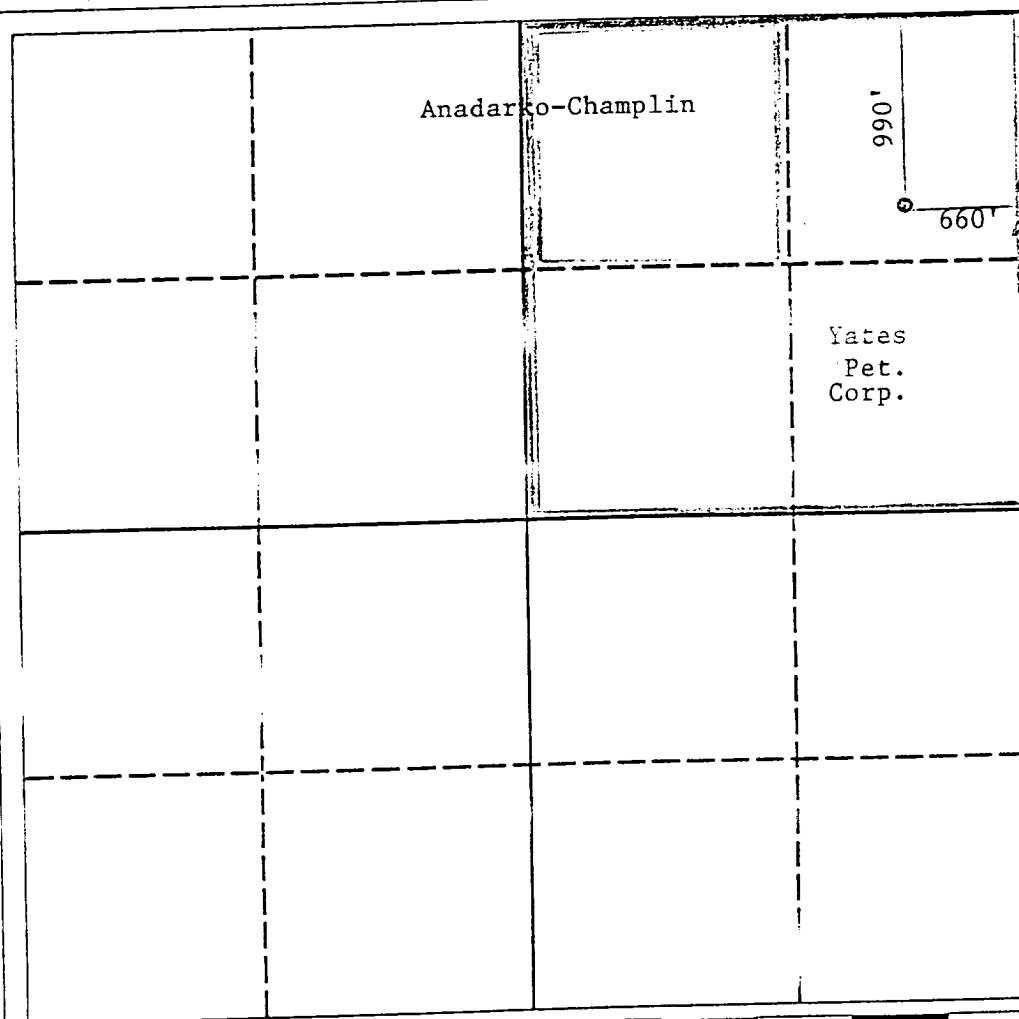
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease Rio Penasco KD Com		Well No. 3
Unit Letter A	Section 11	Township 19S	Range 25E	County NMPM Eddy	
Actual Footage Location of Well: 990 feet from the North line and 660 feet from the East line					
Ground level Elev. 3416'	Producing Formation Canyon		Pool Und. Boyd Canyon	Dedicated Acreage: 160 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☒ Yes ☐ No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

JUANITA GOODLETT

Position

PRODUCTION SUPERVISOR

Company

YATES PETROLEUM CORPORATION

Date

2-3-92

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

REFER TO ORIGINAL PLAT

Signature & Seal of Professional Surveyor

dated 5-2-81

Certificate No.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOCD Artesia
RECEIVEDPage 8 of 24
FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

JUN 13 2018

SUBMIT IN TRIPLICATE - Other instructions on District II-Artesia O.C.D.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM12833
2. Name of Operator EOG Y RESOURCES INC		6. If Indian, Allottee or Tribe Name
Contact: TINA HUERTA E-Mail: tina_huerta@eogresources.com		7. If Unit or CA/Agreement, Name and/or No. SRM1496
3a. Address 104 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-4168 Fx: 575-748-4585	8. Well Name and No. RIO PENASCO MF 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 11 T19S R25E SENW 1980FNL 1980FWL		9. API Well No. 30-015-23074-00-S1
		10. Field and Pool or Exploratory Area UNDESIGNATED
		11. County or Parish, State EDDY COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

5/9/18 - MIRU and bled well down. NU BOP.

