

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

APPLICATION OF AMERICAN ENERGY
RESOURCES, LLC, TO THE OCC FOR
DE NOVO HEARING AND EMERGENCY STAY

OCC ORDER NO. R-24186

RESPONSE TO ALPHA’S SECOND RESPONSE TO AER’S AMENDED MOTION

American Energy Resources LLC (“American”), through its undersigned representative, hereby respectfully submits to the Oil Conservation Commission (“Commission” or “OCC”) in (“Response”) response to Alpha’s response regarding NMSA 70-2-25 and NMSA 70-2-28 filed by Alpha Energy Partners II LLC (“Alpha”) on April 9, 2026. Due to the numerous failed obligated duties of the Division issuing its erroneous orders no. R-23961, R-23977, R-23989 and the Commission issuing its erroneous final order no. R-24186 in the above referenced cases as the (“Subject Cases”) in the mentioned cases,

the OCD and OCC are obligated with the charged obligated duties under NMCA 19.15.5.8 and 19.15.2.3 and NMSA 70-2-6 and must issue an emergency stay on the mentioned orders pursuant to the numerous continued internal failures as violations of New Mexico law from continuing, as, pursuant to the OCD and OCC willfully violating their jurisdiction that allowed an imprudent operator Alpha to infringe on American correlative rights, pursuant to the OCD and OCC creating waste, pursuant to the OCC and OCD violating their own charged obligated duties to protect the public health and environment, and pursuant to the OCD and OCC bias arbitrary orders that violate New Mexico laws as well as their own charged obligated duties under New Mexico law, and pursuant to the already failed efforts of the OCD and OCC to present such matters to the Attorney General for review (the "Motion"), an emergency stay is more than appropriate due to the inability and lack of good faith efforts the OCD and OCC took in protecting correlative rights, prevented wasted, and protecting the public health and environment through its willful lack of better judgment in its bias, arbitrary, and capricious actions as orders that any reasonable person would be able to see are unacceptable and prohibited by New Mexico standards of law to allow such severe violations of New Mexico law to continue to the present date in the above referenced cases.

Therefore, American initial response to Alpha's first response appearing on the Commissions agenda for April 9, 2026 ("First Motion"), was to provide concrete evidence and exhibits that might assist the Commission in its discussion of Alpha's first response. As American provided exhibits in its Amended motion.

However, because Alpha has since submitted an additional response for which the Commission has scheduled additional time at hearing for its hodgepodge, American finds it necessary to provide the Commission with a formal response to Alpha's second formal response.

Further, the Commission should have better judgement with integrity toward their charged obligated duties to not act bias, arbitrary, and capricious in any decisions in preventing waste and protect correlative rights, and furthermore, American requests that its requests as motions for Emergency Stay and Emergency Review by the Attorney General to be approved.

In support of its Response, American states the following:

I. Alpha's second formal response is procedurally improper.

1. Because the subject cases and the record and orders of the cases approved by the Division were bias, arbitrary, and capricious to officially act erroneously to approve

and close cases in violation of numerous New Mexico laws and violation of jurisdiction and violation of charged obligated duties of OCD and OCC members through bias acts of willful failure to act in a judicial capacity when it approved and closed the orders to an imprudent operator such as Alpha.

2. Alpha's response avoids the substance of American claims by repeatedly characterizing the subject cases as "Closed" and therefore beyond further review. That argument fails both legally and factually. Alpha repeatedly claims these proceedings are closed as though closure immunizes unlawful agency action from review

It does not.

Administrative agencies such as the Commission retain inherent authority to examine whether orders were procured through material misrepresentations, omissions, procedural irregularities, or unlawful disregard of statutory mandates.

American has continued to raise ongoing jurisdictional and enforcement failures that directly implicate the integrity of the Commissions orders themselves. The issues don't merely go away because Alpha wishes they would in its numerous requests as motions.

3. The Division's and Commission's final orders were evidently biased and a willful violation of its own charged obligated duties to protect correlative rights, prevent waste, and failure to protect the public health and environment. In the OCD and OCC actions to pass the bias orders through as quick as possible regardless of the material dispute inherent to the Subject Cases (the controversy over property rights) and numerous evidence provided by American should have been beyond the OCD and OCC jurisdiction to resolve, but the OCD and OCC actions do not reflect such appropriate care and action as charged obligated duties require of them, and therefore, since the OCD and OCC do not have jurisdiction to determine controversy over property rights, therefore, the OCD and OCC evidently would not have had the jurisdiction to terminate any leases of a prudent operator such as American for the benefit of an imprudent operator such as Alpha, as the OCD and OCC in fact evidently did in the mentioned cases. That in fact caused and continues to cause severe harm to American interests. Due to the source of supply, the OCD and OCC bias orders, that allowed for Alpha to proceed with its bias, arbitrary, and capricious orders that violated correlative rights under 19.15.4.12.B and 19.15.4.12.C NMAC

and 70-2-17 NMSA, and therefore, under the Alpha's orders grants an automatic termination of Alpha's orders as the orders allow and would be more than appropriate and necessary in the mentioned matters to prevent waste, that insufficiently lacks to show the basis of the OCD and OCC erroneous orders that are utterly lacking standing to willfully violate New Mexico law and charged obligated duties.

Findings of Automatic Termination of Order No. R-23961:

28. ... This Order shall terminate automatically if the Applicant fails to comply 19.15.4.12.B and 19.15.4.12.C NMAC.

Findings of Automatic Termination of Order No. R-23977:

21. ... This Order shall terminate automatically if the Applicant fails to comply 19.15.4.12.B and 19.15.4.12.C NMAC.

Findings of Automatic Termination of Order No. R-23989:

24. ... This Order shall terminate automatically if the Applicant fails to comply 19.15.4.12.B and 19.15.4.12.C NMAC.

(See Alpha Orders Exhibits A, B, C)

4. Consequently, because the Subject Cases were erroneously approved and closed in violation of New Mexico laws and charged obligated duties of OCD and OCC members, and given the Commission own failure to have better judgement in its rulings that are evidently bias and arbitrary orders to approve and close cases in violation of New Mexico laws and charged obligated duties, the proper course for the Division and Commission would have been to request from Alpha to present evidence of a "notice that proceeds action" as required by New Mexico law NMSA 70-1-5, which Alpha evidently failed to present as evidence in its many filings to confirm it owns leases already previously leased to American through its Saik leases. Its blatantly evident Alpha contorted New Mexico laws that abetted the OCD and OCC to act maliciously bias to violate New Mexico laws and its own charged obligated duties in such an extreme manner to unjustly terminate American lease without proper jurisdiction to do so, when state law is very clear under NMSA 70-1-4 states that only the owner of the leased premises is able to take action through proper proceedings in any court of competent jurisdiction to obtain such release, which Alpha failed to present, and therefore, the further granting of

American Emergency stay and Emergency review by the Attorney General is more than appropriate and necessary until such matter has been resolved, that should prevent any such future damages to effected parties. If Alpha could obtain a (“notice that proceeds action”) as required by New Mexico law NMSA 70-1-5 and a release through a court of competent jurisdiction as required by NMSA 70-1-4, to confirm it owns the working interest that pre dates American good faith efforts to secure its Saik leases in the subject lands, Alpha could then send to the Commission an objection to the Emergency stay and Emergency review by the Attorney General. However, because Alpha has not presented evidence in its many filings of a (“notice that proceeds action”) as required by New Mexico law NMSA 70-1-4 and NMSA 70-1-5, and since the extent of Alpha correlative rights have limitations of the right, if any, and must first be determined before the Commission can act to protect them in manifest, Alpha therefore, has not established any ownership in the subject lands of American Saik leases and Unit.

Continental Oil Co. v. Oil Conservation Comm’n 1962-NMSC-062, 70 N.M. 310

5. American response in its amended motion does not seek ordinary reconsideration of the finished pooling orders. It seeks OCC recognition of prior and ongoing statutory violations, continuing jurisdictional defects, and unlawful agency actions from occurring before and after issuance of the pooling orders themselves. The OCD and OCC regulatory agencies retain inherent authority to address violations, illegality, void orders, and continuing violations of statute affecting public health and environment and correlative rights.

The Oil and Gas Act imposes continuing obligations upon the OCD and OCC to prevent waste, protect correlative rights, and ensure compliance with New Mexico law. Those charged obligated duties do not disappear merely because an order has been signed approved and closed and docketed.

Moreover, Alpha argument ignores a fundamental principle of administrative law, that agencies cannot avoid statutory duties through procedural finality doctrines where continuing violations remain active and ongoing.

6. Correlative rights cannot be protected where one operator is allowed to consolidate production authority while another operator’s existing well, leases, and asserted working interests are treated as legally irrelevant absent separate district court litigation. Such an approach risks transforming compulsory pooling from a

conservation mechanism into a vehicle for economic exclusion and competitive displacement.

The existence of disputes concerning title or operational compliance does not extinguish correlative rights. To the contrary, those disputes should heighten the Commission's obligation to its charged obligated duties and New Mexico law that ensure that development proceeds only upon a complete and transparent evidentiary record. Regulatory expediency cannot supersede constitutionally protected property interests, due to the Commission responsibility for ensuring that its orders do not facilitate waste, unlawful drainage, or confiscation of production opportunities belonging to existing operators such as American.

7. Thus, Alpha continues to avoid the burden to present evidence in its many filings of a ("notice that proceeds action") as required by New Mexico law NMSA 70-1-4 and NMSA 70-1-5 and instead submits frivolous motions with the intent to pinkwash and contort and manipulate the true matter at hand from a dispute over ownership to an erroneous violation hearing without due process as required by NMAC 19.15.5.10 (C)(1-3) and the 5th 6th and 14th Constitutional rights, and therefore, it is evident the lack of standards to charged obligated duties and willingness to contort New Mexico laws as a creature of nature to approve and close orders regardless of violating New Mexico laws and further actions of incompetence by agencies due to the ability of Alpha council to be able to manipulate as a ventriloquist the OCD and OCC to not recognize its own charged obligated duties and jurisdiction with its baseless claims. To allow Alpha to proceed with its erroneous bias orders as if the subject cases and orders were valid or entitled when violating jurisdiction, New Mexico laws, and charged obligated duties, would be prohibited by all standards and ethics of New Mexico law, and since the OCD and OCC continue to violate their own jurisdiction, New Mexico laws, and charged obligated duties would leave only the Attorney General to review the matter to appropriately exhaust the statutory administrative remedies in good faith.

Pubco Petroleum Corp v. Oil Conservation Comm's 1965 NMSC

Edwin Smith LLC v. Clark 2011-NMCA

An awareness of Alpha lack of ownership may be the reason Alpha continues to file motions without evidence of "notice that proceeds action" with the OCD and OCC to establish any ownership in the subject lands of American Saik leases and Unit.

