

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

APPLICATION OF AMERICAN
ENERGY RESOURCES LLC,
FOR DE NOVO HEARING,
EDDY COUNTY, NEW MEXICO

CASE NOS. 25694
25695
25696

COMBINED AMERICAN MOTION TO DISMISS AS MOOT AND RESPONSE TO ALPHA
RESPONSE TO AMERICAN APPLICATION FOR DE NOVO HEARING AND EMERGENCY
MOTION TO STAY DIVISION ORDERS NOS. R-23961, R-23989, R-23977

American Energy Resources, LLC, (collectively "American"), submits to the Oil Conservation Commission ("Commission" or "OCC") this Response ("Response") to Alpha Energy Partners, II, LLC, and affiliate AEP II Operating, LLC (collectively "Alpha") response to American Application for De Novo Hearing and Emergency Stay of Order No. 23961, R-23989, R-23977 involving case nos. 25166, 25495, 25496 ("Application" and "Motion to Stay" respectively). In support of its Response to the Response, American provides the following:

Procedural Background and matters relevant to Alphas combined response and complaint.

- 1) Alpha response and complaint is solely based on objections without the burden of proof and is based on a select procedural matter solely relying on the OCD and OCC to show favoritism without standing or merit for such extreme demands by Alpha, and are material concerns for American who was Silenced by muting and denied it's right to speak to defend its interests, because of false and frivolous claims presented by Alpha counsel Darin Savage through false title from in housed landman John Coffman. John Coffman title work was brought forth on false

statements and unclean hands for to benefit his employer for profits and Alpha and subsidiaries by agreement Paloma are considered too risky to operate by New Mexico law and standards to protect correlative rights. The OCD or OCC through obligated duties to protect correlative rights are superior above all laws within their jurisdiction and cannot allow to expedite any development plan or bigger multimillion dollar development plans for the sake of profits to benefit specific correlative rights because they claim to have spent multiple millions of dollars over other correlative rights, which could further boarder antitrust law violations and Sherman violations, and further would violate New Mexico state law to protect correlative rights and prevent waste, and to deny correlative rights over false claims from other claiming to own correlative rights would be the allowing of waste and another violation of New Mexico law.

- 2) The Saik #001Well (API No. 30-015-20971) ("Saik Well") was the well originally assigned to the Saik Unit. The Saik Well was drilled into the Morrow formation in 1973 and later recompleted into the Carlsbad; Wolfcamp, East (Code 74160) in 1996, which is a different pool than the Purple Sage; Wolfcamp Pool (Code 98220), and is owned by American Saik Unit, that was arbitrarily and erroneously assigned to the Hollywood Star HSU wells in the present cases no 25166, 25496, 25495. Alpha Exhibit 3, is irrelevant to the matter. Subsequently, the Saik well ceased production from 2008 to 2019, during Covid Pandemic the majority of operators shut operations, for a while the Division had no office itself due to the Division moving locations during the Covis pandemic, and had zero reports of production thereafter through 2024, resulting in sixteen (16) years of no production, since, American has been reporting for all of 2025 as a prudent operator. For Alpha to attempt to terminate all American leases in the Saik Unit and further attempt the force plugging of the Saik well of American ownership in the Subject Lands, is gross negligent, and would violate due process rights. Alpha Exhibit 2, is irrelevant to the matter, and a decoy at best, used to attempt to sway the Commission. Despite Alphas lack of a good faith claim to its ownership through its top leases. American filed its Form C-145 with the Division on January 7, 2025, by which American as the new operator of the Saik Well assumed all liabilities and consequences associated with acquiring the Saik well with ownership rights for producing, recompleting, and drilling the subject lands. Termination of any lease in this manner would violate due process rights and New Mexico law and violate obligated duties.
- 3) The Saik #001Well (API No. 30-015-20971) ("Saik Well") was the well originally assigned to the Saik Unit. The Saik Well was drilled into the Morrow formation in

1973 and later recompleted into the Carlsbad; Wolfcamp, East (Code 74160) in 1996, which is a different pool than the Purple Sage; Wolfcamp Pool (Code 98220, that are both owned by American Saik Unit, that was arbitrarily and erroneously assigned to the Hollywood Star HSU wells in the present case no 25166, 25496, 25495. Alpha Exhibit 3 is irrelevant to the matter. Subsequently, the Saik well ceased production from 2008 to 2021, during Covid Pandemic the majority of operators shut operations down for many years, and for a while the Division had no office itself due to the Division moving locations during the Covid pandemic, and zero reports of production thereafter through 2024, resulting in sixteen (16) years of no production, since, American has been reporting all of 2025 as a prudent operator. Alpha Exhibit 2 is irrelevant to the matter. Despite Alpha its lack of a good faith claim to ownership, For Alpha to attempt to terminate all American leases in the Saik Unit and further attempt to the force plugging on the Saik well of American ownership in the Subject Lands, is gross negligent, and would violate due process rights. Alpha Exhibit 2 is irrelevant to the matter, and a decoy at best, used to attempt to sway the Commission. American filed form C-145 with the Division on January 7, 2025, by which American as the new operator of the Saik Well assumed all liabilities and consequences associated with acquiring the Saik well and lease with ownership rights for producing, recompleting, and drilling the subject lands and authorized and granted by the Division. Termination of any lease in this manner would violate due process rights and New Mexico law and violate obligated duties.

- 4) In fact, eight (8) years ago, the Energy, Minerals and Natural Resources Department ("EMNRD") sent a Letter of Violation, dated March 2, 2017 ("NOV Letter to Wildcat"), to the operator of the Saik Well demanding that corrective action be taken to address the Saik Well's lack of production, which included the option of (1) immediately restoring the well to production; (2) request temporary abandoned status pursuant to Rule 19.15.25.13; or (3) proceed with plugging the well. The deadline for taking corrective action was eight (8) years ago, June 5, 2017, and no corrective action was taken for the Saik Well. Missing the deadline by years provides the Commission with the authority and jurisdiction to compel American to plug the well, is arbitrary and erroneous. The NOV Letter is for a previous operator Wildcat, Alpha Exhibit 7, is irrelevant to the matter because it violates due process rights. To present date American has not received a NOV because American is not in violation with New Mexico law. American acquired leases to the Saik Well that have not expired or not terminated because, American has not been allowed its rights to due process, but American acquired the Saik Well in such a condition that the only remaining option for the Commission at this point in time would be, if Alpha feels

they have a just claim against American, it should take its claims to a court of proper jurisdiction, instead of attempting to sway the Commission to arbitrarily and erroneously enforce the plugging and on a prudent operator well such as American, with intent to put a prudent operator such as American out of business, with pursuant to the terms of the NOV Letter intended for a previous operator Wildcat as its justification to violate due process rights.

5) American fifty-year-old leases have not expired, all the mineral owners in the N/2 of Section 17 -22S-27E are held by American leases and Saik Unit, and consequently, Alpha only obtained top leases from its purchase from Uplift, and any new leases Alpha was able to obtain are in valid as leases and are in fact top leases from the owners in the N/2 of Section 17 (covering the Saik Unit) to justly allow Alpha to acquire almost 100% of the mineral interest in the Saik Unit and a majority interest in the Subject Lands, through top leases, that were used to sway and mislead the division is arbitrary and erroneously in granting its Order No. R-23961 R-23989, R-23977. Alpha Exhibit 5, is erroneously arbitrarily compromised, showing Alpha's current ownership of the N/2 of Section 17 through top leases, which further demonstrates that Alpha owns no interest in American Saik Unit or the Subject Lands; Alpha Exhibit 1, is erroneously arbitrarily compromised, falsely portraying Alpha's ownership in the Subject Lands; Alpha Exhibit 10, is irrelevant for it violates due process, that falsely portrays in its attempt to mislead the Commission that American Leases have expired and been supplanted. In fact, Alpha numerous attempts to mislead the Commission that it currently owns almost 100% of the leasehold rights through top leases of all the tracts in the Saik Unit, is arbitrary and erroneous, and Alpha to effectively claim pooling any remaining unleased owners would be misleading. American through Federal law and New Mexico law is the legitimate owner in the Subject Lands Saik Unit as a prudent operator acting in good faith efforts.

6) Alphas recognition that the Commission does not have jurisdiction to determine the validity of any title or the continuation in force and effect of any oil and gas lease is correct, furthermore, American is acting as a responsible operator protecting its correlative rights and good faith claim to title and good faith belief that it has rights is drill, operate, recomplete, and produce its Saik well and unit.

American has filed numerous forms to operate its three wells that are all being held hostage by Jessie Tremaine without a just cause or merit for such extreme actions.

7) If an operator makes such filings without a good faith claim to title and a good faith

belief it is qualified to operate a well and is allowed to produce a well without a good faith claim of ownership in the unit, the operator will produce the well in direct violation of the correlative rights of the legitimate owners, which is prohibited under the Oil and Gas Act (“OGA”), §70-2-1 et seq. is correct, and for the fact that American leases are superior to any claim or top lease Alpha may own if any, Therefore, American respectfully submits that the Commission would not have jurisdiction under the OGA to determine whether an operator filed such forms and applications “under a good faith claim to title” and “good faith belief” it did have the prerequisite rights to produce the well because such a determination of “good faith” in both instances is not a determination of title or ownership but is a determination of whether the claim to title presented to the Commission regardless of false misleading ever changing claims of Alpha over a good faith effort for the protection of correlative rights. Thus, the Commission’s ruling on “good faith” in the present case would not directly protect correlative rights. See, e.g., NMSA 1978 §70-2-11 (stating that the Commission has concurrent jurisdiction with the Division “to protect correlative rights” and has authority “to do whatever may be reasonably necessary to carry out the purpose of this act, whether or not indicated in any section hereof.”), is a use of word trickery by Alpha Counsel, because it would violate Division obligated duties to protect correlative rights and prevent waste of a prudent operator such as American. Thus, under the present cases, the Commission only has authority and jurisdiction to rule against Alpha objection and enforce plugging and abandonment of its Colonia A Com #001, Kodiak #002, Tracy B Com #001 Well for not having adequate financial assurances and terminate all new HSU wells and order no. R-23961, R-23989, R-23977 pursuant to its jurisdiction to protect correlative rights under the OGA and pursuant to the express terms of the New Mexico State Law of not having adequate financials.

II. Alpha Did Not Acquire Operatorship the leases in any of its 4 wellbore assignments in the Colonia A Com #00, Kodiak #002, Merland A Com #001, and Tracy B Com #001 wells, and does not have a Good Faith Claim to Title or a Good Faith Belief that it Can Legitimately Produce the Wells or any new drilling of wells, for the fact that any leases that Alpha or any subsidiary of Alpha, Paloma, may thing they own leases that are bound to more superior leases of the original wells in these proposed lands such as American being majority lease owner in N2 of Section 17 – 22S – 27E and Mewbourne being majority lease owner in the S2 of Section 17 -22S – 27E and Oxy being majority lease holder in all of Section 18 – 22S – 27E, because when Mewbourne and Oxy assigned its wellbores to Tap rock Operating, the interests to the leases were withheld in the assignments, and American is the owner of interest in its Saik lease and Unit and Therefore Alpha Fails the Criteria for Prudent Operatorship.

