

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

IN THE MATTER AND CONSIDERATION OF:

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

OCD CASE NO. 25166
OCC CASE NO. 25694
ORDER NO. 23961

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

OCD CASE NO. 25495
OCC CASE NO. 25696
ORDER NO. 23977

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

OCD CASE NO. 25496
OCC CASE NO. 25695
ORDER NO. 23989

RESPONSE TO ALPHA MOTION REQUESTING AN EVIDENTIARY HEARING TO DETERMINE
WHETHER THE SAIK #001 WELL SHOULD BE PLUGGED

American Energy Resources, LLC, (“American”), submits to the Oil Conservation Commission (“Commission” or “OCC”) this Response to Alpha Motion (“Motion”) Requesting an Evidentiary Hearing to Determine Whether the Saik #001 Well Should be Plugged in the above-referenced cases now before the Commission (“Subject Cases”). In support of its Response, American provides the following:

Relevant procedural history and background:

- 1) At the Status Conference held before the Commission on November 13, 2025, the OCC Counsel indicated erroneously that there was ongoing concerns with the Saik #001 Well (API No. 30-015 20971) (“Saik Well”) for the evidence presented by the Letter of Violation to the previous operator Wildcat dated

March 2, 2017 (“Wildcat NOV Letter”) and a single OCC Councilman offered a premature option without fully comprehending the entire facts of the matter before he suggested such an erroneous demand of the Commission to use the “Opportunity” of the Subject Cases to pull back the “scab” surrounding American interests and its Saik Well to finally address festering regulatory issues including whether the Saik Well should now be plugged, without standing with merit for such extreme erroneous actions. See Transcript for Subject Cases, dated November 13, 2025, would violate federal law under the due process rights and the taking clause and would be considered Unconstitutional.

2) The Saik Well began ceasing production from 2010 through 2024. Due to the prolonged lack of the sales lines being compromised with holes of such gas purchasers fault to not upkeep and maintenance its sales lines leading to the well ceasing production, Due to the Wildcat not having adequate financial assurances and the ability to operate the Division placed the well on inactive status and issued the NOV Letter (as Alpha Exhibit 1), requiring the operator to (1) restore the well to production; (2) apply for temporary abandonment under 19.15.25.13 NMAC; or (3) plug and abandon the well. The corrective-action was due by June 5, 2017—more than eight (8) years ago, is irrelevant to the matter, American filed a Form C-145 with the Division on January 7, 2025, assuming all liabilities of a ceased well at no fault of any operator due to leaks in the sales lines, and compliance issues have been addresses by the new operator American. (See American Form C-145 as Alpha Exhibit 2) for under term #10 of the change of operator allowed for the change upon approval which American was approved. American is a prudent operator operating in compliance with New Mexico law.

See Exhibit A Change of operator

- 2) Because the sales line having leaks and not maintained causing all production from the Saik Well to cease, then the gas sales lines being sold to a new gas purchaser Enterprise, that eventually lead to the sales meter on the Saik Well being capped as a cheap solution for their personal agenda with many of its old pipelines sales lines structural integrity being compromised with holes in the sales line prior to Enterprise acquired such gas purchasing sales lines, confirming that no production could be sold —nor could have been, at no fault of any previous operator or the new prudent operator American. All of the Emails between Alpha and Enterprise stating when the meter was disconnected, attached hereto as Alpha Exhibit 3; see also photos taken by

Alpha's Landman, attached hereto as Alpha Exhibit 4, showing no meter on the well at the location where the meter would have been located if present and the operation of the well completely locked down; Alpha Landman's self-affirmed statement authenticating the photos of the Saik Well and the Emails, attached as Alpha Exhibit 5, are all irrelevant and misleading at best. Moreover, the only pipeline that was capable of collecting production from the Saik Well had been capped and deactivated on August 12, 2025, and is irrelevant to the matter for Enterprise is an imprudent gas purchaser who failed to maintain its own sales lines at no fault of American. Enterprise is not the only purchaser of gas and oil in the area. Enterprise sales lines acquired old DCP gas sales lines that are all in need of repair which is why American made an attempt to purchase the easements rights from Enterprise and run a new pipeline at American expense and was stonewalled by Enterprise employee Matthew Verstuyft who stated that Enterprise was building a Gas compressor station for Paloma HSU wells, which would mean Enterprise has financial gains in the matter, and which is why American made arrangements with other gas and oil purchasers in the area.