8. Because 70-2-25 has not been exhausted, and establishes a clear statutory framework requiring completion of the administrative process before judicial review is available, and until the statutory and administrative violations already identified by American in its numerous claims of Alpha violations in its filings and by Alpha own admittance in its formal response are fully addressed and cured and the statutory review process by the attorney general has been completed, the court lacks subject matter jurisdiction to proceed. The legislature established a mandatory administrative framework for oil and gas disputes for a reason to ensure compliance and regulatory before judicial intervention is even contemplated. Alpha attempts to scheme and bypass the administrative framework of the Oil and Gas act and is procedurally defective. Courts are not free to ignore exhaustion requirements merely because Alpha is impatient. Exhaustion under NMSA 70-2-25 is jurisdictional. Period.

Alpha's violations of the erroneous, bias, arbitrary orders remain unresolved. Those violations are adjudicated and corrected through the proper administrative channels, any attempt by the Court to exercise jurisdiction is premature. Alpha council cannot manufacture jurisdiction by ignoring unfinished administrative proceedings and running to court before the agency process has concluded.

Accordingly, the court lacks jurisdiction at this time, until all remedies under NMSA 70-2-25 have been fully exhausted in accordance with governing law.

The matter should be stayed, for lack of jurisdiction until the administrative remedies mandated under NMSA 70-2-25 have been fully exhausted and all outstanding violations of Alpha that American presented in its numerous claims have been addressed in accordance with New Mexico law.

9. New Mexico courts have consistently recognized that correlative rights are inseparable from principles of fairness, equity, and due process. A prudent operator such as American cannot be stripped of practical access to its just share of production through administrative action while simultaneously being denied a meaningful forum to challenge the factual and legal basis of those actions.
10. Due to the Divisions failure to its own charged obligated duties to prevent waste, protect correlative rights, and protection of public health and the environment, the Commission is required under legislative mandate that grants the Commission with concurrent jurisdiction and authority with the division to the extent necessary for the Commission to perform its duties as required by law.

Especially since such well violations of Alpha's plans sit in the direct area of the Carlsbad brine well cavern cavity in threat of collapse that puts the public health and environment at great risk to the present date by an imprudent operator such as Alpha continuing to not operate in compliance with New Mexico laws.

However, closure of an OCC docket does not extinguish constitutional objections, nor does it immunize agency conduct from scrutiny where violations exist that statutory mandates under NMSA 70-2-11, 70-2-17, 70-2-23, 70-2-25, and 70-2-28 were willfully disregarded. The OCD and OCC administrative finality do not supersede charged obligated duties under New Mexico law.

(See Carlsbad Brine well cavern cavity map Exhibit D)

11. The Commission is a creature of statute, expressly defined, limited and empowered by laws creating it. It has jurisdiction over matters related to conservation of oil and gas in New Mexico, but the basis of its power is founded on the duty to prevent waste and to protect correlative rights. Therefore, Prevention of waste is the Commissions paramount power, inasmuch as this is an integral part of the definition of correlative rights, and due to the consideration of the abundance of evidence and ascertainment of certain facts presented by American as claims in motions of is the charged obligated statutory duty of the Commission to be with morals and integrity and better judgment in representing the state and enact its charged obligated duties to prevent waste, protect correlative rights, and protect the public health and environment, appropriately, and to correct such correction and violations from occurring in the first place, especially since American made aware to the OCD and OCC of their own willful violations to their own charged obligated duties as willful continued internal violations of OCD and OCC and the continued violations allowed over the many years by Alpha, that continue to the present date.

Furthermore, since the Attorney General is the attorney for the Commission, as long as New Mexico law is not violated, it is the responsibility of the Commission whose charged obligated duties do not extinguish because of closed orders in cases, and are in fact charged with the obligated duty to report such internal violations of its administrative arms to its council for disciplinary action by the Attorney General, as required by New Mexico law, which makes the Attorney General a real party in interest.

Furthermore, given the continued internal violations a new application by American would therefore be an unnecessary delay since the Division and Commission willfully failed at their own charged obligated duties to prevent waste, protect

correlative rights, and protect the public health and environment, and because the OCD and OCC actions are in no way consistent with and within the scope of its statutory authority, would in fact give standing to a third party the Commission and State council the Attorney General whose further charged with the obligated duties to protect state interests.

12. Alpha council to respond to American claims and abundance of evidence as baseless accusation against Alpha and Division and Commission are without standing with merits given the numerous evidence presented by American of numerous violations as well as numerous internal violations occurring and continuing.

The OCD and OCC cannot selectively enforce regulations against a prudent operator such as American while insulating an imprudent operator such as Alpha from scrutiny.

13. Alpha is unable to rebut the statutory issues, Alpha devotes substantial portions of its filing to attack American wells, production, and status unjustly. Those accusations are irrelevant to the legal issue presented under Section 70-2-28. Moreover, the Commission should reject Alpha's attempts to weaponize unrelated allegations as a substitute for legal analysis. Additionally, Alpha's accusations rely heavily upon speculative photographs, lay opinions, and unsupported assumptions regarding production capability. Alpha suggestion that a well cannot produce because a compromised landman who has previously committed perjury at previous proceedings personally failed to be competent as a surface engineer and in fact is a landman attempting to incompetently observe surface location during a site visit is not competent testimony, not expert testimony, and not substantial evidence. The Commission should give such speculation the weight it deserves, which is None.

14. Thus, if Alpha's proposed interpretation and application of Section 70-2-28 were valid, which it is not, because its argument ignores the equally important principle individuals or effected parties retain the right to petition agencies and courts when those agencies fail to perform mandatory statutory charged obligated duties, which is considered constitutional, and if Alpha's allegations reflected actual violations, which they do not.

The fact that American presented evidence of the numerous violations occurring and continuing by Alpha and OCD and OCC, the Commission is required by charged

obligated duties under New Mexico laws to bring such matter regarding suit through the attorney general not only against Alpha but also against the Division and the Commission itself if it fails to meet its obligations under the State of New Mexico Oil and Gas Act, thereby reducing the Alpha objection as a formal motion of the statute to an absurdity. Consequently, the premise of Alpha's objection as a formal motion lacks standing, and therefore, Alpha lacks the right to object to American application for Emergency Stay and Emergency Review as its request for suit through the Attorney General, and under New Mexico law and charged obligated duties of the OCC must be approved.

15. Alpha interpretation would destroy the purpose of the Oil and Gas act itself. The practical consequences of Alpha's position is deeply dangerous.

Under Alpha's theory, Operators may accumulate inactive well liabilities, which they cannot, operators may obtain pooling relief despite unresolved compliance concerns, which they cannot, agencies may ignore apparent violations indefinitely, which they cannot, and affected parties would possess no mechanism to compel enforcement review.

That dangerous interpretation invites arbitrary enforcement, undermines public confidence in the Commission, and destroys the Legislature's carefully designed regulatory framework.

The oil and gas act exists to ensure lawful development, not to provide politically favored operators with false immunity from enforcement.

16. In actuality, because of the OCD and OCC willful failure to violate its charged obligated duties under New Mexico laws NMCA19.15.5.8 and NMCA 19.15.2.3 and NMSA 70-2-6, is prohibited by New Mexico law and standards and any reasonable person would find such severe bad acts as bad actors with such low standard for New Mexico law, to violate jurisdiction, to find it internally acceptable to willfully fail to not protect correlative rights, to not prevent waste, and to not protect the public health and environment, therefore the OCD and OCD was not acting in a judicial capacity when it approved the orders, its decisions were therefore not entitled to preclusive effect. Therefore, the Orders No. R-23961, R-23977, R-23989, and R-24186 are automatically void to its own preclusive effect.

Therefore, because the Commission has concurrent jurisdiction and authority with the Division to the extent necessary for the Commission to perform its duties as

required by law, which the basis of its powers is founded on the duty to prevent waste and to protect correlative rights, which were violated by the Division through bias orders that violate its own charged obligated duties under NMCA19.15.5.8 and NMCA 19.15.2.3 and NMSA 70-2-6, this the Commission is required under legislative mandate that grants the Commission with authority under its own charged obligated duties to not act bias, arbitrary, or capriciously in carrying out administrative functions imposed on it, such as to bring suit pursuant to the statute of New Mexico laws and charged obligated duties, and a third party, such as American, in fact does have standing to demand such enforcement due to the severity of the matter that violate correlative rights, create waste, and harm the public health and environment through willful failed efforts of the OCD and OCC charged obligated duties, that in fact willfully violated the broad statutory authority granted by the Oil and Gas Act.

Procedurally, there are limited options available to American for the adjudication of its claims:

(1) American could pursue a mandamus action in court against Alpha and OCD and OCC to satisfy the purpose of the Commission's bias, arbitrary, and capricious decision in its erroneous Order No. R-24186 but would find these efforts are premature since the court lacks subject matter jurisdiction at this time.

(2) American could file a quiet title action in court to satisfy the purpose of the Commission's bias, arbitrary, and capricious decision in its erroneous Order No. R-24186, but would find the court would be premature since the district court lacks subject matter jurisdiction since Alpha is the party who has not presented evidence of proof of ownership, such as a "Notice the proceeds action" as required by New Mexico law.

The fact that American cannot pursue any option due to lack of exhausting remedies is more than telling that American ability and standing to follow procedure, and must exhaust its statutory administrative remedies because the trial court would be without subject matter jurisdiction to entertain review of the cases and order no. R-23961, R-23977, R-23989 and R-24186, of the OCD or OCC.

Because the record in the Subject Cases is approved and closed in violation with New Mexico law, charged obligated duties, and bias, in the Subject Cases is unacceptable and prohibited by the Oil and Gas Act and New Mexico law which automatically voids such erroneous orders, and American Amended Motion should be automatically granted.

II. Alpha misapplies Section 70-2-28

17. Because the OCD has willfully failed to meet its charged obligations under state Oil and Gas Act to apply 70-2-28, which any reasonable person would find that the numerous violations are evidently unacceptable by the standards of New Mexico laws and the evidence presented by the prudent operator American bringing to light the internal violations occurring by the OCD as well as the imprudent operator Alpha violating New Mexico laws that continue to the present date, and under New Mexico laws NMCA 19.15.5.8 and 19.15.2.3 and NMSA 70-2-6 gives the Commission the concurrent jurisdiction and authority with the Division to the extent necessary for the Commission to perform its duties as required by law, which the basis of its powers is founded on the duty to prevent waste and to protect correlative rights, which is the charged obligated duty of the Commission as its authority to present to the Attorney General to pursue suit.