See Exhibit A Kodiak well bore assignment

See Exhibit B Colonia A Com wellbore assignment

See Exhibit C Tracy B Com wellbore assignment

8) The Commission, as well as the Division, is authorized under precedent and policy to determine whether a party or operator acts in good faith between parties and before the Division and Commission. But the factors the Commission considers when evaluating a pooling application, factors, reviews of whether a party made a “good faith” effort in its actions with parties before the Division and Commission. See OCC Order No. R-21416, ¶ 9. This requirement for a party’s “good faith” actions with parties before the Division and Commission, combined with the requirement in Order No. R-11700-B, ¶ 28, that an operator only qualifies for permission to drill and operate a well “under a good faith claim to title,” that was not done in this case, and irrelevant because American correlative rights are being infringed and trespassed on. It demonstrates that the Commission or Division does not have jurisdiction to evaluate their own mistake because it could further violate New Mexico laws and Federal laws that have already been violated in determining whether a party’s claim to title is made in good faith.

Alpha claims were inconsistent and changed over time from an abandoned well, to no ownership at all, to a wellbore assignment, to an expired lease, and in any court would acknowledge that an inconsistency claim is not considered creditable by any level and standing for acting in bad faith.

9) The Commission or Division does not have jurisdiction to examine a title instrument to determine the validity of title itself is correct, and, American respectfully submits that the Commission could have jurisdiction to review evidence in order to evaluate a party’s actions to determine the “good faith” element of a request to operate, and/or drill, recomplete a well, or the “good faith” element of claiming ownership in order to request a hearing or object to a hearing, if it could not violate New Mexico law, and since this cannot be guaranteed it would be irrelevant to the matter. In other words, because ownership of mineral interest is a pre-requisite to producing and claiming production from a well and is a pre-requisite for standing in a hearing, the Commission does not have jurisdiction (for the protection of correlative rights and the prevention of waste is compromised due to false claims of Alpha attempting to terminate a lease without due process) to determine whether applicants requesting such privileges as permission to operate a well, permission to drill a well, permission to recomplete a well, and/or permission to compulsory pool or the privilege to participate in a hearing and object to a hearing, were made under a “bad faith” claim to title and ownership. A determination and evaluation of the “good faith” element in this particular claim is not distinguishable and not separate from determining the validity of title and ownership itself.

10) The standard for whether a claim to title is made in good faith is informed by the factor that the Commission may consider when evaluating a pooling application -- the evaluation of a party to "prudently operate" the property. See Order No. R-21416 ¶ 9. Is irrelevant to the matter for American correlative rights are being infringed and trespassed on. Thus, the Commission does not have jurisdiction to evaluate whether an operator is a prudent operator and/or acted in a prudent manner toward its operatorship of a well under these current circumstances. See *id.* Black's Law Dictionary, 7th ed., p. 1241, defines "prudent" as "circumspect or judicious in one's dealings; circumspect." American submits that a prudent operator would not acquire fifty-year-old wellbores assignments as Alpha did, without performing due diligence, for the purpose of operating a non-producing well (the Colonia A Com, Merland A Com, Kodiak, Tracy B Com Wellbore assignments) under conditions that prevent an operator from making a "good faith" claim to title or having a "good faith" belief it has the right to operate, recompleat and produce the well or the HSU wells. In the present matter, a cursory review of the records in Eddy County immediately reveals that Alpha mineral tracts in in the N/2 of Section 17-22S-27E, subsequently have been leased in violation with New Mexico law; thus, Alpha had both constructive and actual notice that it is not possible to make a "good faith" claim of title or to have a "good faith" belief it could drill and produce all of Sections 17 and 18 -22S – 27E, because any leases may have obtained if any are all bound to existing fifty-year-old superior leases. Alpha's list of leases covering minerals in the Section 17 and 18 -22S – 27E (the Saik Unit, Colonia A Com Unit, Tracy B Com Unit, Kodiak Unit) are all in violation with New Mexico state law regardless of American fifty-year-old leases In the N2 section 17, or Oxy fifty-year old lease in all of Section 18, or Mewbourne fifty year old lease in S2 section 17. American after proper due diligence performed on Alpha's Leases, shows that all of Alphas Leases, if there is any, are all held by superior leases of original fifty-year-old wells held in place by New Mexico law, that in fact don't violate New Mexico law. Thus, American is a prudent operator and in fact Alpha is the one who has failed to show the Commission it is a prudent operator.

11) It is an important standard in the oil and gas industry for a prudent operator, who decides to acquire -- for the purpose of producing a well -- old leases that on their face of title is not in the appropriate venue of jurisdiction to make any kind of ruling or decision regarding allowing for the expiration or termination of a lease. The Commission could rather use its authority to review unbiasedly each operators actions toward its efforts in following New Mexico law were in good faith efforts in protecting correlative rights, is irrelevant to the matter, for American correlative rights were infringed and trespassed on under false claims by Alpha.

American did acquire 50-year-old leases and its C-145 was approved by the Division, because American put up a cash blanket bond, but also put up cash single well bonds on each of its three wells. Old oil leases are nothing new in the oil industry, as every oil company in the Permian has old leases in their portfolios 50 years old and even older. American made good faith efforts to update its leaseholds ownership with its affidavit of publication in the local newspaper, and consequently, American can make good faith claim to title for the Saik well and Unit.

See exhibit D American well bonds

12) A prudent operator would never attempt to drill, operate, and/or produce a well based on such leases without first updating the ownership of the leases (1) to determine whether the leases could be valid; (2) to identify the current royalty owners of the leases to whom payments would be sent if the leases could be valid; and (3) to review subsequent filings of record to determine if the operator is subject to notice that the leases had been supplanted and superseded by newer leases. In the oil and gas industry, a party cannot apply for drilling, operating or recompleting a well under a good faith claim to title or a good faith belief it has the right to operate and produce a well unless such efforts are undertaken. If Alpha had exercised such necessary due diligence pursuant to the customs and standards of the oil and gas industry by reviewing the instruments of record without prejudice to true title ownership, by updating the chain of title for its leases, as top leases appropriately, and by checking the current updated production history of the Saik Well, Alpha would have discovered that its leases were bound to American Saik Unit under New Mexico law and any new leases Alpha may have obtained would all be bound to American Saik Unit, and does not have the rights under New Mexico law to supersede the leases of American Saik Unit, that American had acquired.

Alpha Exhibit 10, is irrelevant to the matter, showing a signed affidavit of Roger Becker erroneously intervening in a lease that he no longer owns and has no right to make any statements or claims whatsoever that could erroneously harm a prudent operator such as American current lease holds and good faith efforts, and further Roger Becker mislead the Division its signed affidavit without standing is frivolous, for Roger Becker is not familiar with New Mexico law, and possibly not familiar with federal law under due process rights, Roger Becker as Assignor for Wildcat self-proclaimed his own failed efforts and are not standing with merit to enforce extreme harm to correlative rights of American interest ownership today, for the fact that American has made proper due diligence and efforts to protect its Saik Unit, updating its interest ownership of leases.

Alpha attorney Darin Savage continues to find ways to slightly change the narrative of the matter as a creature of nature, Alpha acquired its top leases from Uplift Energy LLC in the N/2 of Section 17 – 22S - 27E on June 14, 2024, in Book: 1184 Page: 350 after American

acquired ownership November 26, 2018, in Book: 1117 Page 1122, At which time the entire country was hit with the COVID Pandemic and for a period of time, the Division itself did not have an office for a period of time, due to the Division moving office location. Regardless of when American filed its change of operatorship or its application to recompleat its Saik Well; is irrelevant to the matter, for the fact that American followed New Mexico law in its operations, therefore, Alpha had constructive notice at the time it filed its Compulsory pooling application and due diligence period and further Alpha knew it had no right to produce from the N2 of Section 17 – 22S- 27E due to being owned and bound to American (“Saik Unit”).

Further, Alpha claims to spent multiple millions on title when, it appears they purchased interests from Uplift Energy LLC without doing proper due diligence for their purchase, and after the number 1-4 the next phrase states, THIS INSTRUMENT IS DELIVERED TO ASSIGNOR TO ASSIGNEE WITH NO WARRANTY TO TITLE. This is for a reason because the assignment was invalid. No prudent operator would of attempted to compulsory pool using interests of an assignment that give no warranty to title.

See Exhibit F Uplift to Alpha Book: 1184 Page: 350

13) American did obtain its leases by Assignment dated December 17, 2018, recorded in Book 1117, Page 1122 is the date when it was recorded.

For Alpha counsel to make claims to who spend more money on title search is irrelevant to the matter, because Alpha claim to a multimillion dollar title search was biased toward American ownership of interest, 1) such an expensive title search would of recognized American ownership of interest as being superior to any lease, without having a demand that proceeds action, and Alpha claims if any are bound to American Saik Unit, 2) A multi-million dollar title search covering two sections within city limits should have been in done in a more qualified manner by out sourcing a land company instead of being cheap and in housing a landman John Coffman as an employee, and for Alpha to expect such a big title search within city limits covering two sections to be accurate and correct under the guidance and direction of Alpha itself over John Coffman, is wishful thinking at best, for title is too easily compromised, such an extreme title search should have been done with more respect and Alpha numerous actions are as an imprudent operator.

John Coffman as an employee of Alpha handling title work can be done in such a way to overcompensate his employer, John Coffman on his signed affidavit states he was supervised and directed by Alpha. The fact that such employee John Coffman can benefit his employer greatly without disciplinary actions from AAPL and NMLA is too risky to accept as not being compromised. Such false claims could greatly overcompensate and benefit his employer Alpha erroneously.

Although the Commission cannot determine title itself, it can review and evaluate the due diligence, and other good faith measures a prudent operator must undertake to present to the Division and Commission a good faith claim to title.

The Commission and Division have not jurisdiction to determine investment in its review to evaluate the due diligence as it would be violating Antitrust law and Equal Protection Clause, and boarder discrimination law.

14) Although the Commission cannot confirm and verify the exact percentages of working interest in the ownership exhibit that an applicant is required to provide too the Commission, the Commission does have authority and jurisdiction to compare the percentage of working interest presented in the ownership exhibits and make decisions whether a party should or should not be granted operatorship based on a comparison of the amounts of working interest presented. See, e.g., Order No. R-21416-A, ¶ 9, Since American Saik unit ownership is being infringed and trespassed upon by Alpha, this method of comparing percentages with Alphas false and frivolous claims to title in its Exhibit 10 is arbitrary with frivolous, such claims from Alphas and its in housed landman John Coffman as justification for their bad faith efforts that benefit his employer Alpha for profits, should be considered too compromised to be an accurate statement regarding title at any hearing, John Coffman statements were not consistent and changed over time, and should be considered hearsay at best and not admissible evidence, and for the Commission to use such an erroneous method of comparing percentages against an effected party such as the superior correlative rights of the Saik unit American owns, would further contribute to assisting in the taking of American (property) correlative rights by a governing body, violating obligated duties to protect correlative rights that further violates New Mexico law and considered unconstitutional.