5/10/18 - RIH with freepoint tool, stacks out at 7276 ft. Packer at 7665 ft. Tubing 100 percent free at 7260 ft. NOTE: Ok from Jim Amos Carlsbad BLM to cut tubing at 7260 ft. Cut tubing at 7260 ft and POQH. Set a 5-1/2 inch CIBP at 7240 ft. Loaded and circulated to surface 120 bbls plugging mud. Spotted 25 sx Class H cement on top of CIBP to 7037 ft calc TOC.

5/11/18 - RIH with gyro to 6000 ft.

5/14/18 - Perforated 5-1/2 inch casing at 6660 ft. Established pump rate through perfs. Squeezed with 26 sx Class H cement to 6500 ft calc TOC.

5/15/18 - Did not tag cement. Witnessed by Joe Salcido with Carlsbad BLM. Spotted 40 sx Class H inside/outside cement plug from 6720 ft - 6523 ft calc TOC. WOC to tag. Tagged TOC 6279 ft.

Witnessed by Joe Salcido BLM. Perforated 5-1/2 inch casing at 6050 ft. Pumped and displaced 443 sx cement from 6100 ft - 5890 ft calc TOC. WOC to tag.

RECLAMATION
DUE 12-1-18RECLAMATION PROCEDURE
ATTACHEDGC 6-14-18
Accepted for record - NMOC

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #422445 verified by the BLM Well Information System
For EOG Y RESOURCES INC, sent to the Carlsbad
Committed to AFMSS for processing by PRISCILLA PEREZ on 06/04/2018 (18PP1004SE)

Name (Printed/Typed) TINA HUERTA

Title REGULATORY SPECIALIST

Signature (Electronic Submission)

Date 06/04/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

Approved By

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CARLSBAD FIELD OFFICE

(Instructions on page 2)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional data for EC transaction #422445 that would not fit on the form

32. Additional remarks, continued

5/16/18 - Tagged TOC 5740 ft. Plug covered Wolfcamp top. Tag witnessed by Joe Salcido with Carlsbad BLM. Perforated 5-1/2 inch casing at 4032 ft and 3992 ft (second perf added by BLM). Pumped and displaced 40 sx Class C inside/outside cement plug from 4032 ft - 3892 ft calc TOC.

CONTINUED ON NEXT PAGE:

Rio Penasco MF Federal #1
Section 11-T19S-R25E
Eddy County, New Mexico

Form 3160-5 P&A continued:

5/17/18 - Did not tag cement across Abo top. Pumped and displaced 40 sx Class C cement from 4080 ft - 3892 ft calc TOC. WOC to tag. Full returns while pumping and displacing cement. Did not tag cement. Pumped and displaced 40 sx Class C cement from 4080 ft - 3892 ft calc TOC. WOC to tag. Full returns while pumping and displacing cement.

5/18/18 - Tagged TOC at 3900 ft. Cement plug covers Abo top. Witnessed by Joe Salcido with Carlsbad BLM. Perforated 5-1/2 inch casing at 2420 ft and 2380 ft (second perfs added by BLM). Pumped and displaced 35 sx Class C cement from 2471 ft - 2300 ft calc TOC. WOC to tag.

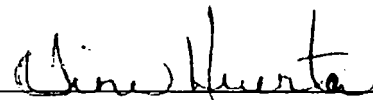
5/21/18 - Tagged TOC 2302 ft. Plug covers Glorieta top. Witnessed by Joe Salcido with Carlsbad BLM. Perforated 5-1/2 inch casing at 1260 ft and 1220 ft. Pumped and displaced 35 sx Class C cement from 1310 ft - 1160 ft calc TOC. Tagged TOC 1220 ft. Will re-spot plug. Pumped and displaced 25 sx Class C cement from 1220 ft - 1100 ft calc TOC. WOC to tag. Perforated 5-1/2 inch casing at 750 ft.