Furthermore, the statute states that a suit must be brought if a person is violating a statute or rule but contains the qualifying language, “whenever it **shall appear** that a person is violating a statute or rule.” See Section 70-2-28. The qualifying term is “**shall**”, not may, and in no way allows the OCD or OCC flexibility to overlook its own violations of New Mexico law and charged obligated duties to bring suit whenever it shall appear, and upon evidence presented by American of Alpha continually violating New Mexico law to the present date and OCD and OCC violating jurisdiction and charged obligated duties in no way grants the Division or Commission the necessary discretion and flexibility to determine how to proceed under the statute with violations, that will not allow it to pursue other means of enforcement available under the rules before finally concluding an imprudent operator Alpha is a lost cause who must be reported to the attorney general as required by New Mexico law. It is only after an operator fails the initial enforcement opportunities offered that the OCD should finally conclude that the operator by “all appearances” due to its record of failures is in violation of a statute or rule. As Alpha has continued to fail its initial enforcement opportunities offered by its initial C-145s years ago.

18. The Division has the primary obligation to prevent waste and protect correlative rights and protect the public health and environment with New Mexico law as its tool available to the Division and Commission for enforcing compliance allows it to manage violations in a manner that avoids additional violations, waste, and protects correlative rights. The enforcement tools available to the Division is New Mexico law, when utilized in a judicious manner, begin with a Memo in a C-145 or a Notice of

Violation (“NOV”) to alert an operator of a situation that should be addressed. The NOV can be followed by a hearing in which plugging mandates or civil penalties are considered, or the NOV can be used to alert an operator that progress must be made toward compliance by working with the OCD, entering an Agreed Compliance Order (“ACO”) or demonstrating good-faith efforts to achieve compliance. A harsh inflexible mandate imposed automatically upon the burden of proof presented of an imprudent operator Alpha violating New Mexico laws followed by the proper legislative mandated procedures in every situation to correct or to immediately plug a well, shut down production, impose civil penalties, or seek an enforcement suit through the attorney general in no way would create substantial waste, undermine correlative rights, or strip the OCD and OCC of their ability to perform their charged obligated duties to follow New Mexico laws appropriately with respect to and under the Oil and Gas Act when an imprudent operator such as Alpha has willfully continued to fail achieving compliance, even when the OCD erroneously and arbitrarily allowed more than the appropriate time allowed by New Mexico law for Alpha to continue its bad faith plans that falsely portray correcting such severe violations, that evidently failed, and is more than appropriate to disrupt an imprudent operator Alpha development.

III. Alpha has only demonstrated its successful efforts to redirect attention and contort and abuse New Mexico laws to achieve erroneous orders through noncompliance by failed efforts as pursuits of its failed plan to update the status of its Older Wells in violation.

19. More importantly, Alpha’s own filing admits that its wells under its operational chain were inactive, subject to transfer, and in violation of its plugging obligations during the period in which its development approvals were sought. As American stated in its numerous motions, Alpha was not forthright during the hearings before the Division and Commission about the status of its the Tracy B Com #1 well, Merland A Com #1 well, Colonia A Com #1 well, and the Kodiak #2 well in violation (referred to herein as the “Older Wells”) and failed its plans to plug and abandon these wells, first, to develop the Subject Lands as to the Hollywood Star wells in violation with New Mexico laws, that willfully infringed and failed to protect correlative rights. Given the primary mission of the Division and Commission of their charged obligated duties under the Oil and Gas Act, the OCD and OCC must not have discretion or flexibility under 19.15.8 NMAC financial assurances requirements and Section 70-2-28 duties of the OCD and OCC upon evidence presented to enforce it charged obligated duties as its sole option, and would be a violations of New Mexico

law for the OCD and OCC to fashion options to erroneously approve plans for the irreverent frivolous achievement to optimal production before New Mexico law and integrity. The Division and Commissions sole accomplishment of its mission as its charged obligated duties is through the reasonable review and evidence presented in making a competent determination, therefore management of erroneous development projects in violation of New Mexico laws within the willful failed efforts of an imprudent operator Alpha capabilities, as Alpha did in the Subject Cases.

OCD and OCC agencies owe a nondiscretionary duty to apply oil and gas regulatory uniformly and without favoritism as the OCD and OCC evidently did in the mention cases favoring Alpha regardless of violating New Mexico law and charged obligated duties.

Alpha further attempts to rewrite the statute by inserting discretion and flexibility that does not exist. Its argument that the OCD and OCC may simply ignore apparent violations because enforcement might be inconvenient is contrary to the plain language of the statute, contrary to administrative law principals, and contrary to the OCC statutory mandate to prevent waste and protect correlative rights.

Alpha's interpretation would create an absurd enforcement regime where operators with documented inactive wells, compliance failures, and unresolved plugging obligations could indefinitely avoid enforcement merely by claiming they have plans to comply someday in the future, as Alpha has continued to do with its bad promises over the many years.

This is not the law of New Mexico.

The Commission cannot lawfully substitute promises for compliance.

20. During the hearings on which the Division based the erroneous issuance of Alpha's pooling orders, Alpha was not forthright with the OCD and OCC about its noncompliance with its C-145's that were rejected due to "notice of responsibilities" of inadequate financial assurances describing the status of Alpha's Older Wells and its failed efforts as plans that continued to years to the present date to once again fail to achieve compliance. Upon receiving its orders in its C-145's two and a half years ago, Alpha failed to promptly act to fulfill its obligations in a timely and responsible manner. To date, Alpha reports that: (1) that the Tracy B Com #1 Well has been conveyed to another operator Paloma to avoid obligations and who has not completed the plugging of the well, as Alpha promised to do but willfully failed with a bad faith handoff of duties to

avoid liabilities;(2) that the Merland A Com #1 Well, a well that is not in shut in status due to Alpha failed efforts to file a C-103 sundry notice to shut in the well, but rather Alpha has lacked efforts to operate or plug the well as promised, and has instead transferred to another operator Paloma who has currently done nothing with the well, but accept a bad faith handoff of duties to avoid liabilities; (3) that the Colonia A Com #1 Well to be transferred to another operator within the next 30-45 days after the Merland Well is plugged is unacceptable flexibility because of already broken promises in Alpha's C-145's and bad faith efforts to be forthwith in correcting its corrections in appropriate time, as previously planned in its C-145's failed efforts as responsibilities; and (4) that the Kodiak #2 Well will be transferred to another operator within the next 30-45 days after the Colonia Well is plugged is unacceptable flexibility because of already broken promises in Alpha's C-145's and bad faith efforts to be forthwith in correcting its corrections in appropriate time, as previously planned in its C-145's failed efforts as responsibilities. Through these failed promises as Alpha efforts, Alpha has been able to reduce its number of inactive wells to two wells that are still in violation of New Mexico laws, the Colonia and the Kodiak, with plans to further avoid costly promises in its attempts to avoid obligated duties as an imprudent operator planning to transfer these two wells to another operator after promises to plug were made.

The transfer of the Tracy B Com #001 and Merland A Com #001 to Paloma were fraudulent in nature due to the numerous claims brought forth by American of the violations occurring, and for Paloma to take part in such fraud with Alpha to attempt to transfer wells with the motive to conspire with Alpha to trick and manipulate the OCD and OCC at hearing proceedings is willful deception at best with motive to manipulate state agencies.

(See Alpha C-145's Exhibits E, F, G)

(See Paloma Tracy B Well production report Exhibit H)

(See Paloma Merland A Com well production report Exhibit I)

21. Alpha Admits the very conditions that trigger section 70-2-28, in its filings establishing the basis for enforcement action. Alpha admits to the following:
- a) Multiple inactive wells existed under its control
 - b) plugging obligations remained unresolved
 - c) Wells were transferred only after litigation pressure intensified
 - d) Compliance had not been achieved at the time pooling orders were entered
 - e) The inactive well liabilities continued to exist during proceedings to the present date.

These are not defenses. They are admissions by Alpha.

Alpha manipulation attempts to portray its delayed remediation efforts as evidence of good faith is bad acting. In reality, those efforts merely confirm the existence of the underlying violations requiring enforcement review in the first place.

An imprudent operator such as Alpha does not escape enforcement simply because it begins addressing violations after being exposed.

IV. Concerns surrounding Alpha's wells persist.

22. While Alpha has been deceptive and dishonest with the Division and Commission about its use of New Mexico law and its plans, openly contorting New Mexico law to avoid being questioned by the OCD and OCC, regardless of the evidence presented by American of such violations of Alpha's that are continuing to the present date. American in no way refused to answer the OCC's questions of its Saik #001 Well (API 30-015-20971) ("Saik Well"), but rather raised awareness to the OCC that a hearing over ownership is not the appropriate place for an frivolous NOV hearing that first requires Due process as of the Oil and Gas Act and of the 5th, 6th, and 14th amendments of the US Constitution. For Alpha Council to contort statements made by American is with bad taste of his true character of nature.

23. Similarly, in Alpha's formal motion is the same exact irrelevant rambling that is baseless to the matter at hand of ownership. Alpha has two wells the Colonia A Com #001 Well (30-015-21593) ("Colonia Well") and the Kodiak #002 Well (30-015-33962) ("Kodiak Well"), exhibit the same pattern of years of non-production of the Colonia Well gas production ending on March 2023 with violations continuing to present date, and the Kodiak Well gas production ending on February 2014 with violations continuing to the present date, and were both in violation when the Orders R-23961, R-23977, R-23989, and R-24186 were erroneously approved and closed violating New Mexico law below:

19.15.5.9 COMPLIANCE: A. An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator: (1) currently meets the financial assurance requirements of 19.15.8 NMAC, and,

(4) has no more than the following number of wells out of compliance with 19.15.25.8

(a) two wells or fifty percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;

Alpha two abandoned wells under 19.15.5.9 (A)(4)(a) is limited under the rules from having two abandoned wells to the latter of the rule under no more than fifty percent of the wells it operates noncompliant, whichever is less.

Both of Alpha's wells the Colonia and Kodiak are noncompliant and in violation of New Mexico laws, and is in fact is more than fifty percent of Alpha's wells, and further, Alpha after 2 years of failed efforts and continued failed promises to the OCD and OCC to the present date is still noncompliant and in violation of New Mexico laws in its operations and has only come with more promises to brake.

Any effort by Alpa to correct such violation after the fact, that already violated New Mexico laws would be a too little to late scenario, were the OCD and OCC have already failed to regulate the responsibilities of Alpha's rejected C-145's that have continued to violate New Mexico law for over 2 and a half years owing penalties to the State and due to the under Alpha's authority that influenced the OCD and OCC to violate charged obligated duties to quickly approve and close orders, regardless of evidence presented by American of the continued violations of Alpha at that specific time of granting the orders, and in fact would evidently fall under Selective Enforcement and is a violation of the Equal Protection Clause of the Fourteenth Amendment to the U.S. Constitution, without any variation whatsoever, raises further questions about the OCD and OCC use of regulatory to hide its own failures.