See Exhibit B Enterprise Email

- 3) Therefore, the Saik well having physical capability to produce or measure hydrocarbons, and numerous tests American reported 1 MCF of gas every month in 2025, including September, October, November 2025 to current, as American rights to produce test its well as it feels necessary for its operations, after certain gathering line had been capped and deactivated by Enterprise at no fault of American Saik well. American made numerous attempts to purchase the sales line from Enterprise to run a new pipeline at the cost of American, that was stonewalled by Enterprise. Production reporting in New Mexico operates on an honor system, requiring the operator to report amounts in good faith because the Division does not check and confirm production from the well itself, and under the production report filing allows for testing.
- 4) Regardless of a meter being capped at no fault of American Saik Well to measure production, for American reported in good faith 1 MCF of producing testing per month through 2025, as American has rights to test as it feels necessary for its operations, and certainly it is possible to have reported in good faith 1 MCF for the months of September, October, November in 2025 up to current, as American will continue to test its well as it feels necessary for its operations, when the pipeline sales line owed by Enterprise has leaks compromising the structural integrity of its ability to collect production accurately and safely, and itself had been capped by Enterprise as an imprudent gas purchaser. American

therefore respectfully requests that Alphas request to the Commission to examine these issues during the current proceedings is irrelevant to the matter for American rights to develop the lands and produce its Saik well and Unit that is protected by the leases, NMAC, the Oil and Gas Act, and New Mexico law. American as a prudent operator operates with great respect to the unwritten honor system. American production reports were filed production tests as American continued to test its well and operations as it feels necessary for its operations, allowed by New Mexico law, the leases, and accepted by NMOCD staff as valid, and American has rights to operate as it feels necessary for its operations.

4) The Commission stated at the November 13, 2025, status conference that it remains undecided whether to grant an emergency stay and acknowledge the OCC or Commission does not have jurisdiction over the matter acknowledging that these matters should be deferred to district court as a more appropriate venue of jurisdiction over the matter.

Consequently, Alpha's Motion and recent evidence to assist the Commission with its decisions, is irrelevant to the matter, with intent to deceive, and an attempt to sway the Commission or OCC to violate New Mexico law and obligated duties to protect correlative rights, prevent of waste, and to support EMNRD's mission of ensuring that, "operators are prudent operators operating within compliance of New Mexico law" and "as American as a prudent operator has continued to do.

II. Given the clear evidence provided by American as **Exhibit C** showing Alpha has already attempted to frivolously force the plugging of American Saik well in its request for hearing with the Division on March 26, 2025, and American counter filed an attempt to force the plugging on Alpha wells for not having adequate financial assurances and being non producing as **Exhibit D**. The Division in its email **Exhibit E** ruled that it was, Erroneous, and it would not have operators request force plugging on each other, therefore a hearing, already ruled as Erroneous, over such an extreme demand to force plugging a prudent operator such as American Saik well would be inappropriate, frivolous, arbitrary, capricious, and as already ruled Erroneous.

- 5) The Saik Well lack of production under a previous operator and American self-reported 1 MCF per month throughout 2025, Alpha Exhibit 6. Given that (1) no meter existed; and (2) the pipeline was capped in August 2025, there is no visible basis for American reports, and thus they appear to be fabricated and Alpha

request that the Commission determine—through sworn testimony and evidence—whether American production reports constitute fraudulent misrepresentations, is irrelevant to the matter, inappropriate, and defamation at best without standing with merits for such fraudulent claims. American acted as a prudent operator and has standing with merit to submit report filings and operate its wells as it may feel necessary for its operations as allowed under New Mexico law and approved by Division staff as production testing for American as a prudent operator has rights to operate.

