

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

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

CASE No. 25166

CONSOLIDATED RESPONSE TO THE MOTIONS TO DISMISS CASE NO. 25166

Alpha Energy Partners, II, LLC, (“Alpha”), through its undersigned attorneys, submits to the Oil Conservation Division (“Division” or “OCD”) this Consolidated Response (“Response”) to the Motions to Dismiss Case No. 25166, that were filed on February 20, 2025, by Chief Capital (O&G) II LLC (referred to herein as “Chief”), Covenant Hercules, LLC, and Christian Capstone, LLC, and Crusader Royalties, LLC (Covenant, Capstone and Crusader collectively referred to herein as “Covenant”). In support of its Response, Alpha states the following:

1. On January 14, 2025, Alpha filed its Amended Application (“Alpha’s Pooling Application”) seeking to pool all uncommitted mineral interests in the Wolfcamp formation underlying a standard 1267.84-acre, more or less, horizontal spacing units comprised of Section 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico (“Subject Lands”). The Division approved the filing of Alpha’s Pooling Application, assigned it to Case No. 25166, and set the contested hearing date for March 4, 2025.

2. Under the New Mexico Oil and Gas Act (“OGA”) and its statewide rules, notice must be provided by the applicant of a pooling application at least twenty days prior to the scheduled hearing. *See* 19.15.4.12B NMAC. It is clear that Alpha timely satisfied the notice requirement by sending Chief and Covenant notice letters on January 29, 2025, which was 34 days prior to the scheduled hearing date and which provided Chief and Covenant fourteen additional days for receiving notice. The notice letters mailed to Chief and Covenant on January 29, 2025,

are attached hereto as Exhibit A. Furthermore, Alpha's mailing report attached hereto as Exhibit B shows that the notice letter was delivered to, and received by, Chief and Covenant on February 3 and 4, 2025, respectively, a full month prior to the scheduled hearing. Thus, Alpha timely satisfied notice under the statewide rules and the OGA prior the scheduled hearing, and Chief and Covenant both received notice well in advance of the hearing.

3. Therefore, since notice of the hearing has been timely satisfied, the only issue that Chief and Covenant can raise does not involve notice for the hearing itself under the rules and the OGA, which have been satisfied, but concerns whether Chief and Covenant should have received a well proposal thirty days prior to filing Alpha's Pooling Application as part of Alpha's attempt to reach a voluntary agreement. Neither the statewide rules nor the OGA specify when a well proposal must be sent or delivered; as a result, the Division has issued Order No. R-13165 in which it states that "[a]t least thirty days prior to filing a compulsory pooling application, *in the absence of extenuating circumstances*, an applicant should send to locatable parties intends to pool a well proposal...." (emphasis added).

4. In the present matter, there exists extenuating circumstances regarding the well proposals Alpha sent for the Hollywood Star wells because Chief and Covenant were successors in interest to the unit, having received their working interest from Nickel River Royalties, LLC ("Nickel"). Alpha had originally proposed the Hollywood wells on August 21, 2024 (six months before the March 2025 hearing) to Nickel, viewing it as the party with working interest that should be the recipient of the well proposal. *See* the well proposal dated August 21, 2024, attached hereto as Exhibit C; *see also* a copy of the well proposal sent as a courtesy to Chief and Covenant on February 3, 2025, a month prior to the scheduled hearing, attached hereto as Exhibit D.

5. The purpose of sending the well proposal is to inform the recipient about the proposed development plan in order to make attempts to reach a voluntary agreement prior to a hearing for compulsory pooling. Nickel having received the well proposals in August 2024 combined with Alpha's earlier pooling applications, filed in October 2024, generated discussions of Alpha's development plans among Chief, Covenant and Nickel as early as September and October 2024. *See* emails among the Parties regarding Alpha's development plan attached hereto as Exhibit E. Thus, Alpha's plans have been on the radar of Chief and Covenant for six months prior to the March 4, 2025, hearing, and therefore, the Parties have had ample opportunity to resolve any issues regarding the present case and reach an agreement if that had been the actual intent of the Parties. If Chief and Covenant could not negotiate a resolution within the past six months, the additional thirty days requested by Chief and Covenant will not make a difference to the existing impasse but only delay the proceedings unnecessarily.