24. The Commissions duty is not to protect Alpha. Its duty is to enforce New Mexico law. When apparent violations exist, Section 70-2-28 requires action. The Commission cannot lawfully ignore statutory mandates merely because enforcement may prove to be inconvenient or politically sensitive. If the Commission accepts Alpha's interpretation, then Section 70-2-28 becomes meaningless. A dead letter existing only for appearances while operators negotiate indefinite exceptions behind closed doors.

That is precisely the type of regulatory capture the legislature intended to prevent.

25. Alpha Landman John Coffman has already been deceptive and dishonest and made false statements that American does not own interests and does not own a well at hearing under oath at hearing and should be deemed guilty of Perjury and for the OCD or OCC to continue to allow Mr. Coffman to make more frivolous statements or bring forth evidence of any kind would be compromised, and under NMSA 70-2-10 any such person of whom an oath is required under the provisions of this act, deemed guilty of perjury by the provisions of this act shall be punished.

Therefore, Given the continued abuse by John Coffman, punishment is more than appropriate, and Furthermore, American applies the exclusionary rule to bar John Coffman permanently from NMOCD hearings for perjury and from continuing to pinkwash the hearing matter at hand by conspiring with Alpha to attempt to contort a matter over ownership to a frivolous violation hearing in violation of due process rights under the 5th, 6th, and 14th amendments of the U.S. Constitution.
(See John Coffman Statement Exhibit J)

26. Federal regulations must align with statutes enacted by Congress; they cannot contradict, exceed, or narrow the scope of authorized law.
27. The New Mexico Oil and Gas regulation was never intended to reward administrative convenience at the expense of vested property rights. The Commission's obligation is not merely to facilitate development, but to ensure that development occurs lawfully, equitably, and in a manner that protects every owner's fair opportunity to recover their just and proportionate share of the resource. Which the OCD and OCC evidently failed to do in these mentioned matters.
28. Alph Council continues to contort statements as a creature of nature, because at OCC hearing, American in no way refused, but raised awareness to the OCC that a hearing over ownership is not the appropriate place for an frivolous NOV hearing that first requires Due process as of the Oil and Gas Act and of the 5th, 6th, and 14th amendments of the US Constitution. For Alpha Council to contort statements made by American is with bad taste and proof of his true character of nature.

Thus, Alpha should have been in compliance before filing its applications as required by New Mexico law before making any plans of any kind, and because Alpha formal motions are with unclean hands the Commission must deny Alpha's formal motions.

Moreover, conservation statutes must be interpreted consistently with constitutional limitations. Any regulatory framework that effectively permits one private operator to appropriate reservoir access or diminish another parties production opportunity without full adjudicative safeguards raises serious concerns under both the Due Process clause and Taking Clause protections recognized in American numerous motions as filings of claims.

Conclusion:


Alpha's formal response confirms exactly why American motion as requests is necessary. Alpha admits unresolved inactive well issues existed during the proceedings. Alpha admits compliance deficiencies required ongoing remediation. Alpha asks the Commission to treat enforcement as flexible and optional. Alpha attempts to convert mandatory statutory duties into discretionary political choices.

The Commission should have integrity to reject that invitation.

The Commission should reject Alpha's attempt to evade scrutiny under NMSA 70-2-25 and 70-2-28 and recognize its continued authority and duty to address ongoing violations of the Oil and Gas Act, and to grant further relief as justice requires.

Based on the reasons provided above, American respectfully requests that the Commission reject Alpha's misinterpretation of NMSA 70-2-25 and 70-2-28, recognize the Divisions mandatory enforcement obligations under the Oil and Gas Act, require full examination of the apparent violations identified by American, preserve the integrity of the Commissions regulatory authority, deny Alpha's formal response and furthermore, the granting of American requests for Emergency review by the Attorney General and Emergency stay during the review process, and grant such further relief as justice requires.

Respectfully submitted,



Jonathan S. Jaramila
P.O. Box 110 Hagerman, NM 88232
(575)499-3330
Energy.jrs@gmail.com
Representative for American Energy Resources LLC

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 May 9, 2026:

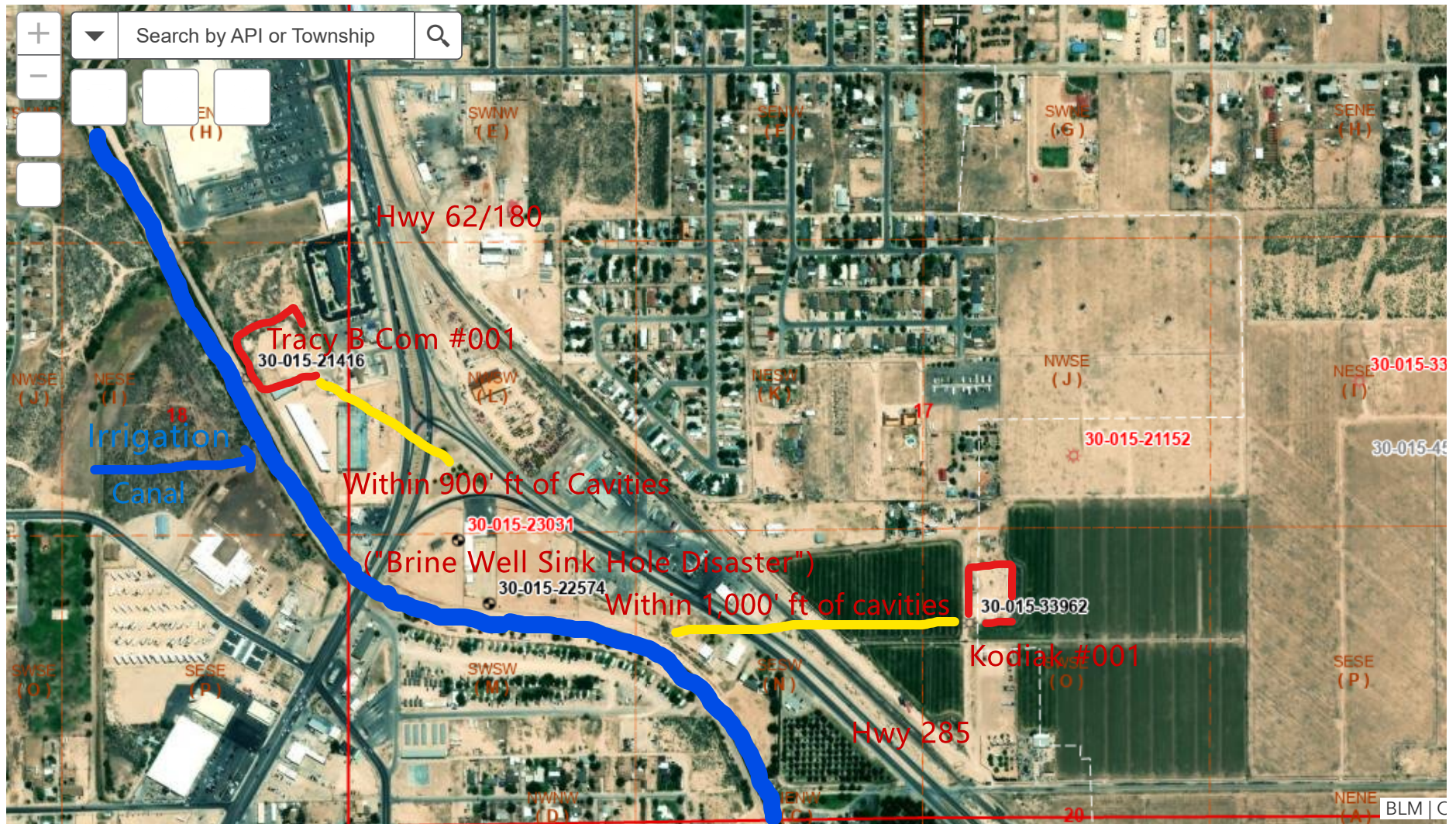
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and Crusader Royalties LLC

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Pro Se



-104.21883 32.38953 Degrees

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District I

1625 N. French Dr., Hobbs, NM 88240
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District II

811 S. First St., Artesia, NM 88210
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District IV

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Phone:(505) 476-3470 Fax:(505) 476-3462

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

Previous Operator Information

New Operator Information

	Effective Date:	<div style="border: 1px solid black; padding: 2px;">Effective on the date of approval by the OCD</div>
OGRID:	<u>332195</u>	OGRID: <u>330859</u>
Name:	<u>Civitas Permian Operating, LLC</u>	Name: <u>Alpha Energy Partners LLC</u>
Address:	<u>555 17th Street</u> <u>Suite 3700</u>	Address: <u>PO Box 10701</u>
City, State, Zip:	<u>Denver, CO 80202</u>	City, State, Zip: <u>Midland, TX 79702</u>

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, Alpha Energy Partners LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(I) NMAC.

Alpha Energy Partners LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, Alpha Energy Partners LLC agrees to the following statements:

1. Initials pm I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials pm I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials pm I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials pm I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials pm I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials pm I am responsible for reporting and remediating releases pursuant to 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record. I am responsible for conducting my own due diligence for any releases that have occurred prior to becoming operator of my wells and related facilities and am responsible for any open releases or unreported releases.
7. Initials pm I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials pm For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials pm I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials pm If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials pm No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials pm NMOCD Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

Previous Operator

Signature: 

Printed Name: Nathan S. Bennett

Title: Director, Permitting & Compliance

Date: 03/21/2024 Phone: 303-312-8166

New Operator

Signature: 

Printed Name: P. Nick Maxwell

Title: CEO

Date: 3/25/2024 Phone: 432-219-8854

Permit 362230

NMOCD Approval
Electronic Signature(s): Rob Jackson, District 2
Date: March 26, 2024

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
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District III
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District IV
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Phone:(505) 476-3470 Fax:(505) 476-3462

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

Wells Selected for Transfer

Permit 362230

1 Well Selected for Transfer

From: Civitas Permian Operating, LLC	OGRID: 332195
To: Alpha Energy Partners LLC	OGRID: 330859

OCD District: Artesia (1 Well selected.)