15) Thus, the Commission has the authority to evaluate and should evaluate and determine whether Alpha was a prudent operator who made good faith efforts to determine it had, and presented to the Commission, a good faith claim to title and a good faith belief it had a right to produce the its HSU Wells, Kodiak, Colonia A Com, Tracy B Com, Merland A Com when it applied for operatorship of its Wellbores and APDs and when it entered its application in Case No. 25166, 25496, 25495 to compulsory pooling interests based on a false claims to ownership in the N/2 of Section 17. Review of the facts and evidence provided herein shows that Alpha did not file its C-145 to acquire operatorship of the HSU, Kodiak, Colonia A Com, Tracy B Com, Merland A Com Wells under a good faith claim to title or a good faith belief, nor did Alpha file any application to recomplete the Kodiak, Colonia A Com, Tracy B Com, Merland A Com wells under a good faith claim to title or good faith belief, Alpha has not made good faith efforts to obtain adequate financial assurances to

operate any wells. In both instances, no prudent operator would have applied for operatorship for the purpose of producing or drilling the HSU well, Kodiak, Colonia A Com, Tracy B Com, Merland A Com Wells based on fifty-year-old leases that are in fact 50 year old wellbore assignments that Alpha acquired through its Kodiak, Colonia A Com, Tracy B Com, Merland A Com wells without having completed the necessary due diligence to confirm it had a good faith claim to title and good faith belief in its right to produce the wells.

Furthermore, American acting as a prudence operator with good faith efforts shown toward protecting its correlative rights did in fact enter an appearance and objection in Case No. 25166, on January 29, 2025, and objection in case no. 25496 and 25495 on August 7, 2025, and was arbitrary and erroneously silenced from participating, and then filed its appeal with Commission and Division on October 2, 2025, under a good faith claim to title and good faith belief that it has the right to produce the Saik Unit and well.

Clearly, Alpha has acted in bad faith in order to interfere with, undermine, mislead, and directly violate the correlative rights of around 100 owners in the Subject Lands who are waiting for their just and equitable share of production as authorized by the original order of the Saik unit.

16) Moreover, Alpha wrongly claims that Order No. R-23961, R-23989, R-23977 is proper, because the Division Examiner disregarded NMSA 1978 §70-1-5 as required by New Mexico law. Alpha objections and response to American De Novo Application continued to change over time with its numerous false claims. The Division Examiner disregarded New Mexico state rule §70-1-5, a rule that is required by New Mexico law, and by disregarding a required rule would be considered not applicable decision and erroneous and arbitrary of the Division and not relevant to Alpha's claim of title.

First, Alphas counsel wrongly cites this statute, as not being part of the OGA which starts on NMSA 1978 § 70-2-1, et seq. Section 70-1-4 and 70-1-5 stands for the foundation of the managing of ones interests that is required by New Mexico law and for Alpha counsel to use the word proposition, when the New Mexico law under 70-1-5 uses the word ("demand" for release must proceed action), and that before a landowner or mineral owner (that is, a lessor) can bring a cause of action against a lessee for failing to release a lease, the landowner must first demand release of the lease prior to the action.

Second, Alpha frivolous use of the statute 70-1-5 while claiming Alpha has nothing to do with the attempt to have a governing body attempt to terminate and expire American Leases through false claims of expired and terminated leases and further attempts to sway and mislead the landowner or mineral owner to execute another subsequent lease with a different lessor as Alpha as a top lease at best, while willfully ignoring the existing lease of American that is far superior to any lease of Alpha, for Alpha lease do not follow New

Mexico law. Alpha misrepresents and misapplies this statute and cannot use it to make a good faith claim to title based on its misuse of New Mexico law to attempt to sway and mislead the Division to terminate American fifty-year-old leases and its right to operate its Saik unit and well, through the taking of property by a governing body without jurisdiction is willful gross negligent.

III. When Alpha Acquired its wellbores of the Kodiak, Merland A Com, Tracy B Com, Colonia A Com, It Acquired Only the Personal Property of Salvage Materials and the Obligation to Plug the Wells and Clean Up the Wellsite, and any leases that Alpha may have obtained would be bound to all these original fifty year old leases held by American and other operators with valid claim, not Alpha with its false claims.

17) Given the evidence provided herein showing Alpha failure to present a good faith claim to title and its lack of prudence as an operator of the Kodiak, Colonia A Com, Tracy B Com, Merland A Com Well, American respectfully moves the Commission to exercise its authority to compel Alpha to properly plug and abandon the wells and perform any necessary clean-up of the well site for being in violation with not having adequate financial assurances 19.15.5.9, NMAC 19.15.25.8, Oil and Gas Act 70-2-14. American is a prudent operator and has provided adequate financials for its operations and is in fact is operating in good faith efforts, while following the standards of New Mexico law.

18) The Kodiak, Colonia A Com, Tracy B Com wells became non-productive as far back as 2014, and Division records indicate zero production from Kodiak, Colonia A Com, Tracy B Com wells from about 2014 to present, and no reports had been submitted to the OCD from 2014 to present. Pursuant to 19.15.25.8A and B NMAC, an operator of a well "shall plug" the well within 90 days after "a period of one year in which a well has been continuously inactive." 19.15.25.8.B(3) NMAC. and be forced to plug its wells for not having adequate financial assurances 19.15.5.9, NMAC 19.15.25.8, Oil and Gas Act 70-2-14. Tap rock Operating was the operator of the wellbores of the Kodiak, Colonia A Com, Tracy B Com before eventually getting assigning to Alpha, Tap rock Operating made aware of its submitted procedure to PA the Kodiak, Colonia A Com, Tracy B Com on December 6, 2023, for not being economically profitable and further the previous operators Chi Operating were made aware by the division NOV to plug its well Kodiak well on March 2, 2017.

See Exhibit _____ p/a kodiak

See Exhibit _____ p/a colonia A Com

See Exhibit _____ p/a tracy B Com

In 2017, when Wildcat Energy LLC ("Wildcat") was operator of the non-producing well, the Energy, Minerals and Natural Resources Department ("EMNRD") recognized the need for the operator of the Saik Well to plug and abandon ("P&A") the well. See Letter of Violation re Inactive Well(s) dated March 2, 2017, attached hereto as Exhibit 7 is irrelevant in the matter.

In the NOV Letter, EMNRD mandated that either the Saik Well (1) be "immediately" restored to production, or (2) be placed on "Temporary Abandoned" status, or (3) proceed with plugging procedures.

Alpha Counsel withheld, no. 10 of the change of operator, that if a well transfers to another operator, the OCD must approve the change.

Records show that no action was taken by the EMNRD and the Saik Well since American has owned the well and American continued produce its well through tests from January 2025 until present, and Wildcat assigned the fifty-year-old leases covering the N/2 of Section 17 to AER by Assignment dated December 17, 2018, recorded in Book 1117, Page 1122 (Reception No. 1820128), and AER acquired operatorship of the Saik Well from Wildcat on January 7, 2025, when it filed a C-145 Form. Given that the NOV Letter is for the previous owner Wildcat and not the current owner American is a violation of due process regardless of when previous owner Wildcat NOV was issued and that any attempt now by Alpha counsel to attempt to violate American correlative rights in its attempt to hold American interests hostage through changing the narrative of the matter would violate the correlative rights of the legitimate working interest owners in the Subject Lands, American submits that its productive Saik Well should be respected and requests the Commission to compel Alpha to clean up and plug its own wells for not having adequate financials or making good faith efforts in its operations and for the further protection of correlative rights and the prevention of waste, before Alpha makes further attempts to manipulate law to force American to plug its wells without standing and merit for an extreme act.

19) Despite its lack of due diligence, lack of prudence, and lack of a good faith claim to title, Alpha assumed wellbore operatorship of the Kodiak, Colonia A Com, Tracy B Com well fully aware that it had assumed all liabilities and consequences associated with acquiring a non-producing well in which Alpha has no ownership of production. In its Change of Operator Form, Alpha certified to the Division that "I understand that New Mexico requires wells that have been inactive for certain 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 must keep current with financial assurances for well plugging and follow New Mexico law 19.15.5.9, NMAC 19.15.25.8, Oil and Gas Act 70-2-14.

Further, Wildcat's Lis Pendens is a further attempt to sway and mislead the Commission and is irrelevant because this matter was resolved and dismissed on February 21, 2025.

Furthermore, the NOV Letter provides the Commission with plenary jurisdiction and authority to compel Wildcat to plug wells, as the NOV Letter states that enforcement of the NOV Letter may include the EMNRD office to apply to the Division for an order summoning you to a hearing before the Division Examiner to show cause why you should not be ordered to permanently plug and abandon this well. Alpha Exhibit 7, is irrelevant to the matter, and is based on another attempt by Alpha Counsel to sway and mislead the Commission to act frivolously with its authority upon acting on such an erroneous and arbitrary request by Alpha counsel that would violate Federal due process laws and New Mexico laws. Alpha requests for the Commission to take the opportunity of this de novo hearing to exercise its concurrent jurisdiction and order American to plug the Saik Well based on the terms of the NOV Letter to Wildcat as its basis and argument and evidence presented, as both of which standing alone does not justify the violation of American rights to Due process to frivolously plug American Saik Well.

20) Considering that Alpha had acquired from uplist top lease leasehold interest in almost all the N/2 of Section 17 (Saik Unit) through acts of misleading, infringement, and trespass of American correlative rights. Alpha further attempt to use, when, American filed for change of operator as its just claim to ownership of American Saik unit and leases is irrelevant to the matter and further an attempt to mislead and misuse New Mexico law. Further, it is not understandable and not reasonable that Alpha did not consider American claim to its Saik unit as a valid claim to interests in the Saik unit, lease, well, and unit capable of legitimate production, whether American claim is based on fifty-year-old-leases that are valid by terms and New Mexico law and with standing and merit holds American Saik unit and leases superior to any new top leases that Alpha thinks they may have as Alpha has infringed and trespassed on American Saik unit by entering into agreements with any mineral owner in the N/2 of Section 17 that has leases held by American Saik unit and leases.

Furthermore, given the NOV Letter issued by the Division in 2017 is to Wildcat, it would be considered a violation of due process rights to enforce another operator's violations to enforce on another current operator without due process as required by Federal law and New Mexico law and further would be a violation of both simultaneously.

21) American attempted to make appearances in the original Case No. 24944 and the subsequent Case No. 25166 objecting to Alpha's pooling application and was quickly silenced from participated at hearing by the numerous frivolous false claims of Alpha that

continued to change over time, that American has an abandoned well, to a wellbore assignment, to an expired lease, to well in violation without the burden of proof.