5/22/18 - Tagged TOC 1080 ft. Plug covers 8-5/8 inch casing shoe. Pumped and displaced 35 sx inside/outside cement plug from 800 ft - 650 ft calc TOC. WOC to tag. Tagged TOC 658 ft. Plug covers San Andres top. Tag witnessed by Joe Salcido with Carlsbad BLM. Perforated 5-1/2 inch casing at 450 ft. Pumped and displaced 35 sx inside/outside cement plug from 500 ft - 350 ft calc TOC. WOC to tag.

Tagged TOC low at 458 ft. Will re-spot plug. Pumped and displaced 25 sx cement to 350 ft calc TOC.

5/23/18 - Tagged TOC 218 ft. Plug covers 13-3/8 inch casing shoe. Pumped and circulated 32 sx Class C cement down 5-1/2 inch casing to perf at 100 ft up 8-5/8 inch casing. Full returns of cement to surface.

5/31/18 - Cut off wellhead. Installed dry hole marker and cut off anchors. WELL IS PLUGGED AND ABANDONED.



Tina Huerta
Regulatory Specialist
June 4, 2018



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Petroleum Engineering Tech
575-234-5909, 575-361-2648 (Cell)

Arthur Arias
Environmental Protection Specialist
575-234-6230

Henryetta Price
Environmental Protection Specialist
575-234-5951

Shelly Tucker
Environmental Protection Specialist
575-234-5979

Trishia Bad Bear, Hobbs Field Station
Natural Resource Specialist
575-393-3612

(d) Lease dated September 28, 1977, recorded in Eddy County Records Book 152, page 781, with the Boy Scouts of America, as lessor, and Robert Byron, as lessee, covering an undivided 1.25% mineral interest in the following described lands in Eddy County, New Mexico:

Township 19 South, Range 25 East, N.M.P.M.

Section 2: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 11: NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

Containing 160 acres, more or less.

(e) Lease dated September 28, 1977, recorded in Eddy County Records Book 151, page 592, with New Mexico University Law School, as lessor, and Robert Byron, as lessee, covering an undivided 20% mineral interest in the following described lands in Eddy County, New Mexico:

Township 19 South, Range 25 East, N.M.P.M.

Section 2: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 11: NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

Containing 160 acres, more or less.

5. The leases described in Subparagraphs 4(a) –(e) above are owned by the Plaintiffs in their respective percentages of undivided ownership as follows:

(a) As to the lease described in Subparagraph 4(a) only:

Owner	Undivided Interest
Orion-Smith Oil Properties, Ltd	22.7128750%
Argo Energy Partners, Ltd.	30.2747500%
Dusty Sanderson and his wife Dana Sanderson	7.5686875%
Floyd W. Prather, as his separate property	7.5686875%
DES Acquisition, LLC	31.8750000%

(b) As to the leases described in Subparagraph 4(b)-4(e):

Owner	Undivided Interest
Orion-Smith Oil Properties, Ltd	33.3333334%
Argo Energy Partners, Ltd.	44.4444444%
Dusty Sanderson and his wife Dana Sanderson	11.1111111%
Floyd W. Prather, as his separate property	11.1111111%

6. The Rio Penasco Agreement is a beneficial interest unit operating agreement under which Champlin Petroleum Company originally owned a contractual working interest whereby it bore as to the Shallow Unit, 5.1454% of costs incurred in operations thereunder and was entitled to 5.0859% beneficial percentage of production, and as to the Deep Unit, whereby it bore 4.2406% of costs incurred in operations thereunder and was entitled to 4.2266% beneficial percentage of production. The Plaintiffs are now the owners of 100% of the contractual working interest of Champlin Petroleum Company under the Rio Penasco Agreement, which includes interest in the Gushwa DR #3 well, Rio Penasco OJ Com #1 well, Rio Penasco KD Com #1 well, Rio Penasco KD Com #2 well, Rio Penasco KD Com #3 well, Rio Penasco JX Com #1 well, Rio Penasco JX Com #2 well, Rio Penasco RT Com #1 well, Rio Penasco MF Fed Com #1, Rio Penasco MF Com #2 well, Scout EH Fed #3 well, and the Scout EH Fed #6 well in the following percentage interests:

DEEP UNIT:

Interest Owner	Percentage of Costs	Beneficial Percentage of Production
Orion-Smith Oil Properties, Ltd.	1.201383%	1.197417%
Argo Energy Partners, Ltd.	1.602205%	1.596915%
Dusty Sanderson, and his wife Dana Sanderson	0.400461%	0.399139%
Floyd W. Prather, as his separate property	0.400461%	0.399139%
DES Acquisition, LLC*	0.636090%*	0.633990%*