Property	Well	Lease Type	ULSTR	OCD Unit	API	Pool ID	Pool Name	Well Type
335628	TRACY B COM #001	P	I-18-22S-27E	I	30-015-21416			G

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

COMMENTS
 Action 362230

COMMENTS

Operator: Civitas Permian Operating, LLC 555 17th Street Denver, CO 80202	OGRID: 332195
	Action Number: 362230
	Action Type: [C-145] EP Change of Operator

Comments

Created By	Comment	Comment Date
abustamante	Rejected: Operator only submitted page 3 of the C-145 3-page document. Please read "Notice of Responsibility" prior to uploading the complete document(s). Re-submit the correct 3-page C-145.	3/26/2024

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Form C-145
 Revised May 19, 2017
 Permit 362231

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

Previous Operator Information

New Operator Information

	Effective Date:	<div style="border: 1px solid black; padding: 2px;">Effective on the date of approval by the OCD</div>
OGRID: <u>332195</u>	OGRID: <u>330859</u>	
Name: <u>Civitas Permian Operating, LLC</u>	Name: <u>Alpha Energy Partners LLC</u>	
Address: <u>555 17th Street</u> <u>Suite 3700</u>	Address: <u>PO Box 10701</u>	
City, State, Zip: <u>Denver, CO 80202</u>	City, State, Zip: <u>Midland, TX 79702</u>	

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I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

Previous Operator

Signature: 

Printed Name: Nathan S. Bennett

Title: Director, Permitting & Compliance

Date: 03/21/2024 Phone: 303-312-8166

New Operator

Signature: 

Printed Name: P. Nick Maxwell

Title: CEO

Date: 3/25/2024 Phone: 432-219-8857

Permit 362231

NMOCD Approval
Electronic Signature(s): Rob Jackson, District 2
Date: March 26, 2024

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720
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 811 S. First St., Artesia, NM 88210
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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Wells Selected for Transfer

Permit 362231

1 Well Selected for Transfer

From: Civitas Permian Operating, LLC	OGRID: 332195
To: Alpha Energy Partners LLC	OGRID: 330859

OCD District: Artesia (1 Well selected.)

Property	Well	Lease Type	ULSTR	OCD Unit	API	Pool ID	Pool Name	Well Type
335627	COLONIA A COM #001	P	K-18-22S-27E	K	30-015-21593			G

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

COMMENTS

Action 362231

COMMENTS

Operator: Civitas Permian Operating, LLC 555 17th Street Denver, CO 80202	OGRID: 332195
	Action Number: 362231
	Action Type: [C-145] EP Change of Operator

Comments

Created By	Comment	Comment Date
abustamante	Rejected: Operator only submitted page 3 of the C-145 3-page document. Please read "Notice of Responsibility" prior to uploading the complete document(s). Re-submit the correct 3-page C-145.	3/26/2024

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

Previous Operator Information

New Operator Information

	Effective Date:	<div style="border: 1px solid black; padding: 2px;">Effective on the date of approval by the OCD</div>
OGRID:	<u>332195</u>	OGRID: <u>330859</u>
Name:	<u>Civitas Permian Operating, LLC</u>	Name: <u>Alpha Energy Partners LLC</u>
Address:	<u>555 17th Street</u> <u>Suite 3700</u>	Address: <u>PO Box 10701</u>
City, State, Zip:	<u>Denver, CO 80202</u>	City, State, Zip: <u>Midland, TX 79702</u>

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, Alpha Energy Partners LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(I) NMAC.

Alpha Energy Partners LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, Alpha Energy Partners LLC agrees to the following statements:

1. Initials AM I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials AM I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials AM I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials AM I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials AM I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials AM I am responsible for reporting and remediating releases pursuant to 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record. I am responsible for conducting my own due diligence for any releases that have occurred prior to becoming operator of my wells and related facilities and am responsible for any open releases or unreported releases.
7. Initials AM I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials AM For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials AM I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials AM If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials AM No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials AM NMOCD Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

Previous Operator

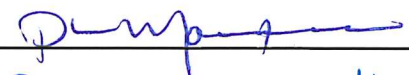
Signature: 

Printed Name: Nathan S. Bennett

Title: Director, Permitting & Compliance

Date: 03/21/2024 Phone: 303-312-8166

New Operator

Signature: 

Printed Name: P. Nick Maxwell

Title: CEO

Date: 3/25/2024 Phone: 432-219-0854

Permit 362232

NMOCD Approval
Electronic Signature(s): Rob Jackson, District 2
Date: April 10, 2024

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

Wells Selected for Transfer

Permit 362232

1 Well Selected for Transfer

From: Civitas Permian Operating, LLC	OGRID: 332195
To: Alpha Energy Partners LLC	OGRID: 330859

OCD District: Artesia (1 Well selected.)

Property	Well	Lease Type	ULSTR	OCD Unit	API	Pool ID	Pool Name	Well Type
335714	KODIAK #002	P	O-17-22S-27E	O	30-015-33962			G

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

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

COMMENTS

Action 362232

COMMENTS

Operator: Civitas Permian Operating, LLC 555 17th Street Denver, CO 80202	OGRID: 332195
	Action Number: 362232
	Action Type: [C-145] EP Change of Operator

Comments

Created By	Comment	Comment Date
abustamante	Rejected: New Operator did not meet the additional single well financial assurance due to an inactive well for \$48980 as per rule 19.15.8.9 NMAC. Operator only submitted page 3 of the C-145 3-page document. Please read "Notice of Responsibility" prior to uploading the complete document(s). Re-submit the correct 3-page C-145.	3/26/2024
abustamante	Rejected #2: New Operator did not meet the additional single well financial assurance due to an inactive well for \$48980 as per rule 19.15.8.9 NMAC. Please hold the re-submittal until the bond has been met and sent to Santa Fe and the operator has received approval.	3/26/2024

(EXHIBIT A)

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
AEP II OPERATING, LLC**

**CASE NO. 25166
ORDER NO. R-23961**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 4, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. AEP II Operating, LLC (“Applicant”) submitted an application to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A on October 8, 2024, in Case No. 24944.
2. Applicant submitted an amended application (“Application”) to compulsory pool the uncommitted oil and gas interests within the Unit on January 14, 2025. The Application was amended to request that Paloma Permian AssetCo, LLC (“Paloma”) be designated as the operator of the Unit.
3. Case No. 24944 was dismissed under Order No. R-23668 issued on January 28, 2025.
4. Applicant will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
5. Applicant proposes the supervision and risk charges for the Well(s) described in Exhibit A.
6. Applicant identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
7. The Application was heard by the Hearing Examiner on the date specified above, during which Applicant presented evidence through affidavits in support of the Application.
8. Covenant Hercules, LLC, Christian Capstone, LLC, Crusader Royalties, LLC, Chief Capital II, LLC, and American Energy Resources, LLC (“AER”) filed motions to dismiss Case No. 25166. Each motion was denied during the hearing (TR pg. 19 and 39).

9. AER objected to the hearing proceeding by affidavit on January 29, 2025. AER did not present a case in chief or cross examine Applicant's witnesses. AER is the operator of record for the Saik No. 1 well (API No. 30-015-20971) which is in the Northwest quarter of the Northeast quarter of Section 17 in Township 22 South and Range 27 East and is reported to be completed in the Wolfcamp formation ("Saik Well"). At hearing, Applicant presented evidence in the form of affidavits and sworn expert testimony as to whether AER has an interest in the Unit.
 - a. Applicant provided a summary of ownership in the Unit that does not include an interest owned by AER.
 - b. Applicant asserts that AER believes it has interest in the Unit due to its involvement with the Saik Well. Applicant testified that AER does not own wellbore or leaseholder rights in the Unit (TR pg. 92-93).
 - c. Applicant testified that AER does not have an interest in the Unit (TR pg. 93).

10. Warren and Lillie Anderson ("Andersons") objected to the hearing proceeding by affidavit on or about February 11, 2025. In their objection, Andersons stated that Applicant negotiated in bad faith. At hearing, Applicant's expert submitted an affidavit that it negotiated in good faith as follows:
 - a. Applicant was in regular communication with Andersons:
 - i. On August 21, 2024, well proposals were sent.
 - ii. On September 30, 2024, discussions regarding interest and potentially leasing occurred.
 - iii. Between September 2024 and October 8, 2024, ongoing discussions to reach an agreement occurred.
 - b. Andersons own 0.275482 acres of unleased mineral interest in the Unit.
 - c. Applicant offered to lease Andersons' unleased mineral interest for \$3,000 per acre and 25% royalty for a 3-year lease with an option to extend the lease for an additional 2 years for \$3,000 per acre.
 - d. Applicant testified that its lease offer to Andersons was above and beyond fair market value.
 - e. Andersons offered to allow Applicant to lease Anderson's unleased mineral interest for \$12,000 per acre and 50% royalty with an additional payment. It is unclear whether the additional payment was in the amount of \$50,000 or \$100,000 (TR pg. 124-125).
 - f. Applicant testified that it negotiated with Andersons in good faith.

CONCLUSIONS OF LAW

11. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
12. Applicant is the owner of an oil and gas working interest within the Unit.
13. Applicant satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
14. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
15. AER did not provide evidence that demonstrates AER has an interest in the Unit.
16. NMSA 1978, Section 70 does not define what constitutes as “good faith” effort, therefore good faith effort claims are reviewed by OCD on a case-by-case basis. The Oil Conservation Commission issued Order R-21679-D on July 14, 2022, which utilizes criteria established in Order R-13165 issued on September 15, 2009. The relevant part of Findings Paragraph 5 of Order R-13165 states:

*“(d) The issue of compliance with the more subjective requirement the Division has customarily recognized for good faith negotiation is better examined in these cases, and in most cases, at the compulsory pooling hearing, **based upon a full evidentiary record...[emphasis added]**”*

Thus, based upon evidence received at the hearing and in the administrative record, Applicant negotiated with Andersons in good faith.

17. Applicant has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
18. The Unit contains separately owned uncommitted interests in oil and gas minerals.
19. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
20. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
21. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

22. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
23. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
24. Paloma is designated as operator of the Unit and the Well(s).
25. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Applicant shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
26. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Applicant shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
27. The Applicant shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
28. This Order shall terminate automatically if the Applicant fails to comply with the preceding paragraph unless the Applicant requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Applicant must set the case for a hearing.
29. Applicant may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Applicant must set the case for a hearing.
30. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
31. Applicant shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
32. No later than thirty (30) days after Applicant submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of

- production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Applicant no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
33. No later than one hundred eighty (180) days after Applicant submits a Form C-105 for a well, Applicant shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
 34. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Applicant its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Applicant shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
 35. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
 36. No later than within ninety (90) days after Applicant submits a Form C-105 for a well, Applicant shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
 37. Applicant may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

38. Applicant may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
39. Applicant shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.
40. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Applicant shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
41. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
42. Except as provided above, Applicant shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.
43. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Applicant shall inform OCD no later than thirty (30) days after such occurrence.
44. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