6. The main issue and disagreement between Alpha, on one side, and Chief and Covenant, on the other side, is a disagreement involving a title dispute regarding the amount of interest the parties' own in the unit. Since the Division does not have jurisdiction to adjudicate title disputes, going forward with the compulsory pooling will not affect the Parties' right to ownership or their correlative rights. Chief and Covenant have the ability and option to initiate a quiet title action in district court, and the amount of ownership legally determined by the quiet title action will be the amount of interest justly pooled under any pooling order issued by the Division. Therefore, the correlative rights of Chief and Covenant will not be affected by the Division hearing Case No. 25166 on March 4, 2025, as scheduled.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
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Attorneys for Alpha Energy Partners, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record, or on party if self-represented, via electronic mail on February 24, 2025:

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For the Pursuit of Energy

ABADIE | SCHILL PC

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Louisiana	Texas
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	North Dakota

January 29, 2025

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Alpha Energy Partners II, LLC,
 For Compulsory Pooling, Eddy County, New Mexico
Hollywood Star 17-18 Fee 701H
Hollywood Star 17-18 Fee 702H
Hollywood Star 17-18 Fee 703H
Hollywood Star 17-18 Fee 704H
Hollywood Star 17-18 Fee 801H
Hollywood Star 17-18 Fee 802H
Hollywood Star 17-18 Fee 803H

Case No. 25166:

Dear Interest Owners:

This letter is to advise you that Alpha Energy Partners II, LLC, affiliate successor to Alpha Energy Partners, LLC, (“Applicant”), has filed the enclosed application, Case No. 25166, with the New Mexico Oil Conservation Division (“Division”) for an order pooling all uncommitted mineral interests in the Wolfcamp formation, designated as a gas pool, underlying a standard 1267.84-acres, more or less, horizontal spacing unit comprised of Section 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico. The Division docketed Alpha’s original application as Case No. 24944.

Alpha requested that this Application be set for hearing before an Examiner of the Oil Conservation Division on February 13, 2025, and it is listed on the OCD February 13, 2025, docket; however, there is current discussion moving the case to a special docket on March 4, 2025. The status of the hearing, including any continuances, can be monitored through the Division’s website. Division hearings will commence at 9:00 a.m., in the Wendell Chino Building, Pecos Hall located on the 1st Floor, at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. If so desired, you can attend the hearing in person at

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901



Pecos Hall or you can attend virtually through remote online access. For information about attending by remote access and reviewing the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

You are being notified as an interest owner (subject to title examination) and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; ; the nature of any protests or objections; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact John Coffman at (432) 219-8812 or at john@alphapermian.com.

Sincerely,



Darin C. Savage

***Attorney for Alpha Energy Partners II,
LLC, affiliate successor to Alpha
Energy Partners, LLC***

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

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

Case No. 25166
Formerly Case No. 24944

AMENDED APPLICATION

Alpha Energy Partners II, LLC (“Alpha” or “Applicant”), affiliate successor in interest in the Subject Lands to Alpha Energy Partners, LLC, hereby files this Amended Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted mineral interests in the Wolfcamp formation, designated as a gas pool, underlying a standard 1267.84-acres, more or less, horizontal spacing unit comprised of Section 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico. The Division docketed Alpha’s original application as Case No. 24944. This Amended Application is being submitted for the limited purpose of advising the Division and affected parties that Alpha has entered into a farmout agreement with Paloma Permian AssetCO, LLC (“Paloma”) by which Paloma, OGRID No. 332449, has the right to earn a portion of Alpha’s working interest in the Subject Lands by drilling, completing, and operating the proposed wells under the supervision of Alpha.

In support of its Application, Alpha states the following:

1. Alpha is a working interest owner in the proposed horizontal spacing unit (“HSU”) and has a right to drill a well thereon.

2. Therefore, Alpha proposes and dedicates to the HSU seven (7) initial wells: the **Hollywood Star 17-18 Fee 701H**; **Hollywood Star 17-18 Fee 702H**; **Hollywood Star 17-18 Fee 703H**; **Hollywood Star 17-18 Fee 704H**; **Hollywood Star 17-18 Fee 801H**; **Hollywood Star 17-18 Fee 802H**; and the **Hollywood Star 17-18 Fee 803H**, to be drilled to a sufficient depth to test the Wolfcamp.

3. Alpha proposes the **Hollywood Star 17-18 Fee 701H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 4 (SW/4SW/4) of Section 18.

4. Alpha proposes the **Hollywood Star 17-18 Fee 702H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 3 (NW/4SW/4) of Section 18.