6) Alpha counsel misleads with his frivolous claims toward American regarding The common-law elements of fraud include: (1) a misrepresentation of fact; (2) known by the maker to be false; (3) made with the intent to deceive and to induce the other party to act in reliance; and (4) actually relied on by the other party to his or her detriment. *Eoff v. Forrest*, 1990-NMSC-033, ¶ 11.

In the present cases, American represented to the Division and Commission that the Saik Well has been produced through testing of 1 MCF per month of gas in 2025. The condition of the well indicates that any reporting of produced testing in 2025 is not misrepresentation of fact, and is allowed by production report submittal filings, and approved by Division staff, and is known by Alpha to be true. Furthermore, American did not misrepresent facts of the matter with the intent to deceive the Division and Commission in inducing the Division to identify the Saik Well as active instead of inactive in 2025, as American as a prudent operator with rights protected under New Mexico law has just rights to produce its Saik Unit and Well as it feels necessary for its operations. In addition, American representation was made with the intent to give notice to the Commission that American is a valid prudent operator of an active well and therefore has standing to interfere with frivolous compulsory pooling proceedings and has standing with merit to submit its motion to Emergency Stay Division orders 23961, 23977, 23989 for the Commission's consideration. Finally, the Division actually relied on Alpha's numerous changing false claims that have now become an elaborate scheme to change the narrative of the matter to frivolously claim that American fabricated facts of the matter. American operations and report submittal filings for its Saik Well produced testing 1 MCF per month in 2025 was valid as American as a prudent operator has just rights to operator and submit report filings for its operations in the Saik Well as it sees necessary for its operations, and the Saik Unit and Well as active is within its rights to operate as it sees necessary, for the fact that American has not received a NOV Letter to date, and at present the attempt to use the Wildcat

NOV Letter to enforce on another operator, a prudent operator, would violate 14th amendment rights under due process rights under Federal law, and further for the Commission to rely on Alpha's false representation that American is not a prudent operator of active wells in order to deny American Motion for a Emergency Stay that, if denied, would deprive 100 owners more or less of their timely receipt of production from the Subject Lands in the Saik unit and well. Furthermore, In the present cases, American represented to the Division and Commission that the Saik Well has been produce testing 1 MCF per month of gas in 2025, is in no way misleading the Commission for American has been production testing with its operation in 2025. Alpha misleads the Commission and Division that condition of the well indicates that any reporting of produced testing in 2025 is a misrepresentation of fact and is known by Alpha to be false representation. Furthermore, Alpha's misrepresentation was made with the intent to deceive the Division and Commission and to induce and sway the Division to erroneously identify the Saik Well as inactive in 2025 instead of active and to induce and sway the Division to erroneously deny American right to produce its Saik unit and well as it feels necessary for its operations. In addition, Alpha misrepresentation was made without standing and merit and with the intent to induce the Commission to believe that American is an imprudent operator of an inactive well and therefore does not have standing to interfere with legitimate proceedings and submit a Motion to Emergency Stay for the Commission's consideration. Finally, the Division actually relied on Alphas false claims, without standing and merit for such claims regarding American Saik well, report submit filings, and intent to sway the Commission and Division to erroneously classify the Saik Well as an inactive well and demand that it be plugged pursuant to a previous operator Wildcat NOV Letter, though a change of operator is allowed under the change of operator form under number #10, See Exhibit A, and approved by the Division, and at present, the Commission is relying on Alpha's false representation that American is an imprudent operator of an inactive well in order to sway the Commission to act erroneously, arbitrary, and capricious to deny American Motion for a Emergency Stay that, if denied, would violate Commission and Division obligated duties to protect correlative rights that supersede Alpha development plans for the Commission and Division cannot guarantee that correlative rights will be protected, because the Commission and Division venue does not have competent jurisdiction over the matter.

American therefore respectfully requests that the Commission determine—through sworn testimony and evidence—whether Alpha's numerous changing

claims regarding all its filings and representation in the mentioned cases, constitute fraudulent misrepresentations.