ALBERT CHANG
DIRECTOR
AC/dm

Date: 9/8/2025

CASE NO. 25166
ORDER NO. R-23961

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R-23961 EXHIBIT A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25166	APPLICANT'S RESPONSE
Date: March 4, 2025 (Scheduled hearing)	
Applicant	Alpha Energy Partners II, LLC
Designated Operator & OGRID (affiliation if applicable)	Paloma Permian AssetCO, LLC, OGRID No. 332449
Applicant's Counsel:	Darin C. Savage, Abadie & Schill, P.C.
Case Title:	APPLICATION OF ALPHA ENERGY PARTNER II, LLC, FOR A COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Covenant Hercules, LLC Christian Capstone, LLC Crusader Royalties, LLC Chief Capital (O&G) II LLC Permian Resources Operating, LLC American Energy Resources LLC Jonathan Samaniego Warren and Lilli Anderson
Well Family	Hollywood Star Fee 17-18
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp formation
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Wolfcamp formation
Pool Name and Pool Code:	Purple Sage Wolfcamp; Pool Code: [98220]
Well Location Setback Rules:	Division's Special Rules for the Purple Sage Wolfcamp Pool as established in Order No. R-14262.
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	1267.84-acre, more or less
Building Blocks:	Quarter Sections (160 Acre Blocks)
Orientation:	West to East
Description: TRS/County	All of Section 17 and Section 18, in Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, Standard Spacing Unit
Other Situations	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	Yes, S/2 of Sections 17 and 18, T22S-R27E
Proximity Defining Well: if yes, description	Yes, Hollywood Star 17-18 Fee 802H
Applicant's Ownership in Each Tract	See Exhibit A-2, breakdown of ownership
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Hollywood Star 17-18 Fee 701H Well (API No. 30-015-Pending) SHL: Unit L, 1,651' FSL, 180' FWL, Section 16, T22S-R27E; BHL: Lot 4, 724 FSL, 200' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico, laydown, standard
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 701H Well: FTP: Unit P, 724' FSL, 330' FEL, Section 17, T22S-R27E LTP: Lot 4, 724' FSL, 330' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 701H Well: TVD approx. 8,809', TMD 19,150'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #2	Hollywood Star 17-18 Fee 702H Well (API No. 30-015-Pending) SHL: Unit L, 1,671' FSL, 180' FWL, Section 16, T22S-R27E; BHL: Lot 3, 2,024' FSL, 200' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico, laydown,

R-23961 EXHIBIT A

Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee Com 702H Well: FTP: Unit I, 2,024' FSL, 330' FEL, Section 17, T22S-R27E LTP: Lot 3, 2,024' FSL, 330' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 702H Well: TVD approx. 8,809', TMD 19,150'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #3	Hollywood Star 17-18 Fee 703H Well (API No. 30-015-Pending) SHL: Unit L, 2,421' FSL, 180' FWL, Section 16, T22S-R27E; BHL: Lot 2, 1,960' FNL, 200' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico, laydown,
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 703H Well: FTP: Unit H, 1,960' FNL, 330' FEL, Section 17, T22S-R27E LTP: Lot 2, 1,960' FNL, 330' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 703H Well: TVD approx. 8,809', TMD 19,150'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #4	Hollywood Star 17-18 Fee 704H Well (API No. 30-015-Pending) SHL: Unit L, 2,441' FSL, 180' FWL, Section 16, T22S-R27E; BHL: Lot 1, 660' FNL, 200' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico, laydown, standard
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 704H Well: FTP: Unit A, 660' FNL, 330' FEL, Section 17, T22S-R27E LTP: Lot 1, 660' FNL, 330' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 704H Well: TVD approx. 8,809', TMD 19,150'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #5	Hollywood Star 17-18 Fee 801H Well (API No. 30-015-Pending) SHL: Unit L, 1,691' FSL, 180' FWL, Section 16, T22S-R27E; BHL: Lot 3, 1,374' FSL, 200' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico, laydown,
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 801H Well: FTP: Unit I, 1,374' FSL, 330' FEL, Section 17, T22S-R27E LTP: Lot 3, 1,374' FSL, 330' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 801H Well: TVD approx. 9,402', TMD 19,725'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #6	Hollywood Star 17-18 Fee 802H Well (API No. 30-015-Pending) SHL: Unit L, 1,711' FSL, 180' FWL, Section 16, T22S-R27E; BHL: Lot 2, 2,610' FNL, 200' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico, laydown,
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 802H Well: FTP: Unit H, 2,610' FNL, 330' FEL, Section 17, T22S-R27E LTP: Lot 2, 2,610' FNL, 330' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 802H Well: TVD approx. 9,402', TMD 19,725'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #7	Hollywood Star 17-18 Fee 803H Well (API No. 30-015-Pending) SHL: Unit L, 2,401' FSL, 180' FWL, Section 16, T22S-R27E; BHL: Lot 1, 1,310' FNL, 200' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico, laydown,
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 803H Well: FTP: Unit A, 1,310' FNL, 330' FEL, Section 17, T22S-R27E LTP: Unit 1, 1,310' FNL, 330' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 803H Well: TVD approx. 9,402', TMD 19,725'; Wolfcamp formation, See Exhibit A, A-1 & B-2

R-23961 EXHIBIT A

AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8500, Exhibit A
Production Supervision/Month \$	\$850, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	All uncommitted WI owner; including as shown on Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para. 20
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1, B-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4, B-5
Well Orientation (with rationale)	Exhibit B, B-1, B-3
Target Formation	Exhibit B-2, B-4, B-5
HSU Cross Section	Exhibit B-2, B-4, B-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-1, B-1, B-2, B-3
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2, B-4, B-5, B-6
Cross Section (including Landing Zone)	Exhibit B-4, B-5, B-6
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darin Savage
Date:	25-Feb-25

(EXHIBIT B)

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
ALPHA ENERGY PARTNERS II, LLC**

**CASE NO. 25495
ORDER NO. R-23977**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on August 7, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Alpha Energy Partners II, LLC (“Alpha”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Alpha seeks to designate Paloma Permian AssetCo, LLC as the operator (“Operator”) of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Operator requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Operator must set the case for a hearing.
22. Operator may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.

CASE NO. 25495
ORDER NO. R-23977

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23. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
24. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
25. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
26. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
27. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
28. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
29. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include

the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
31. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
32. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.
33. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
34. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
35. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
36. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
37. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Albert Chang

ALBERT CHANG
DIRECTOR
AC/asf

Date: 9/2/2025

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Exhibit A

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ALPHA COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25495	APPLICANT'S RESPONSE
Date: August 7, 2025 (Scheduled hearing)	
Applicant	Alpha Energy Partners II, LLC
Designated Operator & OGRID (affiliation if applicable)	Paloma Permian AssetCO, LLC, OGRID No. 332449
Applicant's Counsel:	Darin C. Savage, Abadie & Schill, P.C.
Case Title:	APPLICATION OF ALPHA ENERGY PARTNER II, LLC, FOR A COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	N/A
Well Family	Hollywood Star
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	From the top of the Bone Spring formation to the base of the Bone Spring formation, including the Avalon
Pool Name and Pool Code:	Esperanza, Bone Spring; Pool Code: [97755]
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	316.84-acre, more or less
Building Blocks:	Quarter-quarter sections (40 Acre Blocks)
Orientation:	East to West
Description: TRS/County	N/2 N/2 of Section 17 and Section 18, in Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, Standard Spacing Unit
Other Situations	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	No, N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit A-2, breakdown of ownership
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

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Well #1	Hollywood Star 17-18 Fee 504H Well SHL: Unit L, 2,403' FSL, 315' FWL, Section 16, T22S-R27E; BHL: Lot 1, 660' FNL, 50' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico Completion Target: 2nd Bone Spring formation Well Orientation: East of West / Laydown Completion Location: Standard
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 504H Well FTP: Unit A, 660' FNL, 100' FEL, Section 17, T22S-R27E LTP: Lot 1, 660' FNL, 100' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 504H Well TVD approx. 7,140'; TMD approx. 18,100'; 2nd Bone Spring formation, See Exhibit A, A-1 & B-3
Well #2	Hollywood Star 17-18 Fee 554H Well SHL: Unit L, 2,443' FSL, 315' FWL, Section 16, T22S-R27E; BHL: Lot 1, 660' FNL, 50' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico Completion Target: 3rd Bone Spring (Harkey) formation Well Orientation: East to West / Laydown Completion Location: Standard
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 554H Well FTP: Unit A, 660' FNL, 100' FEL, Section 17, T22S-R27E LTP: Lot 1, 660' FNL, 100' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 554H Well TVD approx. 7,860'; TMD approx. 18,850'; 3rd Bone Spring (Harkey) formation, See Exhibit A, A-1 & B-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000, Exhibit A
Production Supervision/Month \$	\$1,000, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2

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Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	All uncommitted WI owners; ORRI owners; and Record Title owners; including as shown on Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para. 10, Exhibit C-2 (Returned Letters)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates in Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-6
Well Orientation (with rationale)	Exhibit B, B-1, B-2
Target Formation	Exhibit B-2, B-2, B-3, B-6, B-7, B-8
HSU Cross Section	Exhibit B-3, B-7, B-8
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-1, B-1, B-2, B-3
Structure Contour Map - Subsea Depth	Exhibit B-1, B-2
Cross Section Location Map (including wells)	Exhibit B-3, B-7, B-8
Cross Section (including Landing Zone)	Exhibit B-3, B-6, B-7, B-8
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darin Savage
Date:	30-Jul-25

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 ORDER NO. R-23977

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(EXHIBIT C)

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
AEP II OPERATING, LLC**

**CASE NO. 25496
ORDER NO. R-23989**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on August 27, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. AEP II Operating, LLC (“Applicant”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Applicant seeks to have Paloma Permian AssetCo, LLC (“Paloma”) designated as the operator of the Unit.
2. Applicant will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Applicant proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Applicant identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Applicant presented evidence through affidavits in support of the Application.
6. Warren and Lillie Anderson (“Andersons”) objected to the hearing proceeding by affidavit on or about August 5, 2025. In their objection, Andersons stated that Applicant negotiated in bad faith. At hearing, Applicant’s expert submitted an affidavit that it negotiated in good faith as follows:
 - a. Applicant was in regular communication with Andersons:
 - i. On April 25, 2025, well proposals were sent.
 - ii. On May 8, 2025, well proposals were received.
 - iii. On July 30, 2025, an email was received regarding lease terms.

- iv. Between August 1, 2025 and August 21, 2025, ongoing discussions to reach an agreement occurred.
 - b. Andersons own 0.275482 acres of unleased mineral interest in the Unit (“Andersons’ Acreage”).
 - c. Applicant offered to lease Andersons’ Acreage for \$5,000 (approximately \$18,100 per acre) and 25% royalty for a 3-year lease with an option to extend the lease for an additional two (2) years for \$5,000 (approximately \$18,100 per acre).
 - d. Applicant testified that its lease offer to Andersons was above fair market value.
 - e. Andersons offered to allow Applicant to lease Andersons’ Acreage for:
 - i. \$14,000 per year for the first three (3) years (total of \$42,000 or approximately \$152,400 per acre);
 - ii. \$900 per month for the first three (3) years (total of \$32,400 or approximately \$117,600 per acre);
 - iii. 25% royalty; and
 - iv. \$1.50 per barrel sold from each well (approximately 2,500% royalty when oil is sold at \$70 per barrel).
 - f. Applicant testified that it negotiated with Andersons in good faith.
- 7. Applicant provided notice of Case No. 25496 to Bobby Anderson rather than Andersons. Applicant submitted an affidavit and testimony regarding this topic as follows:
 - a. A title search at the Eddy County courthouse was conducted on or around October of 2024. The results of that title search concluded that Andersons’ Acreage is recorded as being owned by Bobby Anderson.
 - b. Ongoing monitoring of title has indicated that a probate has not been submitted into record showing the transfer of ownership of Andersons’ Acreage to another person.