5. Alpha proposes the **Hollywood Star 17-18 Fee 703H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 2 (SW/4NW/4) of Section 18.

6. Alpha proposes the **Hollywood Star 17-18 Fee 704H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 1 (NW/4NW/4) of Section 18.

7. Alpha proposes the **Hollywood Star 17-18 Fee 801H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 3 (NW/4SW/4) of Section 18.

8. Alpha proposes the **Hollywood Star 17-18 Fee 802H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 2 (SW/4NW/4) of Section 18. The **Hollywood Star 17-18 Fee 802H Well** is the proximity

well positioned so the unit can include proximity tracts, thereby allowing for the larger standard spacing unit.

9. Alpha proposes the **Hollywood Star 17-18 Fee 803H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in the Lot 1 (NW/4NW/4) of Section 18.

10. All the wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the special rules for the Purple Sage, Wolfcamp pool, pursuant to Order No. R-14262.

11. Alpha's review of records did not show any overlapping units.

12. Alpha has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for their development within the proposed HSU.

13. The pooling of all interests in the Wolfcamp formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

14. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Alpha requests that all uncommitted interests in this HSU be pooled and that Paloma, OGRID No. 332449, be designated the operator of the proposed horizontal wells and HSU pursuant to the Farmout referenced herein.

15. On October 8, 2024, Alpha filed an Application to pool these uncommitted interests and the OCD docketed that Application as Case No. 24944.

16. On July 1, 2024, Alpha entered into a Farmout Agreement with Paloma, in which Paloma will receive a portion of Alpha's leasehold interest in the unit upon its fulfillment of certain

drilling and operational obligations, and therefore Paloma will be involved in the unit by drilling and operating the wells in compliance with Alpha's development plans.

WHEREFORE, Alpha requests that this Application be set for hearing on February 13, 2025, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying a standard 1267.84-acres, more or less, horizontal spacing unit comprised of Sections 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico;

B. Approving the **Hollywood Star 17-18 Fee 701H; Hollywood Star 17-18 Fee 702H; Hollywood Star 17-18 Fee 703H; Hollywood Star 17-18 Fee 704H; Hollywood Star 17-18 Fee 801H; Hollywood Star 17-18 Fee 802H; and the Hollywood Star 17-18 Fee 803H** as the wells for the HSU;

C. Designating Paloma as operator of this HSU and the horizontal wells to be drilled thereon;

D. Authorizing recovery of the costs of drilling, equipping, and completing the wells;

E. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

F. Setting a 200% charge for the risk assumed in drilling and completing the wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

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Darin C. Savage

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Attorneys for Alpha Energy Partners, LLC

Amended Application of Alpha Energy Partners II, LLC, for Compulsory Pooling, Eddy County, New Mexico. Alpha Energy Partners II, LLC, affiliate successor to Alpha Energy Partners, LLC, (“Applicant”) in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Wolfcamp formation, designated as a gas pool, underlying a standard 1267.84-acre, more or less, horizontal spacing and proration unit comprised of the Sections 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico. The proposed wells to be dedicated to the horizontal spacing unit are the **Hollywood Star 17-18 Fee 701H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 4 (SW/4SW/4) of Section 18; the **Hollywood Star 17-18 Fee 702H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 3 (NW/4SW/4) of Section 18; the **Hollywood Star 17-18 Fee 703H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 2 (SW/4NW/4) of Section 18; the **Hollywood Star 17-18 Fee 704H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 1 (NW/4NW/4) of Section 18; the **Hollywood Star 17-18 Fee 801H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 3 (NW/4SW/4) of Section 18; the **Hollywood Star 17-18 Fee 802H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in Lot 2 (SW/4NW/4) of Section 18; and the **Hollywood Star 17-18 Fee 803H Well** to be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 16 to a bottom hole location in the Lot 1 (NW/4NW/4) of Section 18. The **802H Well** is the proximity well, and proximity tracts will be utilized. All the proposed wells will be orthodox, and their take points and completed intervals will comply with the special rules for the Purple Sage, Wolfcamp pool pursuant to Order No. R-14262. Applicant will be designating Paloma Permian AssetCO, LLC, as the operator of the wells pursuant to the terms that certain Farmout Agreement entered into on July 1, 2024. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 1.5 miles south-southeast from Carlsbad, New Mexico.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record in Case No. 24944, via electronic mail on January 14, 2025:

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Self-Represented

/s/ Darin C. Savage

Darin C. Savage

Transaction Report Details - CertifiedPro.net									
Date Mailed - 1/29/2025									
Reference Number - 4230.02 - 25166 Hollywood Star									
Generated: 2/5/2025 11:55:48 AM									
USPS Article Number	Date Mailed	Reference Number	Name 1	Address1	Address2	City	State	Zip	Mailing Status
9314869904900131023132	1/29/25	4230.02 - 25166 Hollywood Star	Governant Hercules LLC	9001 Airport Freeway	Suite 825	North Richland Hills TX	TX	76180	Delivered
9314869904900131023125	1/29/25	4230.02 - 25166 Hollywood Star	Chief Capital (OKG) II LLC	8111 Westchester Drive	Suite 900	Dallas	TX	75225	Delivered





February 4, 2025

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Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Chief Capital O G II LLC

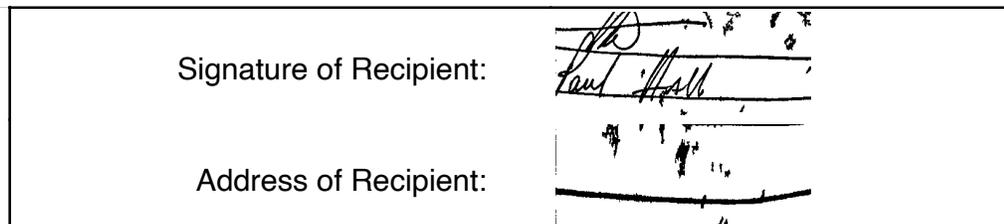
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Reference Number: 4230.02 - 25166 Hollywood Star



February 5, 2025

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0131 0231 32.**

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Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: Covenant Hercules LLC

Shipment Details

Weight: 3.0oz

Destination Delivery Address

Street Address: 9001 AIRPORT FWY
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Information in this section provided by Covius Document Services, LLC.

Reference Number: 4230.02 - 25166 Hollywood Star

ALPHA

P.O. Box 10701, Midland, Texas 79702

August 21, 2024

Nickel River Royalties, LLC
P.O. Box 5896
Frisco, TX 75035

Re: Well Proposals
Hollywood Star 17-18 Fee Com 701H
Hollywood Star 17-18 Fee Com 702H
Hollywood Star 17-18 Fee Com 703H
Hollywood Star 17-18 Fee Com 704H
Hollywood Star 17-18 Fee Com 801H
Hollywood Star 17-18 Fee Com 802H
Hollywood Star 17-18 Fee Com 803H

All of Section 17, Township 22 South, Range 27 East and All of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico, being 1267.84 acres, more or less

To Whom it May Concern,

Alpha Energy Partners II, LLC (“AEP II”), as Operator, hereby proposes the drilling of the Hollywood Star 17-18 Fee Com 701H, 702H, 703H, 704H, 801H, 802H, and 803H wells with productive laterals located in Section 17, Township 22 South, Range 27 East and Section 18, Township 22 South, Range 27 East, to the Wolfcamp Formation:

In connection with the above, please note the following:

- **Hollywood Star 17-18 Fee Com 701H**, to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate Total Vertical Depth of 8,810’, and to a Total Measured Depth of approximately 19,150’ resulting in a productive lateral of approximately 10,000’. The surface location for this well is proposed at approximately 660’ FSL, 330’ FEL of Section 17, T22S-R27E, and a bottom hole location approximately 660’ FSL, 330’ FWL of Section 18, T22S-R27E. The dedicated horizontal spacing unit will be All of Sections 17 & 18, T22S-R27E, Eddy County, NM. The estimated cost of drilling, testing, completing, and equipping the well is \$9,495,418 as shown on the enclosed AFE’s dated August 13, 2024.
- **Hollywood Star 17-18 Fee Com 702H**, to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate Total Vertical Depth of 8,810’, and to a Total Measured Depth of approximately 19,150’ resulting in a productive lateral of approximately 10,000’. The surface location for this well is proposed at approximately 1,980’ FSL, 330’ FEL of Section 17, T22S-R27E, and a bottom hole location approximately 1,980’ FSL, 330’ FWL of Section 18, T22S-R27E. The dedicated horizontal spacing unit will be All of Sections 17 & 18, T22S-R27E, Eddy County, NM. The estimated cost of drilling, testing, completing, and equipping the well is \$9,495,418 as shown on the enclosed AFE’s dated August 13, 2024.
- **Hollywood Star 17-18 Fee Com 703H**, to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate Total Vertical Depth of 8,810’, and to a Total Measured Depth of approximately 19,150’ resulting in a productive lateral of approximately 10,000’. The surface location for this well is proposed at approximately 1,980’ FNL, 330’ FEL of Section