SHALLOW UNIT:

<i>Interest Owner</i>	<i>Percentage of Costs</i>	<i>Beneficial Percentage of Production</i>
Orion-Smith Oil Properties, Ltd.	1.457718%	1.440861%
Argo Energy Partners, Ltd.	1.944061%	1.921580%
Dusty Sanderson, and his wife Dana Sanderson	0.485906%	0.480287%
Floyd W. Prather, as his separate property	0.485905%	0.480287%
DES Acquisition, LLC*	0.771810%*	0.762885%*

*This owner does not own a contractual working interest in the following wells: Rio Penasco KD #3 well, Rio Penasco KD Com #2 well, and the Rio Penasco OJ Com #1 well.

THE NORTH PENASCO WORKING INTEREST UNIT

7. The North Penasco Working Interest Unit Operating Agreement (hereinafter the "North Penasco Agreement") is dated January 12, 1979, recorded in the Miscellaneous Records of Eddy County, New Mexico, Book 180, page 167, between Yates Petroleum Corporation, as operator, and Champlin Petroleum Company, et al., as non-operators, and covered a Shallow Unit Area and a Deep Unit Area in Eddy County, New Mexico, on the following lands and depths:

Township 18 South, Range 25 East, N.M.P.M.Section 14: W $\frac{1}{2}$, SE $\frac{1}{4}$

Section 23: All

Containing 1,120 acres, more or less;

Shallow Unit Area: Covering the oil and gas rights from the surface to a depth of 5,500 feet below the surface.

Deep Unit Area: Covering the oil and gas rights from a depth of 5,500 feet below the surface to the top of the Mississippian Chester Limestone.

8. The North Penasco Agreement currently embraces certain oil and gas leasehold interests originally owned by Champlin Petroleum Company (and now by the Plaintiffs as to their respective percentages of ownership) and other leasehold interests

Proposed Roche HSU
320 acres, S2S2 Section 2, N2N2 Section 11
Township 19 South
Range 25 East
Eddy County, NM

Ownership Recap

Interest Type	Owner Name	Net Acres	WI	NRI + LR
WI	Silverback Operating II, et al.	317.75	0.99573729	0.99573729
ULMO	Meridian 102, LP (Unleased)	0.98	0.00030762	0.00030762
ULMO	Michael Harrison Moore (Unleased)	0.67	0.00205078	0.00205078
ULMO	Schlero, Ltd. (Unleased)	0.28	0.00087891	0.00087891
ULMO	Ryan Moore SSMTT GST Exempt Trust (Unleased)	0.16	0.00051270	0.00051270
ULMO	Ryan Moore SSMTT GST Non-Exempt Trust (Unleased)	0.16	0.00051270	0.00051270
	Totals	320.00	1.00000000	1.00000000

Total acreage to be pooled = 2.25 acres in NE4NE4 Section 11

Affidavit of Publication

NO. 18636

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being dulysworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

4 consecutive weeks/days on the same

day as follows:

First Publication October 15 2004

Second Publication October 22 2004

Third Publication October 29 2004

Fourth Publication November 5 2004

Subscribed and sworn to before me this

5th Day November 2004

Barbara Ann Brown
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2007

Copy of Publication

FIFTH JUDICIAL DISTRICT
EDDY COUNTY, N.M.
FILED IN MY OFFICE

2004 NOV 15 PM 2:56

LEGAL NOTICE

Eddy County, New Mexico, wherein Argo Energy Partners, et al., are Plaintiffs, and you, and each of you, are Defendants, said cause being NO. CV-2004-450 on the civil docket of said Court. The general object of the action is to quiet and set at rest Plaintiffs' title, as described in the Complaint to Quiet Title filed in said cause, in and to the contractual working interest and oil and gas leasehold estate under the Northwest Penasco Working Interest Unit Operating Agreement dated June 13, 1979, limited to rights from the surface to the base of the Morrow Series of the Pennsylvanian System, in and under the following lands in Eddy County, New Mexico:

Township 18 South,
Range 25 east, N.M.P.M.
Section 21: W/2 SE/4, NE/4
Section 27: W/2
Section 34: NW/4
containing 720 acres, more or less.

You, and each of you, are further notified that unless you enter your appearance in the cause on or before November 29, 2004, judgment by default will be rendered in said cause against each of you so failing to appear and the Plaintiffs

LEGAL NOTICE

will apply to the Court for the relief demanded in the Complaint. Vandiver & Bowman, P.C. (David R. Vandiver), are attorneys for the Plaintiffs, and their office address is 611 West Mahone, Suite E, Artesia, New Mexico 88210-2075. WITNESS my hand and seal this 12 day of October, 2004.