When a party makes an objection in a pooling hearing based on a claim of an overlapping unit under 19.15.16.16.B(9)(b) NMAC, the Division can overrule the objection and proceed with approving the pooling application after the hearing has been concluded, which is what the Division did in Case No.25166 when it issued Order No. R-23961, is invalid and a violation of New Mexico law for the fact that Notice was not given to American, and by not providing notice as required by New Mexico law, over rules the Divisions ability to overrule 19.15.16.16.B(9)(b) NMAC and 19.15.15.12.B(3)(b) NMAC (the OCD cannot approve the application when notice was not provided to effected parties as required by New Mexico law and would be considered taking of property).

Alpha made the same objections before the Division in Case No. 24944 and Case No. 25166, 25496, 25495 that it is currently making before the Commission in the present case; thus, American rights to due process in these proceedings regarding any concern of an overlapping unit have not been fully satisfied by the requirements of New Mexico law and Federal law.

22) When a party is awarded operatorship by means of a pooling hearing, the Division thoroughly evaluates the extent to which the applicant is a prudent operator, the extent to which the applicant has made a good faith presentation of ownership in the unit, and the extent to which applicant will protect correlative rights and prevent waste. In Case No. 25166, 25496, 25495 the Division did not thoroughly evaluate Alpha's pooling application under these criteria and erroneously and arbitrarily awarded Alpha as operator, and its development plan that violated American correlative rights and created waste of American Saik well and unit.

23) However, in contrast, the process through which a party, such as Alpha, gains operatorship of leases with false claims is highly problematic and highly lacking. The Compulsory pooling form can allow a party to bypass the kind of scrutiny and evaluation that an applicant must go through and satisfy a compulsory pooling requirements for hearing to ensure that correlative rights are protected and waste is prevented. Thus, a compulsory pooling application can be used by an imprudent operator and bad faith actor as a loophole to bypass the kind of evaluation and scrutiny that an operator would undergo during a change of operator by showing a check list of requirements to be followed, which is exactly what America did when it filed its C-145 form. Alpha failed to act as a prudent operator and does not have adequate financial assurances.

24) American submits that Alpha failed the industry standards of due diligence and

prudence when it acquired its infringing and trespassing leases in the N/2 of Section 17 - 22S -27E from Uplift, despite constructive and actual recorded documents at Eddy County Clerks Office that the mineral interest in the N/2 of Section 17 had subsequently been acquired by Alpha from uplift and was held as top leases at best on existing leases held by American fifty-year-old Saik Unit. Alpha Exhibit 10, Is irrelevant to the matter, and so is when American proceeded to file to a Change of Operator and when it acquired its valid Saik Unit leases. Alpha first submitted an application to compulsory pool the Subject Lands with frivolous. The Change of Operator form allowed Alpha to acquire operatorship of the Colonia A Com, Kodiak, Merland A Com, Tracy B Com wells without hearing and with only cursory review and approved without having accountability of adequate financial assurances is frivolous. to allow the applicant Alpha to pool American correlative rights, while Alpha is in fact out of compliance with NMAC 19.15.5.9 A (1-4) and A (a) and NMAC 19.15.25.8. is arbitrary and valid proof of favoritism toward one party. Alpha is in violation and under bonded with its \$50,000 surety bond on 4 wells. 3 of Alpha's wells have been inactive for over 15 months. Kodiak #002 Bond due: \$48,980 Bond in place \$48,980, the remaining 2 wells, the Colonia A Com #001 and Tracy B Com #001 do not have adequate financial assurances and are in violation with NMAC 19.15.5.9, NMAC 19.15.25.8, Oil and Gas Act 70-2-14.

Alpha has not made good faith efforts to provide adequate financial assurances or to attempt workovers its 3 inactive wells.

American is in fact over bonded with its \$125,000 blanket Cash bond and its Rio Penasco KD Com #003 Bond due: \$43,720 with Cash Bond in place \$50,000, Saik #001 Bond due: \$48,380 with Cash Bond in place \$48,380, Shipp 27 #001 Bond due: \$49,804 with Cash Bond in place: \$50,000.

American submits that when it filed its initial filings on its Saik well for the Subject Lands, Alpha exploited in housed landmen John Coffman title work under the direct supervision of Alpha based on the process to interfere with and undermine American development plans in direct violation of the correlative rights of owners in the Subject Lands.

See Exhibit J Alpha bonds, failure to have adequate financial assurances

25) Therefore, American requests the Commission to do what should have been done eleven (11) years ago when the Division issued the NOV Letter to Alpha Kodiak well, further the division should do what its obligated duties require of them, to enforce regulatory on operators not operating in compliance with adequate financial assurances. American respectfully moves the Commission to find that Alpha has acted in bad faith throughout its efforts to seek operatorship of the Kodiak, Colonia A Com, Tracy B Com, Merland A Com Well and further acting in bad faith throughout its compulsory pooling proceeding and throughout the proceedings in Case No.25166, 25495 25496 and has failed to show that it

is a prudent operator. On the basis of these findings and conclusions, and the authority provided by the NOV Letter itself, American requests of the Commission to order American to plug and abandon its Kodiak, Colonia A Com, Tracy B Com, Merland A Com Well to protect correlative rights and prevent waste and to clean up and restore the wellsite and property for the protection of the environment and public health.

See Exhibit K NOV for Kodiak well

IV. American Respectfully Requests that the Commission to side with caution and to not overstep its authority or jurisdiction in attempting to Adopt any type of one-sided test to Determine whether a Particular party has Made a Good Faith Claim to Title.

26) Alpha to request the Commission and Division to implement a multi-prong test to determine whether a party can claim to be a party of record under the OGA (see, e.g., Order No. R-21679, § II, ¶ e), is irrelevant to the matter. For the fact the American correlative rights are being infringed upon and trespassed on, which was not the matter in case in R-21679, therefore, Alpha requests for the Commission adopt a three-prong test to determine whether a party's request to drill, operate, and/or recompleat a well is made under a good faith claim to title as not admissible evidence and not required in or through or by Order No. R-11700-B, ¶ 29. Herein, the Commission cannot determine the validity of a lease or a claim of ownership, or implement prong tests for the Commission to review the nature, characteristics, quality of a claim to title, are all irrelevant to the matter in determining the validity of title instruments themselves, and to determine whether the claim is made in "good faith" and in a prudent manner in order to protect correlative rights under the OGA, would be erroneous for the fact that American correlative rights were infringed and trespassed on.

27) American rights were infringed and trespassed on, and any Review and determination are not the same kinds of review and determination the Division and Commission make when they require applicants to submit an ownership exhibit -- containing the percentage of working interest each party owns -- for the Division's or Commission's review in a pooling hearing or appeal. Alpha request of the Commission to boarder a crooked line in its attempt to review the ownership exhibit to validate the title itself or the exact percentage of ownership presented regardless of numerous false claims presented by Alpha, and to review the ownership to ensure that ownership is accounted for under false claims presented by Alpha, that it is presented under a good faith claim to title under false claims presented by Alpha, and that correlative rights are protected under false claims presented by Alpha—are all criteria over which the Commission jurisdiction to rule on diminishes, The requests made by Alpha are not within, separate, or distinct from determining or

adjudicating any title itself. Such review to determine whether a party was prudent and presented a good faith claim to title would prevent parties from acting in bad faith and intentionally acquiring top leases that have no standing under their own terms, or terms of old superior fifty year old leases, and present them to the Division and Commission in order to undermine legitimate proceedings of American development plans. Without a means for the Commission to determine whether a parties claim to title is prudent and made in good faith, the Commission would not be able to address the violation of and damage to correlative rights that a party acting imprudently and in bad faith would cause if its actions were not stopped. A bad actor should not be able to thwart the Commission's obligation to protect correlative rights and prevent waste on the basis that the Commission cannot adjudicate title or determine the validity of a lease when in fact the Commission has authority to determine whether an operator satisfies the requirements of "good faith" and "prudence" in its claims to title and ownership and its claims that it has the right to operate and produce a well, would be overreaching its powers.

28) Alpha respectful request for a three-prong test that would provide the Commission with the means and tools to address whether a party acted in a prudent manner and made a good faith claim to title by exhibiting due diligence in accordance with the customs and standards of the oil and gas industry. First, in order for a party to establish that its claim to title was made in good faith, the party should chain the title to update it to its current status as a prudent operator would do, thereby providing the Commission with a current ownership exhibit as is done in a pooling hearing. Second, the party should demonstrate to the Commission that it had reviewed applicable records, such as the county records, to determine if the party's claim is subject to any constructive or actual notice that informs whether the claim can be made in good faith. For example, if there is a subsequent set of newer leases that cover the same lands executed by the same mineral owners and/or their heirs or successors in interest, then such notice would call into question whether a party is in a position to make a good faith claim to title. And third, a prudent operator following the custom and standards of the oil and gas industry should review the production records of a well to determine whether the leases it planned to acquire for purposes of drilling, operating, or recompleting the well would have been sustained by the history of production, is compromised. This three-prong test Alpha counsel conceived is 1) one sided to solely benefit Alpha false statements and claims to further infringe and tress pass on American title and correlative rights, 2) Alpha does not have adequate financial assurance to operator, drill, or produce in New Mexico 3) Alpha has 3 wells out of compliance, not producing, not having adequate financial assurances and in clear violation of New Mexico law. 4) Alpha has made no good faith attempts in its operation to plug or workover its existing well that are in violation such as, Kodiak, Colonia

A Com, Tracy B Com wells. Any operator who is in such severe violation as Alpha is in would not be considered a prudent operator by any measures, levels, or degrees and for Alpha to acquire top leases as its justification as a self-proclaimed prudent operator is the status of a big alter ego at best, and for,

Alpha to attempt to sway the Commission to determine whether American leases are valid and whether they should be included in the ownership exhibit that is presented to the Division and Commission for review, under false claims of Alpha to deny interest owners their fair share, so Alpha can profit greatly from any such arbitrary and erroneous decision, would be considered willful negligent and a violation of obligated duties to protect correlative rights, and legally invalid for lacking jurisdiction.

29) Alpha made no effort and showed no initiative to ensure that it was making a good faith claim to title with its top leases it had acquired from Uplift, thus failing the first prong of its own proposed test.

When Civitas and Mewbourne sold the Kodiak, Merland A Com, Colonia A Com, Merland A Com wells, Alpha should have viewed their wellbores assignments of the Wells as a non-productive wells whose leases had long ago seized production and would fit the criteria to follow proper procedures of New Mexico law to initiate a termination of the leases.

President of Wildcat affidavit, Exhibit 9, is bias and compromised. After it acquired the fifty-year-old leases is irrelevant for the fact Wildcats failure as not acting as a prudent operator is not just reason to hold American correlative rights hostage, American did in fact exercise due diligence or appropriate prudence by publicizing publication in the Eddy County Carlsbad Current Argus New Mexico newspaper, reviewing the county records and updating the leases to determine and present their current status.