- 6) American respectfully submits that Alpha's false representation that the Saik Well is an inactive well owned by an imprudent operator highlights the extent of Alpha's efforts to not only undermine and sabotage valid correlative rights, leases, well, and existing Units of American Saik Unit that was issued by Division orders that must be respected as being superior, but also highlights the extent of Alpha's counsel efforts to defile and abuse the current proceedings before the Commission. See, e.g., Eoff, 1990-NMSC-033, referencing 7 Moore's Federal Practice para. 60.33, at 359 (2d ed. 1987) (Fraud upon the court occurs where there is a deliberately planned and carefully executed scheme to defraud the court.); see also Jemez Properties, Inc. v. Lucero, 1979-NMCA-162, FN 1 (Fraud upon the court embraces that species of fraud which does or attempts to defile the court itself.)
- 7) Thus, given the evidence presented herein that the Saik Well has been, and currently is, producing testing, and given the lack of authority and jurisdiction of the Commission or Division, as described by OCC's counsel and the previous operator Wildcat NOV Letter, to review and examine whether the Saik Well should be plugged, American respectfully requests that the Commission investigate and examine, as part of the current proceedings, whether Alpha has made false representations and committed fraud in order to bolster its standing before the OCD and OCC, as suggested by the evidence herein, and whether the HSU Wells division order should be denied and terminated based on its current bad faith efforts to mislead the OCD and OCC to act erroneously and against their obligated duties to protect correlative rights.
- 8) These matters for which Alpha motions requesting review and rulings are frivolous in nature that would directly cause unjust harm and will not justly decide these cases before Commission. The Commission to attempt to order a prudent operator such as American Saik Well to be plugged and abandoned, would violate 14th amendment constitutional rights to due process and obligated duties to protect correlative rights, that would allow Alpha to be able to proceed frivolously under the erroneous pooling orders as originally intended by the Division. Furthermore, because the Commission lacks the authority and competent jurisdiction of venue and necessary expertise to adjudicate and rule over the matter, and because a ruling in favor of Alpha would in no way fully

resolve the matter of the cases, but will only cause severe future harm to an effected party such as American, therefore, Alpha attempts to prematurely exhaust administrative remedies doctrine requesting that the Commission determine whether the Saik Well should be plugged as a final resolution to these cases before it can defer these matters to district court, would violate 14th amendment rights to due process and would further be considered Unconstitutional under the taking clause. See *Manning v. Energy Minerals* 2006 NMSC-027, ¶ 45-47, 144 P.3d 87 (showing that an administrative agency using its police powers to authorize a taking without compensation is UNCONSTITUTIONAL and subject to the TAKING CLAUSE), and that supersedes court ruling, *U.S. West Commc'ns, Inc. v. N.M. State Corp. Comm'n*, 1998-NMSC-032, ¶ 9 (stating that under the exhaustion of administrative remedies doctrine, where relief is available from an administrative agency, a party is ordinarily required to pursue that avenue of redress before proceeding to the courts; and until that recourse is exhausted, suit is premature and must be dismissed).

- 9) The Commission represents the state agency charged with protecting correlative rights, preventing waste, and preventing the drilling of unnecessary wells, pursuant to the Oil and Gas Act, NMSA 1978 §§ 70-2-2, et seq., and the Commission representing the state agency charged with obligated duties to protect correlative rights cannot guarantee in its decision the protection of correlative rights in denying American its rights to operate as a prudent operator, and further the OCD/OCC is the only means allowed by law that has the technical and adjudicatory expertise to evaluate and determine whether the HSU wells and orders should be denied and terminated by its own failure of the terms in the orders, and further the OCD/ OCC has no jurisdiction allowed by law to enforce plugging on a prudent operator such as American without due process and with standing with merit for such extreme actions that violate State law and obligated duties to protect correlative rights.