EXHIBIT
C

17, T22S-R27E, and a bottom hole location approximately 1,980' FNL, 330' FWL of Section 18, T22S-R27E. The dedicated horizontal spacing unit will be All of Sections 17 & 18, T22S-R27E, Eddy County, NM. The estimated cost of drilling, testing, completing, and equipping the well is \$9,495,418 as shown on the enclosed AFE's dated August 13, 2024.

- **Hollywood Star 17-18 Fee Com 704H**, to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate Total Vertical Depth of 8,810', and to a Total Measured Depth of approximately 19,150' resulting in a productive lateral of approximately 10,000'. The surface location for this well is proposed at approximately 660' FNL, 330' FEL of Section 17, T22S-R27E, and a bottom hole location approximately 660' FNL, 330' FWL of Section 18, T22S-R27E. The dedicated horizontal spacing unit will be All of Sections 17 & 18, T22S-R27E, Eddy County, NM. The estimated cost of drilling, testing, completing, and equipping the well is \$9,495,418 as shown on the enclosed AFE's dated August 13, 2024.

- **Hollywood Star 17-18 Fee Com 801H**, to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate Total Vertical Depth of 9,360', and to a Total Measured Depth of approximately 19,725' resulting in a productive lateral of approximately 10,000'. The surface location for this well is proposed at approximately 1,320' FSL, 330' FEL of Section 17, T22S-R27E, and a bottom hole location approximately 1,320' FSL, 330' FWL of Section 18, T22S-R27E. The dedicated horizontal spacing unit will be All of Sections 17 & 18, T22S-R27E, Eddy County, NM. The estimated cost of drilling, testing, completing, and equipping the well is \$9,589,420 as shown on the enclosed AFE's dated August 13, 2024.

- **Hollywood Star 17-18 Fee Com 802H**, to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate Total Vertical Depth of 9,360', and to a Total Measured Depth of approximately 19,725' resulting in a productive lateral of approximately 10,000'. The surface location for this well is proposed at approximately 2,640' FSL, 330' FEL of Section 17, T22S-R27E, and a bottom hole location approximately 2,640' FSL, 330' FWL of Section 18, T22S-R27E. The dedicated horizontal spacing unit will be All of Sections 17 & 18, T22S-R27E, Eddy County, NM. The estimated cost of drilling, testing, completing, and equipping the well is \$9,589,420 as shown on the enclosed AFE's dated August 13, 2024.

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Township 22 South, Range 27 East, Eddy County, New Mexico, and has the following general provisions: (JOA will be supplied upon request/participation)

- 100/300/300 Non-consenting penalty
- \$10,000/\$1,000 Drilling and Producing rate
- Alpha Energy Partners II, LLC named as Operator

If you do not wish to participate in the Operation, AEP would like to discuss the Leasing or Purchase of your mineral interest to AEP under the following terms:

Lease:

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- 1/5th royalty rate;
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If you do not wish to lease or sell your mineral interest, please indicate your participation elections in the spaces provided below, sign, and return (1) copy of this letter along with a signed copy of the enclosed AFEs and a copy of your geologic requirements to my attention at the letterhead address or by email at john@alphapermian.com. Thank you for your time and consideration, feel free to reach out if you have any questions.

Respectfully,

John Coffman
Alpha Energy Partners II, LLC
Office: 508 W. Wall St., 12th Floor, Midland, Texas 79701
Mailing: P.O. Box 10701, Midland, Texas 79702
(O) 432-219-8812 (email) john@alphapermian.com

[Elections on page to follow]

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Name/Company: _____
By: _____
Title: _____
Date: _____

ALPHA

P.O. Box 10701, Midland, Texas 79702

February 3, 2025

Chief Capital (O&G) II, LLC
8111 Westchester Drive, Suite 900
Dallas, TX 75225

Re: Well Proposals
Hollywood Star 17-18 Fee Com 701H
Hollywood Star 17-18 Fee Com 702H
Hollywood Star 17-18 Fee Com 703H
Hollywood Star 17-18 Fee Com 704H
Hollywood Star 17-18 Fee Com 801H
Hollywood Star 17-18 Fee Com 802H
Hollywood Star 17-18 Fee Com 803H