In fact, the Division silenced American under false claims made by Alpha before American could present such due diligence to the Division did concluding that "Ruling in Order No. R-23961, R-23989, R-23977 were arbitrary and erroneous, Thus, Alpha presenting the top leases as actual leases without the necessary prudence and due diligence to update the leases with integrity caused the Division to wrongly rule that American did not present sufficient evidence to show a good faith claim of ownership, while American was silenced from participating at hearing is a violation of due process and New Mexico law.

Alpha exhibit 10, is bias and compromised, by an in housed landman John Coffman willingness to violate New Mexico law to fulfill objectives for his employer to obtain acreage, that shows what would have been found if Alpha had performed proper due diligence, that all American Leases are held superior over Alpha top leases.

30) Furthermore, had Alpha made a good faith attempt with integrity to follow the chain of title from the execution of their top leases to the present, Alpha would have discovered that

almost all the mineral owners in the N/2 of Section 17 (the Saik Unit) are leased to American Saik Unit. Alpha has executed top leases they purchased from Uplift and Alpha's list of current leases showing Alpha good faith claim to title is erroneous, Alpha Exhibit 5, is compromised and frivolous at best.

No prudent operator would have applied for operatorship of a wells such as the Kodiak, Merland A Com, Tracy B Com, Colonia A Com and assume all the liabilities of operating wellbores that when faced with a record of constructive and actual notice showing that the leases associated with the well are candidates for termination upon following all proper procedures of New Mexico law, which is why Alphas proposal of the it own second prong to the test for a good faith claim whether the operator reviewed the record for constructive and actual notice, is not appropriate in an manner, for American is an existing owner and has made good faith efforts to update American leases Saik unit through publication in the newspaper in Eddy County Carlsbad New Mexico on March 11, 18, and 25, 2025.

31) Only an imprudent operator would continue to believe that it could still make a good faith claim of title being bias in its review of the record with its top leases, and assuming that the only option left would be to review of the well's history of production to determine whether a lease could be held, is misinterpreting New Mexico law.

The Kodiak, Colonia A Com, Tracy B Com Well have not produced for eleven (11) years and don't have adequate financial assurances.

Further, Alpha or anybody to make any determination on any terms of Habendum Clause or any other clause would be inappropriate for which the OCC and OCD have no jurisdiction. Alpha only became operator of the Kodiak, Colonia A Com, Tracy B Com, Merland A Com Well in March 26, 2024, so Alpha would not have made any shut-in payments during the eleven (11) year period, and importantly, has not claimed to have made any shut-in payments. Furthermore, Civitas and Mewbourne, the prior operators of the Kodiak, Colonia A Com, Tracy B Com Well, did not make any shut-in payment on their fifty-year-old leases. Affidavit of the President of Wildcat, Alpha Exhibit 9, is with poor taste in its attempt to use a previous operator failure as its just reason to violate American correlative rights as the new prudent operator.

Therefore, Alpha would have failed the third prong of its own proposed test for a good faith claim to title with its once again attempt through false and misleading claims and documents to sway the Commission. Though this would be inappropriate for the OCC and OCD do not have jurisdiction and would be considered negligent and violation of obligated duties.

32) The Commission has a duty and obligation to protect correlative rights, and if a party abuses the adjudicative process by acquiring top leases that do not support the existing

correlative rights such as American Saik unit and well, with intentions to only function to violate the correlative rights of legitimate leasehold owners such as American, then the Commission should have a means of protecting the correlative rights. American respectfully offers the means for the Commission and Division to address and protect correlative rights in such situations, though a three-prong test does not allow the Commission to determine that Alpha failed to make a good faith claim to title because it failed to perform the kind of due diligence that a prudent operator would have performed for each part of its three-prong test. Though the Commission should determine that each prong of a test has not been satisfied, it would still fail having jurisdiction to make a ruling in a case involving infringement and trespass of correlative rights, and Alpha attempts to use a prong test in its bad faith claims to justify its false title that infringes and trespass correlative rights has not been made in good faith and any objections asserted by a party who failed to show the elements of good faith claim should be summarily dismissed.

33) Alpha availed itself to the jurisdiction of the Commission and has failed to show that it is prudent operator with respect to the American Saik Well, and its own Colonia A Com, Kodiak, Tracy B Com; and has failed to show a good faith claim to title as a basis for operating the American Saik Unit; and thus has presented a flawed and unsubstantiated bias basis for objecting to American development plans and correlative rights to its Saik Unit, the Commission should exercise its authority over Alpha misuse of its top leases of the American Saik Unit, the wellbores of the Colonia A Com, Tracy B Com, Kodiak well and (1) find that Alpha did not make a good faith claim to title with its top leases and therefore cannot object to the American Saik Unit development plans and rights to protect correlative rights(2) find that Alpha is not a prudent operator with its top leases in the Saik unit, and the Colonia A Com, Tracy B Com, Kodiak wells are in violation with New Mexico law for not operating and not having adequate financial assurances, and does not have a good faith claim to with its top leases to title to support its ownership in American Saik Unit and well without violating the correlative rights of American as the legitimate leasehold owner of the Saik Unit and subject lands. Furthermore, on the basis of such findings, American respectfully requests that the Commission issue an order compelling Alpha to plug and abandon its Colonia A Com, Kodiak, Tracy B Com wells for not having adequate financial assurances in order to protect the correlative rights of the legitimate owners of the minerals underlying the Subject Lands and to perform the necessary clean-up of the Kodiak, Colonia A Com, Tracy B Com wellsite's to protect the environment and public health. Alpha, or any party, should not be allowed to undermine legitimate leaseholders as American development plans by acquiring top leases and defunct leases that are actually top leases disguised as new leases and used to attempt to terminate American leases as its claim to title for the purpose of violating existing correlative rights.

When encountering this kind of abuse of process, the Commission and Division should be able to use its authority and jurisdiction to address and resolve this problem without forcing the victims of such bad faith actions to incur the cost, burden, and delay, is irrelevant to the matter, because this state of thought could cause more irreversible future harm to effected parties, and to further attempt to delay a process required by law, would be considered obstruction of justice. Alpha abuse of process should not be tolerated, and American respectfully requests to the Commission that the means and tools of the proposed three-prong test to resolve this problem, is inappropriate without jurisdiction, for the fact that American correlative rights have been infringed and trespassed on by Alpha using top leases as Alphas justification to sway the Commission to unjustly terminate American leases violating New Mexico law and obligated duties to protect correlative right and prevent waste.

V. American request for a Stay should be granted Because it does in fact meet both the Legal Criteria for Granting a Stay and the Procedural Requirements under the Rules for Requesting a Stay.

34) First, under NMAC 19.15.4.23.B, when a party files a motion requesting a stay of a Division order, as American has done, the party “shall attach” a proposed stay order of the motion as American has done. American filed a motion requesting a stay of Order No. R-23961, R-23989, R-23977 and fulfilled the requirement of providing the Commission with a proposed stay order. On the basis alone, American request for a stay should be granted.

35) Furthermore, the standard for the granting a stay to a party is governed by the four prong test adopted by the Commission in *Tenneco Oil Co. v. N.M. Water Quality Control Comm’n*, 1986-NMCA-033, ¶ 10 as applied in Commission Order No. R-14300-A, ¶ 5. The first prong that American must meet is a showing of the likelihood that applicant will prevail on the merits of the appeal as American done. American development plans would better protect existing correlative rights and prevent waste of Alpha’s development plan that was approved by Division erroneously under false claims by Alpha.

For Alpha to attempt to discredit American right to notice, as its only purported basis provided by Alpha to object American stay is not respecting correlative rights, for American has a right to notice as an operator of an overlapping unit and objects because Alpha did not send notice, a very serious violation, and is required by New Mexico law.

a) Existing wells in spacing units, horizontal or otherwise, that are wholly or partially included in a new horizontal spacing unit remain dedicated to their existing spacing units.

19.15.16.15 B(9)(A)

American Operates a dedicated existing spacing unit with its operations in the Saik #001.

b) A horizontal well that will have a completed interval partially in an existing well's spacing unit, and in the same pool or formation, may be drilled only with the approval of, or, in the absence of approval, after notice to, all operators and working interest owners of record or known to the applicant in the existing and new well's spacing units. 19.15.16.15 B(9)(b)(i)

American produces from the Wolfcamp formation in its operations in the Saik #001.

c) Any subsequent well, horizontal or otherwise, with a completed interval located wholly within an existing well's horizontal spacing unit, and in the same pool or formation, if not designated as an infill horizontal well, may be drilled only with the approval of, or, in the absence of approval, after notice to, 19.15.16.15 B(9)(b)(ii)

American is not an absence operator, and Applicant Alpha proposed wells may not be drilled for American does not give approval.

However, Alpha counsel further attempts to change the narrative of the matter as a creature of nature making more frivolous claims as to this issue has been addressed by a hearing at the Division in which American made an appearance, and was silenced from participating at hearing in case no 25166, 25496, 25495, as American rights were addressed according with Federal and New Mexico laws as being granted an appeal pursuant to § 70-2-13 in which it objected to Order No. R-23961, 25496, 25495 on the basis of infringement and trespass of correlative rights. Thus, American has not been provided full rights of due process in the adjudication of this matter.

36) At the hearing before the OCD, the Division concluded to silence American from participating at hearing and because of these erroneous actions did not provide evidence that demonstrates American not owning an interest in the Unit." Order No. R-23961, ¶ 15. is erroneous and arbitrary due to violation of New Mexico law.

For anybody to classify a claim being called a finding as being valid is erroneous and arbitrary and should not be upheld by the Commission because under the facts and circumstances of the present case, would be negligent and violation of due process rights. Alpha failed to have made a showing to the Division in Case No. 25166, 25496, 25495 of a good faith claim to title of its top leases being superior to American Saik Unit leases and that of its burden of proof of it being a prudent operator and has further failed to make such showing to the Commission in the present case. While the Division and Commission cannot determine the validity of a lease, both agencies have the authority and jurisdiction to protect correlative rights and prevent waste by determining whether a claim to title was presented in good faith and both agencies have the authority and jurisdiction to determine whether a party is a prudent operator to protect correlative rights and prevent waste. Alpha, as shown herein, failed to show that its claim to title was made in good faith, its claim to title with top leases failed to show it was superior to American Saik Unit leases, and failed

to show that it qualified as a prudent operator with its numerous violations and not having adequate financial assurances.

37) In fact, throughout the proceedings, Alpha has acted imprudently, and in bad faith regarding its claims to title and operatorship. Imposing a stay on Alpha's Orders R-23961, R-23989, R-23977 would serve purpose and would benefit all interests under OGA because Alpha claim to title is compromised, arbitrary, and erroneous, and Alpha does not qualify as a prudent operator, to recompleat and produce the HSU Wells without violating the correlative rights of more than 100 leased and/or pooled owners in the Subject Lands who are entitled to receive their just and equitable share of production. Thus, Alpha is not likely to prevail on the merits to object an appeal, and therefore, cannot satisfy the prong of its own Tenneco test to object.