Clerk of the District Court
By: Cynthia Navarette-Lory
Deputy

(seal)
Published in the Artesia Daily Press, Artesia, N.M. October 15, 22, 29, November 5, 2004.
Legal 18636

FIFTH JUDICIAL DISTRICT
EDDY COUNTY NM
FILED IN MY OFFICE

2004 DEC -2 PM 4:43

JOYCE A. HATFIELD
DISTRICT CLERK

STATE OF NEW MEXICO
COUNTY OF EDDY
FIFTH JUDICIAL DISTRICT COURT

ARGO ENERGY PARTNERS, LTD., DEBORAH)
K. ARTHUR, JERRY L. ARTHUR, DOYLE)
BENTLEY, SUSAN BENTLEY, JANET O.)
HALLUM, RUSSELL F. HALLUM, CARROLL B.)
LAING, MARY E. LAING, C.D. LASUSA, IRENE)
LASUSA, ORION-SMITH OIL PROPERTIES,)
LTD., a Texas limited partnership, FLOYD M.)
PRATHER, DANA SANDERSON and DUSTY)
SANDERSON,)

Plaintiffs,)

vs.)

No. CV-2004-450

ANADARKO E&P CO., LP, a Delaware limited)
partnership, BARRANCA PRODUCTION)
COMPANY, an Oklahoma corporation, BRISTOL)
RESOURCES 1987-1 ACQUISITION PROGRAM,)
BRISTOL RESOURCES CORPORATION, an)
Oklahoma corporation, BRISTOL RESOURCES)
HOLDINGS, INC., an Oklahoma corporation,)
BRISTOL RESOURCES 1994 ACQUISITION)
LIMITED PARTNERSHIP, an Oklahoma)
limited partnership, BRISTOL RESOURCES)
PRODUCTION COMPANY, L.L.C., a Delaware)
limited liability company, SHUCO INVESTMENTS,)
a Texas general partnership, SL ENERGY)
PARTNERS, L.P., a Delaware limited partnership,)
STAGHORN RESOURCES, LLC, a New)
Jersey limited liability company, STANFORD)
PETRO, INC., a Texas corporation, TIERRA GAS,)
L.C., a Texas limited liability company,)
and TOREADOR ACQUISITION CORPORATION,)
a Delaware corporation, and)

ALL UNKNOWN CLAIMANTS OF INTEREST IN)
THE PREMISES ADVERSE TO THE PLAINTIFFS,)

Defendants.)

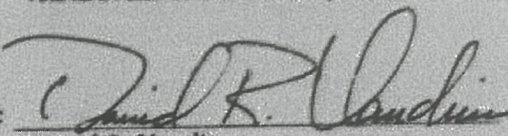
CERTIFICATE AS TO THE STATE OF THE
RECORD AND NON-APPEARANCE

David R. Vandiver states that on October 14, 2004, he mailed true and correct copies of Complaint to Quiet Title and the Summons and Notice of Pendency of Suit on file in the above styled and numbered cause to the following defendants:

<i>Name</i>	<i>Address</i>
Anadarko E&P Co., LP	1201 Lake Robbins Drive Woodlands, Texas 77380
Barranca Production Company	P.O. Box 1808 Corsicana, Texas 75151
Bristol Resources 1987-1 Acquisition Program	6655 South Lewis, Suite 200 Tulsa, Oklahoma 74170
Bristol Resources Corporation	6655 South Lewis, Suite 200 Tulsa, Oklahoma 74170
Bristol Resources Holdings, Inc.	6655 South Lewis, Suite 200 Tulsa, Oklahoma 74170
Bristol Resources 1994 Acquisition Limited Partnership	6655 South Lewis, Suite 200 Tulsa, Oklahoma 74170
Bristol Resources Production Company, L.L.C.	1209 Orange Street Wilmington, Delaware 19801
Shuco Investments	P.O. Box 1168 Graham, Texas 76450
SL Energy Partners, L.P.	4814 South Yorktown Court Tulsa, Oklahoma 74105
Staghorn Resources, LLC	406 South Boulder, Suite 800 Tulsa, Oklahoma 74103
Stanford Petro, Inc.	2710 Stemmons Freeway North Tower, Suite 200 Dallas, Texas 75207
Tierra Gas, L.C.	c/o John Eads 952 Echo Lane, Suite 290 Houston, Texas 77024
Toreador Acquisition Corporation	4809 Cole Avenue, Suite 107 Dallas, Texas 75205

DATED this 14th day of October, 2004.