All of Section 17, Township 22 South, Range 27 East and All of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico, being 1267.84 acres, more or less

To Whom it May Concern,

Alpha Energy Partners II, LLC ("AEP II"), had originally proposed, on August 21, 2024, the wells described herein to Nickel River Royalties LLC, who was the working interest owner at the time the wells were proposed. The original proposal remains effective as the initial well proposal. As a courtesy, AEP II, on behalf of Paloma Permian AssetCo, LLC, as Operator, provides this well proposal to Chief Capital (O&G) II, LLC, successor in interest to Nickel River Royalties LLC, for the purpose of proposing the drilling of the Hollywood Star 17-18 Fee Com 701H, 702H, 703H, 704H, 801H, 802H, and 803H wells with productive laterals located in Section 17, Township 22 South, Range 27 East and Section 18, Township 22 South, Range 27 East, to the Wolfcamp Formation:

In connection with the above, please note the following:

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**EXHIBIT
D**

R27E, Eddy County, NM. The estimated cost of drilling, testing, completing, and equipping the well is \$9,495,418 as shown on the enclosed AFE's dated August 13, 2024.

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Lease:

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In the interest of time, if we do not reach an agreement within 30 days of the date of this letter, AEP II will apply to the New Mexico Oil Conservations Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

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Respectfully,



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Name/Company: _____
By: _____
Title: _____
Date: _____

ALPHA

P.O. Box 10701, Midland, Texas 79702

February 3, 2025

Covenant Hercules, LLC
9001 Airport Freeway, Suite 825
North Richland Hills, TX 76180

Re: Well Proposals
Hollywood Star 17-18 Fee Com 701H
Hollywood Star 17-18 Fee Com 702H
Hollywood Star 17-18 Fee Com 703H
Hollywood Star 17-18 Fee Com 704H
Hollywood Star 17-18 Fee Com 801H
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All of Section 17, Township 22 South, Range 27 East and All of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico, being 1267.84 acres, more or less

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Name/Company: _____
By: _____
Title: _____
Date: _____

From: Kendall Talbott kendall@collinspermian.com 
Subject: Fwd: [EXTERNAL] Re: Chief and Alpha Permian
Date: February 20, 2025 at 9:28 AM
To: Riley Morris Riley@alphapermian.com, Nick Maxwell Nick@alphapermian.com



C
P | **KENDALL TALBOTT**
Collins Permian
Chief Executive Officer
o 214.238.5853
kendall@collinspermian.com

CONFIDENTIALITY NOTICE: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not an intended recipient, you are hereby notified that you are prohibited from reviewing, disseminating, or copying this email and its attachments, if any. If received in error, please reply to me that you have received it in error and then delete the message. DISCLAIMER: This email does not constitute an agreement to conduct transactions by electronic means and does not create any legally binding contract or enforceable obligation in the absence of a manually signed written contract.

----- Forwarded message -----
From: **Walt Nixon** <wnixon@chief.energy>
Date: Wed, Oct 16, 2024 at 3:42 PM
Subject: RE: [EXTERNAL] Re: Chief and Alpha Permian
To: Kendall Talbott <kendall@collinspermian.com>
Cc: John Talbott <john@collinspermian.com>

Kendall and John,

I spent time reviewing the letters covering the three Carlsbad area leases which are the subject of our dispute. I don't have a handle on all of the details but at this cursory stage of my review it appears that Alpha failed to make timely payment for at least one of the leases at issue. As to the other two leases, the issue appears more nuanced and we will need to engage in additional fact finding to understand whose position prevails which will take time.

I noticed that Alpha recently filed to pool [Sections 17 & 18, T22S-R27E, Eddy County, NM](#). We are interested in the development of these sections and don't desire to delay development.

Do you have time for a call tomorrow (9:30 am – 10:30 am or 1:30 pm – 4:30 pm) or Friday (10:30 am – 2:30 pm) to discuss options for a resolution?