38) For the second prong, American must show irreparable harm to the applicant unless the stay is granted, as American has done. In the present case, American did show that it would suffer irreparable harm and irreparable future harm. One of the objections that American has presented is the claim that it did not receive notice for the overlapping unit of the Saik Well. Even with notice, the Division and Commission have a practice of approving the simultaneous production of overlapping units after a hearing has been provided, which Alpha failed to do under notice requirement of New Mexico law. American attempted to participate at hearing before the Division, and was silenced from participating at hearing in case no 25166, 23989, 23977 that has considered, erroneously addressed and arbitrarily ruled on, and in the present case before the Commission, American is receiving an actual first attempt to hearing. Thus, Alpha has received no harm from the approval of American development plan to operate its Saik Unit and well because all of Alpha concerns and objections have been addressed pursuant to the statewide rules under New Mexico law. Furthermore, as shown herein, Alpha is not in a position to prudently operate and produce the HSU Wells or any of its other wells in violation and Alpha not having adequate financial assurances for its operations is a serious violation, and American operation and production of the Saik Well under current conditions would not violate the correlative rights of owners in the Subject Lands, in fact American operation would protect correlative rights of owners of the subject lands because American is operating following New Mexico law by having adequate financial assurances to operate, and for the fact American Saik Unit is the superior lease holder and operator of the subject lands.

39) The third prong of the Tenneco test requires American to make a showing of evidence that no substantial harm will result to other interested persons, which American satisfied.

American has demonstrated that it is a prudent operator who would operate and produce the Saik Well under a good faith claim to title and adequate financial assurances.

AER acquired fifty-year-old leases and disregarded fulfilling the necessary due diligence required by the standards and customs of the oil and gas industry for a good faith showing that its top leases are valid.

Furthermore, American reviewed the chain of title for updating its owners of lessee; to account for constructive and actual notice by Publication in the Carlsbad Current Argus in Eddy County New Mexico Newspaper that called out any person with claim to come forth and with documented evidence to ownership in order to receive funds that would require updating the Saik Unit older leases; and regardless of Wildcat failed efforts to address whether the sixteen years of lack of production and the lack of shut-in royalty payments have resulted in the termination of the leases is in violation of New Mexico law 70-1-5 and Federal law to due process, when American has fulfilled being a prudent operator to update its leases in the Saik unit and publication in the Carlsbad Current Argus Eddy County New Mexico and sent out shut in payments to owners of lessee.

Alpha has claimed title in bad faith efforts, unclean hands, and has failed to establish that it is a prudent operator by New Mexico law, any efforts made by Alpha to operate and produce the HSU Wells would directly violate the correlative rights of the legitimate owners in the Subject Lands of American Saik unit and well and would cause waste, among other transgressions. Furthermore, a stay of Alpha's Order and development plan would not deprive and cause harm to more than Alpha claim of 700 legitimate owners in the Subject Lands, if any, and will not deprive them of their just and equitable share of production from Alpha's Hollywood Star wells, if any, and would accomplish protecting correlative rights and accomplish preventing waste, and will benefit every party involved because Alpha does not offer no alternative to the protection of correlative right or prevention of waste, in its development plan and proposes only to drain the Subject Lands by means of the illegitimate and illegal production of the HSU Wells, through its false claims to justify infringing and trespassing on American Saik Unit.

40) To prevail on a request for a stay, American must show that no harm will ensue to the public interest, as American has done. American obtained fifty-year-old leases, and Wildcat a failed operator and Assignor of the leases, Wildcat itself, views are irrelevant to the matter and provided no burden of proof for his claim, only hearsay, Wildcat is a failed imprudent operator and to side with a failed imprudent operator over a prudent operator such as American would not be questionable for their is no standing or merit for its claims, because such as demand for release must proceed action before attempting to expire or terminate a lease, as required by New Mexico law.

For Alpha Counsel to emphasize that any lease being terminated for producing the nonproducing well as violating New Mexico law, is wishful thinking at best. Because every operator would be in violation through this false claim presented by Alpha Counsel, including his own client Alpha.

Wildcat's Affidavit regarding the status of American leases as Alpha Exhibit 9, is irrelevant and compromised. A party should not be allowed to obtain top leases and present them as the basis for having ownership and standing to drill, operate, recomplete, and/or produce a well, especially without performing the necessary due diligence to at least show that its leases could be valid. If a stay is granted, it will assist all parties involved to act in good faith by claiming only their interest in a unit, no matter how tenuous, knowing that the Division and/or Commission will not take any action or make any ruling against American on the basis that the agencies will not overreach its powers violating Federal law and New Mexico law at the request of Alpha Counsel, who shows to have no respect to Federal law and New Mexico law violations.

However, the Commission must not advance or endorse a policy that allows a prudent operator such as Alpha to exploit such loopholes which provides leverage and opportunity to undermine and defraud interest owners through false claims in compulsory pooling applications and hearings, to cause sabotage of American Saik Unit correlative rights and legitimate development plan. The Commission has proper authority and jurisdiction, and the means and tools at hand, to determine whether a party has acted prudently and in good faith to the extent that its objections should be considered. If a party has not acted in good faith before the Commission, then its objections should be dismissed and its requests denied. As Alpha has already displayed itself as an imprudent operator by not acting in good faith and coming fourth to the Commission with unclean hands with its frivolous claims and in serious violation with its operations by not having adequate financial assurances, are questionable acts that show favoritism toward Alpha.

41) If Alpha is allowed to pursue its frivolous claims in bad faith, such precedent will directly harm the public interest. American respectfully submits that the Commission has the authority and jurisdiction to prevent Alpha abuse of process by adjudicating whether a party qualifies as a "prudent" operator under the OGA and whether a claim to title is made in "good faith." While determining the validity a lease is outside the jurisdiction of the Division and Commission, determining whether a party was sufficiently "prudent" to have satisfied the "good faith" element of a claim to title in order to protect correlative rights and prevent waste is well within the Division's and Commission's authority and jurisdiction, but is inappropriate in this matter and considered compromised, for American correlative rights are being infringed and trespassed on by Alpha. American request for a stay, if granted, would not harm the public interest. Alpha counsel to consider protecting

correlative rights as a reward, is with bad taste, and further burden of proof of the true bad actor acting in bad faith, who is willing to further abuse the adjudicative process in order to thwart American legitimate development plans of its Saik Unit.

42) Thus, Alpha cannot satisfy any of the four prongs test of the Tenneco it recommended, as American has fulfilled, therefore granting a stay is just; and therefore, American motion for a stay must be granted.

43) American presumes to request of the Division obligated duties to enforce regulatory compliance on an imprudent operator such as Alpha to plug its Kodiak, Colonia A Com, and Tracy B Com wells, because Alpha is in violation by not having adequate financial assurances to legally operate in New Mexico as required by New Mexico law, and should not be allowed to drill under its current status of being an imprudent operator.

44) Alpha proposed order for American regarding plugging its Saik well is irrelevant, erroneous, arbitrary, and without standing or merit for such an extreme action from the Commission, as requested by in Alpha in their own Exhibit 11.

American is a prudent operator with adequate financials and Alpha is an imprudent operator, Alpha wells under New Mexico law are candidates to get plugged and regulatory compliance must be enforced to plug the Kodiak, Colonia A Com, Tracy B Com to protect the environment and the public health, Alpha abandoned Kodiak, Colonia A Com, Tracy B Com wells are within the city limits and very dangerous to public health, and are in violation with New Mexico law for not having adequate financial assurances to operate.

45) Alpha Counsel is going against its own witnesses statements, at hearing John Coffman was asked a question, (“does a lease automatically terminate or does a lease terminate under specific laws being followed under 70-1-5 Oil and Gas Act”) that (“Demand for release must proceed action”), and John Coffman response under oath, (“it depends on the lease”), as evidence provided as being an admittance to violations of state law of rule 19.15.4.12 (A)(1)(a), for not sending notifications to affected parties with their application and case. Alpha counsel claim to an automatic termination is arbitrary and erroneous by their own witness statement.

46) American respectfully requests to issue sanctions, penalties, and fines against Alpha Energy Operating II LLC for their fraudulent acts to abuse title with motive.

47) The Division is charged with the duty to bring such acts to the Attorney General to bring civil action on the violator, with great respect to obligated duties toward the

Statutes, Rules, and the Oil and Gas Act. The OCD and OCC are further charged and obligated with their duties to bring such sanctions, penalties, and other means of law against such a willful violator, who willfully attempt to violate New Mexico law obligated duties to protect correlative rights with respect to obligated duties toward the Statutes, Rules, and the Oil and Gas Act. Violation of the oil and gas act 70-2-31 (H) is subject to all the same penalties

48) 70-2-28 If ANY PERSON violates, threatens to violate, any Statues with respect to the conservation of oil and gas, or both, or any provisions, or any rule, regulation or order made, the Division through the Attorney General will bring suit against such person or operator for penalties, if any are applicable, and to RETRAIN SUCH A PERSON FROM CONTINUAING SUCH VIOLATIONS OR FROM CARRYING OUT THE THREAT OF VIOLATIONS.

49) Alpha claims against American drastically changed over time, from claims that American only has a wellbore, to an abandoned well, to an expired Leases, to an imprudent operator, and under the color of law would be considered inadmissible evidence because Alpha statements are not consistent.

American claims to ownership never changed and were consistence through the entire process up to present.

50) Due to numerous violations of Federal and New Mexico law by Alpha and numerous attempts by Alpha to mislead the Commission with claims that changed more over time, would be considered to risky to allow Alpha or its affiliates through agreement Paloma to be a legitimate operator and due to the actions of Alpha not having respect to the protection of correlative rights and rights to a fair share.

51) To attempt to use the OCC or OCD to do unjust acts would be violation of Federal law and a violation of due process rights.

Manning v. Energy Minerals 2006 NMSC-027, ¶ 45-47, 144 P.3d 87 (showing that an administrative agency using its police powers to authorize a taking without compensation is UNCONSTITUTIONAL and subject to the TAKING CLAUSE).

52) American as prudent operator put a publication in the local newspaper in Eddy County Carlsbad, NM on March 11, 18, and 25, 2025 to update it lessee history.

See Exhibit L Publication in Newspaper

53) American as prudent operator sent out 16 years of shut in payments on March 7, 2025, to provide just compensation to lessees, though American was only obligated to send for the 1-year, 2025, when it obtained the well through its C-145 filing.