11) When in its Response, Alpha requested the Commission to determine whether the Saik Well should be plugged based on its lack of prior operations, American argued that the Saik Well should not be plugged because it is a prudent operator operating in line with New Mexico law. American also argued that Alpha has four older wellbores that were severed from the interests—the Colonia A Com #001, Kodiak #002, Merland A Com #001, and Tracy B Com #001—are all not plugged. However, Though Alpha has identified these four older

wells as wells to be plugged and has scheduled their plugging and reclamation in the first quarter of 2026 in order to prevent waste, protect correlative rights, and safeguard the environment, is too little too late, because **Alpha does not, Presently, have adequate financial assurances to operate, drill, or plug its four wells in violation.** The plugging of these four wells in violation of Alpha's should have been the first part of Alpha's development plans for the subject lands and Hollywood Star wells and failed as an imprudent operator to operate within New Mexico law. However, due to constraints of Alpha not having adequate financial assurances to operate or drill or plug, Alpha is not allowed to do anything regarding its drilled wells, four wells in violation or plug wells, or operate any wells while in violation for not having adequate financial assurances and by New Mexico law, Alpha is not allowed to proceed with its false representation of HSU wells development plans to plug wells or its development plans under the Division's pooling orders, for being a imprudent operator in violation with New Mexico laws.

Alpha's development plan for the Subject Lands under the Division's pooling orders is comprehensive and includes optimal production from the Hollywood Star wells using the latest technology available that does not prevent waste, does not protect of correlative rights and could make a reduction of operational emissions that, if allowed to proceed, would violate correlative rights and would violate New Mexico law because Alpha is infringing and trespassing on American Saik Unit rights, and does not have adequate financial assurance to operate or drill or to move forward with the plugging and cleanup of the four older wells in violation, because it does not coincide with New Mexico law.

As of today, Alpha has not submitted plugging plans with Division and at face value the OCC and OCD can only take Alpha counsel statements of plugging plans in 2026 as fabricated at best with intent to mislead and deceive the OCC and OCD to act erroneously.

12) Because the evidence presented herein indicates that Alpha has made false representations that the Saik Well falsely produced 1 MCF per month in 2025, Alpha does not meet the criteria of the Tenneco test to deny the Emergency Stay, as Alpha in light of its bad-faith actions is not likely, and should not, prevail on the merits of these cases; furthermore, under Tenneco, it would be harmful to the public interest for the OCC to set a precedent of rewarding a bad actor and its bad actions – a party who fabricated false changing misleading information to the OCC and OCD with out standing and merit for its claims, and who uses such bad actions to abuse compulsory pooling proceedings that undermine New Mexico law and are considered illegitimate acts, fabricated, bad faith efforts,

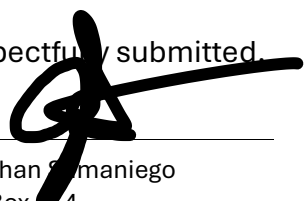
and bad acting to the proceeding process before the Division and Commission to attack and undermine legitimate older and superior pooling orders granted by the Division for the Saik Unit, not to mention that more than 100 owners who would be harmed by having the right to their just and equitable share of production denied if the Emergency Stay is not granted. Thus, American Emergency Stay should be Granted.

13) The Parties of Record—Permian Resources Operating, LLC, Sarvis Permian Land Fund I, LLC, U.S. Energy Development Corporation, and Sarvis Rockmont Permian Land Fund, LLC—have been informed of this response to American response to Motion. American has also notified Alpha of its response to their Motion, and because the requested relief is adverse to its asserted interest, American presumes that Alpha opposes this response to Motion.

III. Conclusion:

For the reasons and evidence provided herein, American respectfully requests that the Commission use the current proceedings and its authority to investigate, examine and confirm that (1) that Alpha wells currently non-producing do not have adequate financial assurances to operate, have not produced oil or gas for many years, and therefore should immediately be force plugged under New Mexico law for not having adequate financial assurance to operate; and that (2) Alpha landman and their counsel have made false statements and attempted to change the narrative of the matter as recorded in their submittal filings, in order to induce the Division and Commission into believing that American is the imprudent operator of an inactive well, (3) The Division has already ruled once before on an operator enforcing regulatory on another operator as erroneous. 4) American as a prudent operator is operating in compliance with New Mexico law and has adequate financial assurances to operate.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico New Mexico Oil Conservation Commission and was served on counsel of record via electronic mail on December 14, 2025:

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