Regards,

Walt Nixon



D: 214.884.3234 | C: 214.535.4379



wnixon@chief.energy

From: Kendall Talbott <kendall@collinspermian.com>
Sent: Thursday, October 10, 2024 2:39 PM
To: Walt Nixon <wnixon@chief.energy>
Cc: John Talbott <john@collinspermian.com>
Subject: Re: [EXTERNAL] Re: Chief and Alpha Permian

Hi Walt,

Thanks for the note back. We can jump on now if that works? If so, we can use: +1 972-598-9087

Thanks

 **KENDALL TALBOTT**
Collins Permian
Chief Executive Officer
o 214.238.5853
kendall@collinspermian.com

CONFIDENTIALITY NOTICE: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not an intended recipient, you are hereby notified that you are prohibited from reviewing, disseminating, or copying this email and its attachments, if any. If received in error, please reply to me that you have received it in error and then delete the message. DISCLAIMER: This email does not constitute an agreement to conduct transactions by electronic means and does not create any legally binding contract or enforceable obligation in the absence of a manually signed written contract.

On Thu, Oct 10, 2024 at 2:21 PM Walt Nixon <wnixon@chief.energy> wrote:

Kendall,

I hope you and yours are doing well. It's great to have an opportunity to reconnect. I'm available for the next hour today and after 10:30 am tomorrow. Do you have time available today or tomorrow?

Regards,

Walt Nixon



D: 214.884.3234 | C: 214.535.4379

wnixon@chief.energy

From: Kendall Talbott <kendall@collinspermian.com>
Sent: Thursday, October 10, 2024 12:55 PM
To: Walt Nixon <wnixon@chief.energy>
Cc: John Talbott <john@collinspermian.com>
Subject: [EXTERNAL] Re: Chief and Alpha Permian

Hi Walt,

Long time no talk. Patrick let us know that you had emailed him and we let him know that we all went to high school together.

Do you have some time to jump on a call? If so, what windows are good?

Thanks



KENDALL TALBOTT
Collins Permian

Chief Executive Officer
o 214.238.5853
kendall@collinspermian.com

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On Thu, Oct 10, 2024 at 12:08 PM Patrick Collins <patrick@collinspermian.com> wrote:

Hey Walt,

Thanks for getting back to me so quickly. I'm copying in Kendall and John since they are closer to the details and y'all know each other from high school, etc. Maybe y'all can all hop on a call this afternoon, but will leave it to you all to connect?

Thanks,

Patrick



PATRICK COLLINS
Collins Permian

Principal
patrick@collinspermian.com

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On Thu, Oct 10, 2024 at 10:20 Walt Nixon <wnixon@chief.energy> wrote:

Patrick,

I received a note from Trevor to reach out to you to discuss a situation where Chief Capital and Alpha Permian are potentially adverse to each other. I believe this may be related to leases we recently acquired in the Carlsbad area. I spoke to Riley Morris in Santa Fe on Monday briefly and we agreed to explore the situation among our companies directly.

Do you have time for a phone call today?

Regards,

Walt Nixon



[8111 Westchester Drive, Suite 900 | Dallas, TX 75225](https://www.chief.energy/)

O: 214.265.9590 | D: 214.884.3234 | C: 214.535.4379

wnixon@chief.energy | <https://chief.energy/>

From: Kendall Talbott kendall@collinspermian.com
Subject: Fwd: Alpha Energy Partners II, LLC - Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico
Date: February 20, 2025 at 9:27 AM
To: Riley Morris Riley@alphapermian.com, Nick Maxwell Nick@alphapermian.com



KENDALL TALBOTT
Collins Permian
Chief Executive Officer
o 214.238.5853
kendall@collinspermian.com

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----- Forwarded message -----

From: Schumacher, Jason <jschumacher@omm.com>
Date: Fri, Sep 6, 2024 at 4:42 PM
Subject: RE: Alpha Energy Partners II, LLC - Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico
To: Kendall Talbott <kendall@collinspermian.com>

Kendall! So great to hear from you. Yes, I think it may have been a meeting we had shortly after I joined Locke Lord. It has definitely been too long. I had not heard about you joining up with Patrick. Just to make sure, is this Patrick Collins of Cortez Resources here in town? If yes, I have known Patrick and Michael a long time. Good guys both.

Have a great weekend and thanks so much for your note.