See Exhibit N American Shut-In payments

54) Bill Brancard served the Division for many years with more than qualified expertise. Under his Bill Brancard expertise and previous decision at hearing set precedence, and in his decision involving Case No. 22957, Novo oil and Gas Northern Delaware LLC application, ruled in favor of Novo Oil and Gas Northern Delaware LLC, and allowed Novo Oil and Gas Northern Delaware LLC to make claim to compulsory pool, with a small .03% interest ownership of a plugged well, Plugged well is the Brantley A Com #001 (API: 30-015-23458). Bill Brancard said an interest in a Unit of a plugged well is valid ownership of interest and that it is still an ownership of interest of the Unit. A ruling by respectable Bill Brancard that recognized a lease is still valid and does not automatically terminate, even after the well has been plugged.

55) Alpha Counsel self-proclaimed plugging order is with bad taste and very inappropriate, because Alpha Counsel is not an OCD Regulatory staff member, and for Alpha counsel to act in such a manner for his client is absurd, and a complete disrespect and disregard for the hard-working individuals employed by the NMOCD to handle such positions. Darin Savige is out of line and is not an OCD regulatory staff member and has no position or standing to make, attempt to make, even think about making such frivolous orders that are not under his jurisdiction.

56) Laches has precedence in this matter, because American as a prudent operator made the initiative to hold its lease together with in New Mexico law. Though a termination could have been initiated by lessee owners or record upon following the proper legal procedures of New Mexico law, that was not done in this matter, American instead acting quickly in preserving its Saik Unit and leases, through its publication in the Carlsbad Current Argus New Mexico, through sending shut-in payments to lessee of record. If a lessee of record failed to manage their mineral estate, it should not fall on American acting as a prudent operator and is valid withstanding for claims of Laches.

57) A copy of the final order is attached hereto as ("Exhibit O")

... Order no. R-23961, ... 28) This order shall terminate automatically if the operator fails to comply with 19.15.4.12 B and 19.15.4.12 C NMAC.

... Order no. R-23989, ... 24) This order shall terminate automatically if the operator fails to comply with 19.15.4.12 B and 19.15.4.12 C NMAC.

... Order no. R-23977, ... 21) This order shall terminate automatically if the operator fails to comply with 19.15.4.12 B and 19.15.4.12 C NMAC.

State law requires that an applicant for compulsory pooling provide individual notice “to each owner of an interest in the mineral estate of any portion of the lands the applicant proposes to be pooled”. 19.15.4.12(A)(1)(a) NMAC

The Final order grants automatic termination for failure to comply with State law.

Conclusion:

For the reasons stated above, American respectfully requests that the Commission overrule the objections and claims Alpha asserted in its objection to American Application for De Novo Hearing and to stay Order No. R-23961, R-23989, R-23977, and to deny, terminate, and cancel orders R-23961, R-23989, R-23977 as not being valid Orders under which American may proceed immediately with its plan for developing the Subject Lands of Its Saik Unit and well.

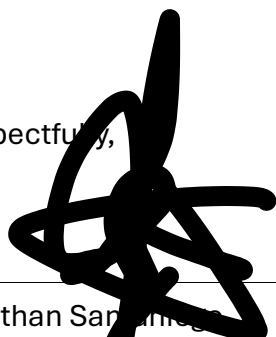
Furthermore, American respectfully asks the Commission to deny Alpha request to deny a stay of Order No. R-23961, R-23989, R-23977 on the basis that Alpha has failed to meet the four-pronged criteria under Tenneco for issuance of a denial of stay.

Finally, American respectfully requests that the Commission enforce the terms of New Mexico law that a prudent operator must have adequate financial assurances to operate, as Alpha does not have. Alpha Exhibit 7 is irrelevant because it violates due process rights, and order Alpha to plug and abandon its Kodiak, Colonia A Com, Tracy B Com wells and clean up the wellsite's and property (an order long overdue) for the protection of correlative rights, prevention of waste, and the protection of the environment and public safety.

American respectfully asks the Commission to terminate order no. R-2396, R-23989, R-23977 involving caser no. 25166, 25496, 25495 for violating the terms of the orders.

For the foregoing, Alpha responses, objections, complaints, and a self-proclaimed order to plug American Saik well should all be dismissed as moot for the OCC and OCD do not have jurisdiction and is unable to offer relief to Alpha that can be granted.

Respectfully,

A large, bold, handwritten signature in black ink, appearing to read "Jonathan Sanmiguel". The signature is written over a horizontal line and extends upwards and to the right.

Jonathan Sanmiguel
P.O. Box 1140 Lagerman, NM 88232
Energy.jrs@gmail.com
Representative for American Energy Resources, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true a correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via Electronic mail on October 29, 2025:

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and Crusader Royalties LLC

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Pro Se

Exhibit A**WELLBORE ASSIGNMENT**

FOR ADEQUATE CONSIDERATION, the receipt of which is hereby acknowledged, **MEWBOURNE OIL COMPANY** ("Assignor"), does hereby assign and convey to **TAP ROCK RESOURCES, LLC**, the address of which is 523 Park Point Drive, Suite 200, Golden, Colorado 80401, all interest in and to the Wellbore and production therefrom of the Kodiak #002, wellbore located 885' FSL and 2460' FEL in Section 17, T22S, R27E, Eddy County, New Mexico (API No. 30-015-33962) (the "Wellbore"), and such interest in the leases described in the attached Exhibit "A" as is necessary to operate, maintain, produce and plug and abandon the Wellbore.

FOR THE SAME CONSIDERATION, Assignor hereby grants, assigns and conveys to Assignee all interest in and to all surface and production casing in the Wellbore as well as all facilities and pipelines exclusively used in connection with the Wellbore.

This Assignment is made without warranty of title, either express, implied, or statutory. **TO THE EXTENT THAT THE INTERESTS CONVEYED AND ASSIGNED HEREBY INCLUDE INTERESTS IN PERSONAL PROPERTY, MATERIALS, EQUIPMENT AND FIXTURES, THIS ASSIGNMENT IS MADE WITHOUT WARRANTIES, EITHER EXPRESS, IMPLIED, OR STATUTORY, AND, SPECIFICALLY, WITHOUT WARRANTY AS TO TITLE, CONDITION, MERCHANTABILITY, QUALITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF SUCH INTERESTS IN PERSONAL PROPERTY, MATERIALS, EQUIPMENT AND FIXTURES BEING ASSIGNED HEREIN ON A "WHERE IS" AND "AS IS" BASIS AND "WITH ALL FAULTS".**

Assignee agrees, by accepting this Assignment, to assume responsibility for its proportionate share of the Wellbore and the risk, cost and expense of all operations. To that end, Assignee does hereby agree to be fully responsible for the plugging and abandoning of the Wellbore and for any reclamation of any lands after plugging and abandoning operations are completed.

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, their respective successors and assigns, forever.

EXECUTED 21st day of March 2023, but effective as of March 1, 2023.

ASSIGNOR:

MEWBOURNE OIL COMPANY

By: Kenneth S. Waits
Kenneth S. Waits, President *cm*
co

ASSIGNEE:

TAP ROCK RESOURCES, LLC

By: Clayton Sporich
Clayton Sporich, Vice President

Wellbore Assignment - Page 1 of 12

Reception: 2303301 Book: 1169 Page: 0659 Pages: 12
Recorded: 03/31/2023 11:04 AM Fee: \$150.00
Eddy County, New Mexico ~ Cara Cooke, County Clerk
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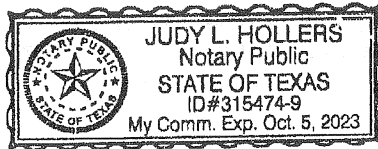
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ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF SMITH

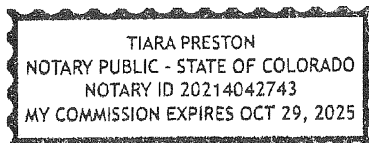
This instrument was acknowledged before me on the 21st day of March 2023, by Kenneth S. Waits, President of **Mewbourne Oil Company**, a Delaware corporation, on behalf of said corporation.



Judy L. Hollers
Notary Public, State of Texas

STATE OF ColoradoCOUNTY OF Jefferson

This instrument was acknowledged before me on the 21st day of March 202³, by Clayton Sporich, Vice President of Land and Legal for **Tap Rock Resources, LLC**, a Delaware limited liability company, on behalf of said limited liability company.



Tiara Preston
Notary Public for the State of Colorado

EXHIBIT "A"

Attached to and made part of that certain Wellbore Assignment effective March 1, 2023,
from Mewbourne Oil Company to Tap Rock Resources, LLC.

Lease No. 1

Date of Lease: July 15, 2003.
Recorded: Book 530, page 1084, Eddy County, Records.
Lessor: Raymond Gist Stephens.
Lessee: Chi Energy, Inc.

Lease No. 2

Date of Lease: July 15, 2003.
Recorded: Book 530, page 1087, Eddy County, Records.
Lessor: Carlina D. Briggs.
Lessee: Chi Energy, Inc.

Lease No. 3

Date of Lease: July 28, 2003.
Recorded: Book 530, page 1093, Eddy County, Records.
Lessor: William A. Wheeler and wife, Neva June Wheeler.
Lessee: Chi Energy, Inc.

Lease No. 4

Date of Lease: July 15, 2003.
Recorded: Book 530, page 1096, Eddy County, Records.
Lessor: W. T. Parker and wife, Lera Parker.
Lessee: Chi Energy, Inc.

Lease No. 5

Date of Lease: August 12, 2003.
Recorded: Book 530, page 1098, Eddy County, Records.
Lessor: John F. Fischer.
Lessee: Chi Energy, Inc.

Lease No. 6

Date of Lease: August 12, 2003.
Recorded: Book 530, page 1102, Eddy County, Records.
Lessor: Robert Fischer.
Lessee: Chi Energy, Inc.

Lease No. 7

Date of Lease: August 12, 2003.
Recorded: Book 533, page 1170, Eddy County, Records.
Lessor: Joseph L. Fischer.
Lessee: Chi Energy, Inc.

Lease No. 8

Date of Lease: July 15, 2003.
Recorded: Book 533, page 1172, Eddy County, Records.
Lessor: Jack Perkowski and wife, Myralon S. Perkowski.
Lessee: Chi Energy, Inc.

Lease No. 9

Date of Lease: January 26, 2004.
Recorded: Book 539, page 601, Eddy County, Records.
Lessor: Raymond E. Rogers, Executor of the Estate of Bobbye Dene Rogers.
Lessee: Chi Energy, Inc.

Lease No. 10

Date of Lease: February 20, 2004.
Recorded: Book 542, page 1184, Eddy County, Records.
Lessor: Loretta Sughrue.
Lessee: Chi Energy, Inc.

Lease No. 11

Date of Lease: August 12, 2003.
Recorded: Book 544, page 575, Eddy County, Records.
Lessor: Rita Carolyn F. Kezar.
Lessee: Chi Energy, Inc.

Lease No. 12

Date of Lease: February 20, 2004.
Recorded: Book 544, page 577, Eddy County, Records.
Lessor: Jeanette Verhines.
Lessee: Chi Energy, Inc.