Andersons submitted testimony regarding this topic as follows:

- c. Bobby Anderson has been deceased for approximately twenty (20) years and Andersons’ Acreage is now owned by Bobby Anderson’s daughter, Lillie Anderson.
 - d. A probate indicating the transfer of ownership of Andersons’ Acreage to Lillie Anderson was filed approximately twenty (20) years ago.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
9. Applicant is the owner of an oil and gas working interest within the Unit.
10. Applicant satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
11. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
12. NMSA 1978, Section 70 does not define what constitutes as “good faith” effort, therefore good faith effort claims are reviewed by OCD on a case-by-case basis. The Oil Conservation Commission issued Order R-21679-D on July 14, 2022, which utilizes criteria established in Order R-13165 issued on September 15, 2009. The relevant part of Findings Paragraph 5 of Order R-13165 states:

*“(d) The issue of compliance with the more subjective requirement the Division has customarily recognized for good faith negotiation is better examined in these cases, and in most cases, at the compulsory pooling hearing, **based upon a full evidentiary record...[emphasis added]**”*

Thus, based upon evidence received at the hearing and in the administrative record, Applicant negotiated with Andersons in good faith.

13. Applicant has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
14. The Unit contains separately owned uncommitted interests in oil and gas minerals.
15. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
16. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
17. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

18. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.

19. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
20. Paloma is designated as operator of the Unit and the Well(s).
21. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Applicant shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
22. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Applicant shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
23. The Applicant shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
24. This Order shall terminate automatically if the Applicant fails to comply with the preceding paragraph unless the Applicant requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Applicant must set the case for a hearing.
25. Applicant may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Applicant must set the case for a hearing.
26. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
27. Applicant shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
28. No later than thirty (30) days after Applicant submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Applicant no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the

- Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
29. No later than one hundred eighty (180) days after Applicant submits a Form C-105 for a well, Applicant shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
 30. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Applicant its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Applicant shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
 31. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
 32. No later than within ninety (90) days after Applicant submits a Form C-105 for a well, Applicant shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
 33. Applicant may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
 34. Applicant may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges;

and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 35. Applicant shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 36. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Applicant shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 37. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 38. Except as provided above, Applicant shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.
- 39. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Applicant shall inform OCD no later than thirty (30) days after such occurrence.
- 40. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Albert Chang

ALBERT CHANG
DIRECTOR
AC/dm

Date: 9/8/2025

CASE NO. 25496
ORDER NO. R-23989

R-23989 EXHIBIT A

ALPHA COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25496	APPLICANT'S RESPONSE
Date: August 7, 2025 (Scheduled hearing)	
Applicant	Alpha Energy Partners II, LLC
Designated Operator & OGRID (affiliation if applicable)	Paloma Permian AssetCO, LLC, OGRID No. 332449
Applicant's Counsel:	Darin C. Savage, Abadie & Schill, P.C.
Case Title:	APPLICATION OF ALPHA ENERGY PARTNER II, LLC, FOR A COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	N/A
Well Family	Hollywood Star
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	From the top of the Bone Spring formation to the base of the Bone Spring formation, including the Avalon
Pool Name and Pool Code:	Esperanza, Bone Spring; Pool Code: [97755]
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	316.92-acre, more or less
Building Blocks:	Quarter-quarter sections (40 Acre Blocks)
Orientation:	East to West
Description: TRS/County	S/2 N/2 of Section 17 and Section 18, in Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, Standard Spacing Unit
Other Situations	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	No, N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit A-2, breakdown of ownership
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

R-23989 EXHIBIT A

Well #1	Hollywood Star 17-18 Fee 503H Well (API No. PENDING), SHL: Unit L, 2,383' FSL, 315' FWL, Section 16, T22S-R27E; BHL: Lot 2, 1,980' FNL, 50' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico Completion Target: 2nd Bone Spring formation Well Orientation: East to West / Laydown Completion Location: Standard
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 503H Well FTP: Unit H, 1,980' FNL, 100' FEL, Section 17, T22S-R27E LTP: Lot 2, 1,980' FNL, 100' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 503H Well TVD approx. 7,140', TMD approx. 17,800'; 2nd Bone Spring formation, See Exhibit A, A-1 & B-3
Well #2	Hollywood Star 17-18 Fee 553H Well (API No. PENDING), SHL: Unit L, 2,423' FSL, 315' FWL, Section 16, T22S-R27E; BHL: Lot 2, 1,980' FNL, 50' FWL, Section 18, T22S-R27E, NMPM; Eddy County, New Mexico Completion Target: 3rd Bone Spring formation Well Orientation: East-West / Laydown Completion Location: Standard
Horizontal Well First and Last Take Points	Hollywood Star 17-18 Fee 553H Well FTP: Unit H, 1,980' FNL, 100' FEL, Section 17, T22S-R27E LTP: Lot 2, 1,980' FNL, 100' FWL, Section 18, T22S-R27E
Completion Target (Formation, TVD and MD)	Hollywood Star 17-18 Fee 553H Well TVD approx. 7,860', TMD approx. 18,550'; 3rd Bone Spring formation, See Exhibit A, A-1 & B-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000, Exhibit A
Production Supervision/Month \$	\$1,000, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1

R-23989 EXHIBIT A

Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	All uncommitted WI owners; ORRI owners; and Record Title owners; including as shown on Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para. 10, Exhibit C-2 (Returned Letters)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-6
Well Orientation (with rationale)	Exhibit B, B-1, B-2
Target Formation	Exhibit B-2, B-2, B-3, B-6, B-7, B-8
HSU Cross Section	Exhibit B-3, B-7, B-8
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-1, B-1, B-2, B-3
Structure Contour Map - Subsea Depth	Exhibit B-1, B-2
Cross Section Location Map (including wells)	Exhibit B-3, B-7, B-8
Cross Section (including Landing Zone)	Exhibit B-3, B-6, B-7, B-8
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darin Savage
Date:	30-Jul-25

(EXHIBIT J)

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
AEP II OPERATING, LLC**

**CASE NO. 25166
ORDER NO. R-23961**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 4, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. AEP II Operating, LLC (“Applicant”) submitted an application to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A on October 8, 2024, in Case No. 24944.
2. Applicant submitted an amended application (“Application”) to compulsory pool the uncommitted oil and gas interests within the Unit on January 14, 2025. The Application was amended to request that Paloma Permian AssetCo, LLC (“Paloma”) be designated as the operator of the Unit.
3. Case No. 24944 was dismissed under Order No. R-23668 issued on January 28, 2025.
4. Applicant will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
5. Applicant proposes the supervision and risk charges for the Well(s) described in Exhibit A.
6. Applicant identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
7. The Application was heard by the Hearing Examiner on the date specified above, during which Applicant presented evidence through affidavits in support of the Application.
8. Covenant Hercules, LLC, Christian Capstone, LLC, Crusader Royalties, LLC, Chief Capital II, LLC, and American Energy Resources, LLC (“AER”) filed motions to dismiss Case No. 25166. Each motion was denied during the hearing (TR pg. 19 and 39).

9. AER objected to the hearing proceeding by affidavit on January 29, 2025. AER did not present a case in chief or cross examine Applicant's witnesses. AER is the operator of record for the Saik No. 1 well (API No. 30-015-20971) which is in the Northwest quarter of the Northeast quarter of Section 17 in Township 22 South and Range 27 East and is reported to be completed in the Wolfcamp formation ("Saik Well"). At hearing, Applicant presented evidence in the form of affidavits and sworn expert testimony as to whether AER has an interest in the Unit.
- a. Applicant provided a summary of ownership in the Unit that does not include an interest owned by AER.
 - b. Applicant asserts that AER believes it has interest in the Unit due to its involvement with the Saik Well. Applicant testified that AER does not own wellbore or leaseholder rights in the Unit (TR pg. 92-93).
 - c. Applicant testified that AER does not have an interest in the Unit (TR pg. 93).
10. Warren and Lillie Anderson ("Andersons") objected to the hearing proceeding by affidavit on or about February 11, 2025. In their objection, Andersons stated that Applicant negotiated in bad faith. At hearing, Applicant's expert submitted an affidavit that it negotiated in good faith as follows:
- a. Applicant was in regular communication with Andersons:
 - i. On August 21, 2024, well proposals were sent.
 - ii. On September 30, 2024, discussions regarding interest and potentially leasing occurred.
 - iii. Between September 2024 and October 8, 2024, ongoing discussions to reach an agreement occurred.
 - b. Andersons own 0.275482 acres of unleased mineral interest in the Unit.
 - c. Applicant offered to lease Andersons' unleased mineral interest for \$3,000 per acre and 25% royalty for a 3-year lease with an option to extend the lease for an additional 2 years for \$3,000 per acre.
 - d. Applicant testified that its lease offer to Andersons was above and beyond fair market value.
 - e. Andersons offered to allow Applicant to lease Anderson's unleased mineral interest for \$12,000 per acre and 50% royalty with an additional payment. It is unclear whether the additional payment was in the amount of \$50,000 or \$100,000 (TR pg. 124-125).
 - f. Applicant testified that it negotiated with Andersons in good faith.

CONCLUSIONS OF LAW

11. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
12. Applicant is the owner of an oil and gas working interest within the Unit.
13. Applicant satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
14. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
15. AER did not provide evidence that demonstrates AER has an interest in the Unit.
16. NMSA 1978, Section 70 does not define what constitutes as “good faith” effort, therefore good faith effort claims are reviewed by OCD on a case-by-case basis. The Oil Conservation Commission issued Order R-21679-D on July 14, 2022, which utilizes criteria established in Order R-13165 issued on September 15, 2009. The relevant part of Findings Paragraph 5 of Order R-13165 states:

*“(d) The issue of compliance with the more subjective requirement the Division has customarily recognized for good faith negotiation is better examined in these cases, and in most cases, at the compulsory pooling hearing, **based upon a full evidentiary record...[emphasis added]**”*

Thus, based upon evidence received at the hearing and in the administrative record, Applicant negotiated with Andersons in good faith.