VANDIVER & BOWMAN, P. C.

By: 
David R. Vandiver
611 West Mahone, Suite E
Artesia, New Mexico 88210-2075
(505) 746-9841

Attorneys for Plaintiffs

COME NOW the Plaintiffs for their cause of action, state:

1. Plaintiffs each claim an interest or an estate in the lands hereinafter described under a common source of title, and all lands hereinafter described are situated in Eddy County, New Mexico.

2. Defendant Anadarko E&P Co., LP ("Anadarko"), successor by merger to Union Pacific Resources Company, is a limited partnership organized under the laws of the State of Delaware. Anadarko is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico. Anadarko's last known address is 1201 Lake Robbins Drive, Woodlands, Texas 77380.

3. Defendant Barranca Production Company ("Barranca") is a corporation organized under the laws of the State of Oklahoma. Barranca is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico. Barranca's last known address is P.O. Box 1808, Corsicana, Texas 75151.

4. Defendant Bristol Resources 1987-1 Acquisition Program ("Bristol Acquisition") is a joint venture organized under the laws of the State of Oklahoma. Bristol Acquisition is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New

Mexico. The last known address of Bristol Acquisition is 6655 South Lewis, Suite 200, Tulsa, Oklahoma 74170.

5. Defendant Bristol Resources Corporation is a corporation organized under the laws of the State of Oklahoma, and its last known address is 6655 South Lewis, Suite 200, Tulsa, Oklahoma 74136. Bristol Resources Corporation is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

6. Defendant Bristol Resources Holdings, Inc. ("Bristol Holdings") is a corporation organized under the laws of the State of Oklahoma, and its last known address is 6655 South Lewis, Suite 200, Tulsa, Oklahoma 74136. Bristol Holdings is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

7. Defendant Bristol Resources 1994 Acquisition Limited Partnership ("Bristol LP") is a limited partnership organized under the laws of the State of Oklahoma, and its last known address is 6655 South Lewis, Suite 200, Tulsa, Oklahoma 74136. Bristol LP is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

8. Defendant Bristol Resources Production Company, L.L.C. ("Bristol Production") is a limited liability company organized under the laws of the State of

Delaware, and its last known address is 1209 Orange Street, Wilmington, Delaware 19801. Bristol Resources Production Company, L.L.C. is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

9. Defendant Shuco Investments ("Shuco") is a general partnership organized under the laws of the State of Texas, and its last known address is P.O. Box 1168, Graham, Texas, 76450. Shuco is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

10. Defendant SL Energy Partners, L.P. ("SL") is a limited partnership organized under the laws of the State of Delaware, and its last known address is 4814 South Yorktown Court, Tulsa, Oklahoma 74105. SL is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

11. Defendant Staghorn Resources, LLC ("Staghorn") is a limited liability company organized under the laws of the State of New Jersey, and its last known address is 406 South Boulder, Suite 800, Tulsa, Oklahoma 74103. Staghorn is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

12. Defendant Stanford Petro, Inc. ("Stanford") is a corporation organized under the laws of the State of Texas, and its last known address is 2710 Stemmons Freeway, N. Tower, Suite 200, Dallas, Texas 75207. Stanford is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

13. Defendant Tierra Gas, L.C. ("Tierra") is a limited liability company organized under the laws of the State of Texas, and its last known address is c/o John Eads, 952 Echo Lane, Suite 290, Houston, Texas 77024. Tierra is not authorized to transact business in the State of New Mexico, has no registered agent for service of process in the State of New Mexico and is so situated that process cannot be personally served upon it within the State of New Mexico.

14. Defendant Toreador Acquisition Corporation ("Toreador") is a corporation organized under the laws of the State of Delaware, and its last known address is 4809 Cole Avenue, Suite 107, Dallas, Texas 75205. Toreador is authorized to transact business in the State of New Mexico and its registered agent for service of process is CT Corporation System.

15. The Northwest Peñasco Working Interest Unit Operating Agreement (hereinafter the "Northwest Peñasco Agreement"), is dated June 13, 1979, recorded Book 180, Page 101, Miscellaneous Records of Eddy County, New Mexico, between Yates Petroleum Corporation, as operator, and Atlantic Richfield Company, et al., as non-operators, and originally covered the oil and gas rights from the surface to the