All the Best,

--Jason

Jason A. Schumacher

O: +1-972-360-1942

jschumacher@omm.com

From: Kendall Talbott <kendall@collinspermian.com>
Sent: Friday, September 6, 2024 4:35 PM
To: Schumacher, Jason <jschumacher@omm.com>
Subject: Re: Alpha Energy Partners II, LLC - Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico

Hi Jason,

Long time no talk -- we met when I was at Crosstex / EnLink and you were at Detons perhaps? I am trying to refresh my memory. Anyway, I am now over at Collins Permian working with Patrick Collins. Small world! Looking forward to working together on this matter. Thanks



KENDALL TALBOTT
Collins Permian



Chief Executive Officer
o 214.238.5853
kendall@collinspermian.com

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On Fri, Sep 6, 2024 at 3:49 PM Schumacher, Jason <jschumacher@omm.com> wrote:

Thanks Kevin and good to meet you over email Will. We are reviewing the underlying materials from Covenant and hope to be in contact with Bracewell next week.

All the Best,

--Jason

O'Melveny

Jason A. Schumacher

Partner

jschumacher@omm.com

O: +1-972-360-1942

O'Melveny & Myers LLP
2801 North Harwood Street
Suite 1600
Dallas, Texas 75201

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From: Kevin Christian <K.Christian@covenantroyalties.com>
Sent: Friday, September 6, 2024 3:29 PM
To: Moss, Will <will.moss@bracewell.com>; Schumacher, Jason <jschumacher@omm.com>
Cc: legal@collinspermian.com; z.goff@nickelriverroyalties.com
Subject: Re: Alpha Energy Partners II, LLC - Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico

Mr. Moss, I've copied Jason Schumacher, our counsel who will be handling the matter for us. I'm sure from this point forward he will be taking over communications from our side. Thank you.

Kevin

From: Moss, Will <will.moss@bracewell.com>
Date: Friday, September 6, 2024 at 3:22 PM
To: Kevin Christian <K.Christian@covenantroyalties.com>
Cc: legal@collinspermian.com <legal@collinspermian.com>, z.goff@nickelriverroyalties.com <z.goff@nickelriverroyalties.com>
Subject: RE: Alpha Energy Partners II, LLC - Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico

Mr. Christian,

As indicated in my August 26 letter, it is now September 6 and Covenant has failed to release the Nickel River Leases, and, despite your indications otherwise, I've yet to hear from your counsel. Does Covenant intend to release the Nickel River Leases? If not, when do you expect to have counsel engaged? If the appropriate releases are not promptly filed or I do not hear from your counsel in short order, Alpha will have no choice but to initiate formal legal proceedings.

-W

WILLIAM A. MOSS

Senior Counsel

will.moss@bracewell.com | [download v-card](#)

T: [+1.713.221.3304](tel:+1.713.221.3304) | F: +1.800.404.3970 | M: [+1.903.227.4701](tel:+1.903.227.4701)

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From: Kevin Christian <K.Christian@covenantroyalties.com>
Sent: Tuesday, September 3, 2024 8:30 AM
To: Moss, Will <will.moss@bracewell.com>; z.goff@nickelriverroyalties.com
Cc: legal@collinspermian.com
Subject: [EXTERNAL] Re: Alpha Energy Partners II, LLC - Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico

Mr. Moss, I'm still working preliminarily with counsel on this. You will hear from our counsel this week. Thank you.

Kevin

From: Kevin Christian <K.Christian@covenantroyalties.com>
Date: Tuesday, August 27, 2024 at 12:20 PM
To: Moss, Will <will.moss@bracewell.com>, z.goff@nickelriverroyalties.com <z.goff@nickelriverroyalties.com>
Cc: legal@collinspermian.com <legal@collinspermian.com>
Subject: Re: Alpha Energy Partners II, LLC - Section 18, Township 22 South,

Range 27 East, Eddy County, New Mexico

Mr. Moss, we are in receipt of your email. We have asked our litigation counsel to run a conflicts check and subsequently you will be hearing back directly from counsel.

Regards,

Kevin Christian, JD

Chief Executive Officer

9001 Airport Freeway, Suite 825

North Richland Hills, Texas 76180

Ph: 325.280.8680



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From: Moss, Will <will.moss@bracewell.com>

Date: Monday, August 26, 2024 at 5:41 PM

To: z.goff@nickelriverroyalties.com <z.goff@nickelriverroyalties.com>, Kevin Christian <K.Christian@covenantroyalties.com>

Cc: legal@collinspermian.com <legal@collinspermian.com>

Subject: Alpha Energy Partners II, LLC - Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico

Messrs. Goff & Christian,

Please see the attached correspondence on behalf of Alpha Energy Partners II, LLC.

-W

WILLIAM A. MOSS

Senior Counsel

will.moss@bracewell.com | [download v-card](#)

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