17. Applicant has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
18. The Unit contains separately owned uncommitted interests in oil and gas minerals.
19. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
20. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
21. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

22. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
23. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
24. Paloma is designated as operator of the Unit and the Well(s).
25. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Applicant shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
26. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Applicant shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
27. The Applicant shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
28. This Order shall terminate automatically if the Applicant fails to comply with the preceding paragraph unless the Applicant requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Applicant must set the case for a hearing.
29. Applicant may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Applicant must set the case for a hearing.
30. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
31. Applicant shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
32. No later than thirty (30) days after Applicant submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of

- production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Applicant no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
33. No later than one hundred eighty (180) days after Applicant submits a Form C-105 for a well, Applicant shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
 34. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Applicant its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Applicant shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
 35. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
 36. No later than within ninety (90) days after Applicant submits a Form C-105 for a well, Applicant shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
 37. Applicant may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

38. Applicant may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
39. Applicant shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.
40. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Applicant shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
41. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
42. Except as provided above, Applicant shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.
43. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Applicant shall inform OCD no later than thirty (30) days after such occurrence.
44. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Albert Chang

**ALBERT CHANG
DIRECTOR**
AC/dm

Date: 9/8/2025

CASE NO. 25166
ORDER NO. R-23961

Page 7 of 7

OCD Permitting

(EXHIBIT H)



Home / Searches / Wells / Well Details

30-015-21416 TRACY B COM #001 [338989]

General Well Information

Operator:	[332449] Paloma Permian AssetCo, LLC	Direction:	Vertical
Status:	Active	Multi-Lateral:	No
Well Type:	Gas	Mineral Owner:	Private
Work Type:	New	Surface Owner:	Private
Surface Location:	I-18-22S-27E 2045 FSL 479 FEL	Sing/Mult Compl:	Single
Lat/Long:	32.3907166,-104.2222824 NAD83	Potash Waiver:	False
GL Elevation:	3108		
KB Elevation:			
DF Elevation:			

Proposed Formation and/or Notes

Depths

Proposed:	0	True Vertical Depth:	11875
Measured Vertical Depth:	11875	Plugback Measured:	0

Formation Tops

Formation	Top	Producing	Method Obtained
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Event Dates

Initial APD Approval:	12/01/1975	Current APD Expiration:	12/01/1977
Most Recent APD Approval:	03/23/2026		
APD Cancellation:			
APD Extension Approval:			
Spud:	12/09/1974	Gas Capture Plan Received:	
Approved Temporary Abandonment:		TA Expiration:	
Shut In:			
Plug and Abandoned Intent Received:	03/18/2026	PNR Expiration:	
Well Plugged:		Last MIT/BHT:	04/21/2026
Site Release:			
Last Inspection:	04/21/2026		

History

Effective Date	Property	Well Number	Operator	C-101 Work Type	Well Type	Well Status	Apd Cancelled	Plug Date
03/23/2026	[338989] TRACY B COM	#001	[332449] Paloma Permian AssetCo, LLC	New	Gas	Active		
03/26/2024	[335628] TRACY B COM	#001	[330859] Alpha Energy Partners LLC	New	Gas	Active		
02/02/2024	[335278] TRACY B COM	#001	[332195] Civitas Permian Operating, LLC	New	Gas	Active		

Quick L

- [General](#)
- [History](#)
- [Commer](#)
- [Operator](#)
- [Pits](#)
- [Casing](#)
- [Well Cor](#)
- [Financia](#)
- [Complia](#)
- [Reporte](#)
- [Natural \(](#)
- [Orders](#)
- [Producti](#)
- [Transpo](#)
- [Points o](#)
- [Action S](#)

Associa

- [Well File](#)
- [Well Log](#)
- [Well Adr](#)

New Se

- [New Fac](#)
- [New Inci](#)
- [New Op](#)
- [New Pit](#)
- [New We](#)

OCD Permitting

Effective Date	Well Name	Well ID	Operator	Status	Gas	Active		
01/01/2006	[302163] TRACY B COM	#001	[192463] OXY USA WTP LIMITED PARTNERSHIP	New	Gas	Active		
12/01/1975	[8671] TRACY B COM	#001	[16696] OXY USA INC	New	Gas	Active		

Comments

Pits & Containments

No Pits Found

Id	Name	Rule	Status	(Capacity) Type	Registration	Inspection Before *	Earliest Effective Commencement	Last Effective Cessation	Inspection After *	Closure Report	Reclamation Report	Restoration Complete
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Casing

No Casing Found

Well Completions

[73960] CARLSBAD; MORROW, SOUTH (GAS)

Status: Active **Last Produced:** 07/01/2022
Bottomhole Location: I-18-22S-27E 2045 FSL 479 FEL
Lat/Long: 32.3907166,-104.2222824 NAD83
Acreage: E/320 18-22S-27E Units: A B G H I J O P
DHC: **Consolidation Code:**
Production Method: Flowing

Well Test Data

Production Test: **Test Length:** 0 hours
Flowing Tubing Pressure: 0 psi **Flowing Casing Pressure:** 0 psi
Choke Size: 0.000 inches **Testing Method:**
Gas Volume: 0.0 MCF **Oil Volume:** 0.0 bbls
Gas-Oil Ratio: 0 Kcf / bbl **Oil Gravity:** 0.0 Corr. API
Disposition of Gas: **Water Volume:** 0.0 bbls

Perforations

Date	Top Measured Depth (Where Completion Enters Formation)	Bottom Measured Depth (End of Lateral)	Top Vertical Depth	Bottom Vertical Depth
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Notes

Event Dates

Initial Effective/Approval: 12/01/1975 **TA Expiration:**
Most Recent Approval: 03/23/2026 **Confidential Until:**
Confidential Requested On:

OCD Permitting

C-104 Approval:
Plug Back:
Authorization Revoked Start:

New Well C-104 Approval:
Revoked Until:

Well Completion History

Effective Date	Property	Well Number	Operator	Completion Status	TA Expiration Date
03/23/2026	[338989] TRACY B COM	#001	[332449] Paloma Permian AssetCo, LLC	Active	
03/26/2024	[335628] TRACY B COM	#001	[330859] Alpha Energy Partners LLC	Active	
02/02/2024	[335278] TRACY B COM	#001	[332195] Civitas Permian Operating, LLC	Active	
07/19/2021	[331200] TRACY B COM	#001	[372043] TAP ROCK OPERATING, LLC	Active	
01/01/2006	[302163] TRACY B COM	#001	[192463] OXY USA WTP LIMITED PARTNERSHIP	Active	
12/01/1975	[8671] TRACY B COM	#001	[16696] OXY USA INC	Active	

Financial Assurance

Please login to review the financial assurance associated with this well.

Compliance

Note that Financial Assurance and Inactive Well Compliance are documented in separate reports ([Inactive Well Report](#), [Financial Assurance Report](#)).

Also note that some compliance issues are addressed at the operator level so not listed under each well.

cDA2314421886

Violation Source: Field Inspection
Date of Violation: 05/23/2023
Compliance Required: 08/21/2023
Resolved: 06/29/2023

Notes

Actions/Events

Event Date	Category	Type
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Reported Venting & Flaring

The reported venting & flaring volumes are sourced from C-129 submissions.

Earliest Reported Vent & Flare in OCD Records: 03/21/2026 **Last:** 03/21/2026 [Show All Reported Venting & Flaring](#)

	Venting & Flaring Volumes			Additional Details		
	Flared (MCF)	Vented (MCF)	Total (MCF)	Type	Severity	Status
2026 (1)	0	110	110			
Grand Total:	0	110	110			

OCD Permitting

	Venting & Flaring Volumes			Beneficial Use	
	Vented (MCF)	Flared (MCF)	Total (MCF)	Used (MCF)	
2021	0	0	0		0
2022	4	0	4		882
2023	4	0	4		504
2024	0	0	0		0
2025	0	0	0		0
Grand Total:	8	0	8		1,386

Orders

Please login to review the orders associated with this well.

Production / Injection

The production & injection volumes are sourced from monthly production reports (C-115) submissions.

Earliest Production in OCD Records: 12/1992 Last 7/2022 [Show All Production](#) [Export to Excel](#)

Time Frame	Production				Injection				
	Oil (BBLs)	Gas (MCF)	Water (BBLs)	Days P/I	Water (BBLs)	Co2 (MCF)	Gas (MCF)	Other	Pressure
1992 Cumulative	827	5,323,290	2,119	99	0	0	0	0	N/A
1993	150	132,072	300	359	0	0	0	0	N/A
1994	26	93,186	52	355	0	0	0	0	N/A
1995	76	54,007	152	365	0	0	0	0	N/A
1996	22	40,463	44	366	0	0	0	0	N/A
1997	22	43,106	34	365	0	0	0	0	N/A
1998	0	69,938	0	365	0	0	0	0	N/A
1999	77	66,527	143	335	0	0	0	0	N/A
2000	3	21,345	0	366	0	0	0	0	N/A
2001	55	22,791	0	360	0	0	0	0	N/A
2002	3	19,159	0	295	0	0	0	0	N/A
2003	47	19,001	0	348	0	0	0	0	N/A
2004	25	18,496	0	351	0	0	0	0	N/A
2005	53	21,444	0	359	0	0	0	0	N/A
2007	0	25,201	0	153	0	0	0	0	N/A

OCD Permitting

Year	Permits	Value	Oil	Gas	Water	Other	Other	Other	Other	Other
2010	0	43,235	110	364	0	0	0	0	0	N/A
2011	90	39,079	88	341	0	0	0	0	0	N/A
2012	122	30,210	151	366	0	0	0	0	0	N/A
2013	22	9,926	0	332	0	0	0	0	0	N/A
2014	6	2,411	0	355	0	0	0	0	0	N/A
2015	0	26,740	0	272	0	0	0	0	0	N/A
2016	9	1,861	0	75	0	0	0	0	0	N/A
2017	0	2,076	0	115	0	0	0	0	0	N/A
2018	25	5,005	11	177	0	0	0	0	0	N/A
2019	0	3,097	0	195	0	0	0	0	0	N/A
2020	3	360	0	49	0	0	0	0	0	N/A
2021	0	1,677	94	24	0	0	0	0	0	N/A
2022	0	459	0	16	0	0	0	0	0	N/A
2023	0	0	47	7	0	0	0	0	0	N/A
2024	0	0	0	0	0	0	0	0	0	N/A
Grand Total:	1,700	6,261,963	3,859	8,260	0	0	0	0	0	N/A

Transporters

Transporter	Product	Most Recent for Property

Points of Disposition

ID	Type	Description	Pool(s)
2811192	Oil		[73960] CARLSBAD;MORROW, SOUTH (GAS)
2036450	Water		[73960] CARLSBAD;MORROW, SOUTH (GAS)
2036430	Gas		[73960] CARLSBAD;MORROW, SOUTH (GAS)