Lease No. 13

Date of Lease: February 20, 2004.
Recorded: Book 544, page 579, Eddy County, Records.
Lessor: William George Fischer.
Lessee: Chi Energy, Inc.

Lease No. 14

Date of Lease: February 20, 2004.
Recorded: Book 556, page 791, Eddy County, Records.
Lessor: Jerry Ballard.
Lessee: Chi Energy, Inc.

Lease No. 15

Date of Lease: August 19, 2004.
Recorded: Book 566, page 565, Eddy County, Records.
Lessor: John F. Williams.
Lessee: Chi Energy, Inc.

Lease No. 16

Date of Lease: November 7, 2004.
Recorded: Book 574, page 999, Eddy County, Records.
Lessor: Carlina D. Briggs.
Lessee: Chi Energy, Inc.

Lease No. 17

Date of Lease: November 10, 2004.
Recorded: Book 576, page 180, Eddy County, Records.
Lessor: OXY USA WTP Limited Partnership.
Lessee: Chi Energy, Inc.

Lease No. 18

Date of Lease: November 1, 2004.
Recorded: Book 585, page 1198, Eddy County, Records.
Lessor: Francis G. Tracy, Jr. Credit Trust, Flora Louise Tracy and Mary Elizabeth Tracy Dresser, Trustees.
Lessee: Chi Energy, Inc.

Lease No. 19

Date of Lease: March 9, 2005.
Recorded: Book 589, page 1131, Eddy County, Records.
Lessor: Ralph Calvani.
Lessee: Chi Energy, Inc.

Lease No. 20

Date of Lease: June 1, 2005.
Recorded: Book 591, page 887, Eddy County, Records.
Lessor: Linda Fischer Matthews.
Lessee: Gene Shumate.

Lease No. 21

Date of Lease: June 1, 2005.
Recorded: Book 592, page 1073, Eddy County, Records.
Lessor: Tom Fischer.
Lessee: Gene Shumate.

Lease No. 22

Date of Lease: April 19, 2005.
Recorded: Book 593, page 927, Eddy County, Records.
Lessor: Mary Ann Melton.
Lessee: Gene Shumate.

Lease No. 23

Date of Lease: April 19, 2005.
Recorded: Book 593, page 929, Eddy County, Records.
Lessor: William Anthony Boeglin.
Lessee: Gene Shumate.

Lease No. 24

Date of Lease: June 1, 2005.
Recorded: Book 593, page 931, Eddy County, Records.
Lessor: Kenneth Eugene Fischer
Lessee: Gene Shumate.

Lease No. 25

Date of Lease: April 1, 2005.
Recorded: Book 594, page 544, Eddy County, Records.
Lessor: Melvin Donald Brininstool, Trustee of the Melvin Donald Brininstool Trust.
Lessee: Chi Energy, Inc.

Lease No. 26

Date of Lease: April 15, 2005.
Recorded: Book 594, page 851, Eddy County, Records.
Lessor: Skeen Farm and Ranches, LLC.
Lessee: Gene Shumate.

Lease No. 27

Date of Lease: May 2, 2005.
Recorded: Book 594, page 1153, Eddy County, Records.
Lessor: Juanita Boeglin.
Lessee: Gene Shumate.

Lease No. 28

Date of Lease: May 2, 2005.
Recorded: Book 594, page 1155, Eddy County, Records.
Lessor: Tim Boeglin.
Lessee: Gene Shumate.

Lease No. 29

Date of Lease: May 9, 2005.
Recorded: Book 595, page 688, Eddy County, Records.
Lessor: Eugene G. Shuey, Sr. and wife, Ethelyn Shuey.
Lessee: Gene Shumate.

Lease No. 30

Date of Lease: May 2, 2005.
Recorded: Book 595, page 690, Eddy County, Records.
Lessor: Susan Boeglin.
Lessee: Gene Shumate.

Lease No. 31

Date of Lease: April 19, 2005.
Recorded: Book 595, page 692, Eddy County, Records.
Lessor: Albert Frederic Boeglin.
Lessee: Gene Shumate.

Lease No. 32

Date of Lease: May 2, 2005.
Recorded: Book 596, page 293, Eddy County, Records.
Lessor: Diane Forester.
Lessee: Gene Shumate.

Lease No. 33

Date of Lease: May 12, 2005.
Recorded: Book 596, page 842, Eddy County, Records.
Lessor: Gerald I. Croley, Jr.
Lessee: Gene Shumate.

Lease No. 34

Date of Lease: May 5, 2005.
Recorded: Book 596, page 844, Eddy County, Records.
Lessor: William A. Wheeler, Jr.
Lessee: Gene Shumate.

Lease No. 35

Date of Lease: May 14, 2005.
Recorded: Book 597, page 16, Eddy County, Records.
Lessor: R. F. Kirkpatrick, Trustee of the Survivor's Trust of the Kirkpatrick Living Trust dated January 12, 1999.
Lessee: Gene Shumate.

Lease No. 36

Date of Lease: May 14, 2005.
Recorded: Book 597, page 786, Eddy County, Records.
Lessor: Nancy Finlay Rodekhor.
Lessee: Gene Shumate.

Lease No. 37

Date of Lease: May 12, 2005.
Recorded: Book 598, page 239, Eddy County, Records.
Lessor: Kathy Pyeatt.
Lessee: Gene Shumate.

Lease No. 38

Date of Lease: May 12, 2005.
Recorded: Book 598, page 241, Eddy County, Records.
Lessor: Donna Padgett.
Lessee: Gene Shumate.

Lease No. 39

Date of Lease: April 15, 2005.
Recorded: Book 598, page 577, Eddy County, Records.
Lessor: Cavern City Construction Company, Inc.
Lessee: Gene Shumate.

Lease No. 40

Date of Lease: May 12, 2005.
Recorded: Book 598, page 580, Eddy County, Records.
Lessor: Queen Oil and Gas Company.
Lessee: Gene Shumate.

Lease No. 41

Date of Lease: May 14, 2005.
Recorded: Book 600, page 219, Eddy County, Records.
Lessor: Nora Finlay Cook.
Lessee: Gene Shumate.

Lease No. 42

Date of Lease: May 19, 2005.
Recorded: Book 600, page 517, Eddy County, Records.
Lessor: Jackie Yeager, Attorney-in-Fact for Gladys Etta Benz Wiseman.
Lessee: Gene Shumate.

Lease No. 43

Date of Lease: June 7, 2005.
Recorded: Book 600, page 520, Eddy County, Records.
Lessor: Georgia Roberta Benz DeYoung.
Lessee: Gene Shumate.

Lease No. 44

Date of Lease: June 7, 2005.
Recorded: Book 600, page 855, Eddy County, Records.
Lessor: Edythe Irene Benz Gibson.
Lessee: Gene Shumate.

Lease No. 45

Date of Lease: June 8, 2005.
Recorded: Book 601, page 22, Eddy County, Records.
Lessor: Mildred Monk.
Lessee: Gene Shumate.

Lease No. 46

Date of Lease: June 8, 2005.
Recorded: Book 601, page 24, Eddy County, Records.
Lessor: Richard Weldon.
Lessee: Gene Shumate.

Lease No. 47

Date of Lease: June 8, 2005.
Recorded: Book 601, page 26, Eddy County, Records.
Lessor: Virginia Pinchert.
Lessee: Gene Shumate.

Lease No. 48

Date of Lease: June 7, 2005.
Recorded: Book 601, page 30, Eddy County, Records.
Lessor: Carol Benz.
Lessee: Gene Shumate.

Lease No. 49

Date of Lease: June 20, 2005.
Recorded: Book 602, page 1000, Eddy County, Records.
Lessor: Teresa Lorraine Woody.
Lessee: Gene Shumate.

Lease No. 50

Date of Lease: April 15, 2005.
Recorded: Book 609, page 1225, Eddy County, Records.
Lessor: Armando Rascon and wife, Carolina Rascon.
Lessee: Gene Shumate.

Lease No. 51

Date of Lease: August 11, 2005.
Recorded: Book 596, page 362, Eddy County, Records.
Lessor: George G Eddy, Jr., Trustee under Trust Agreement dated December 16, 1977.
Lessee: Gene Shumate.

Lease No. 52

Date of Lease: June 1, 2005.
Recorded: Book 612, page 894, Eddy County, Records.
Lessor: Carol Fischer Matsumoto.
Lessee: Gene Shumate.

Lease No. 53

Date of Lease: August 11, 2005.
Recorded: Book 612, page 983, Eddy County, Records.
Lessor: Marion Jenkins and wife, Mary Jo Jenkins.
Lessee: Gene Shumate.

Lease No. 54

Date of Lease: August 15, 2005.
Recorded: Book 623, page 1149, Eddy County, Records.
Lessor: Delilah H. Newman.
Lessee: Gene Shumate.

Lease No. 55

Date of Lease: October 12, 2005.
Recorded: Book 531, page 1185, Eddy County, Records.
Lessor: Dolph Simpson, Jr. and wife, Francis A. Simpson.
Lessee: Chi Energy, Inc.

Lease No. 56

Date of Lease: October 27, 2005.
Recorded: Book 533, page 755, Eddy County, Records.
Lessor: Ruth Bowden.
Lessee: Chi Energy, Inc.

Lease No. 57

Date of Lease: October 27, 2005.
Recorded: Book 536, page 60, Eddy County, Records.
Lessor: Von W. Burba.
Lessee: Chi Energy, Inc.

SUBJECT TO:

Operating Agreement dated April 1, 2005, which designates Chi Operating, Inc. as Operator and covering the S/2 of Section 17, T22S, R27E, Eddy County, New Mexico.

Exhibit B**WELLBORE ASSIGNMENT AND BILL OF SALE**

STATE OF NEW MEXICO §
 §
 COUNTY OF EDDY §

THIS Wellbore Assignment and Bill of Sale ("Assignment") is effective as of July 1, 2021 at 7:01 a.m. Central Standard Time (the "Effective Time"), and is by and between **OXY USA WTP LIMITED PARTNERSHIP**, whose address is 5 Greenway Plaza Houston, Suite 110, Texas 77046 (hereafter called "Assignor"), and **TAP ROCK OPERATING, LLC**, whose address is 523 Park Point Drive, Suite 200, Golden, Colorado 80401 (hereafter called "Assignee").

WHEREAS, Assignor owns an interest in the wellbore commonly known as the Colonia A Com #001 Well, API# 30-015-21593, located in Section 18, T22S, R27E, Eddy County, New Mexico (the "Wellbore").

WHEREAS, Assignor desires to assign 100% of its right, title, and interest in the Wellbore and Assignee desires to accept the aforementioned interest in the Wellbore.

NOW, THEREFORE, in consideration of the sum of \$10.00 and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Assignor hereby grants, bargains, sells, transfer, assigns and conveys, to Assignee, its successors and assigns, 100% of Assignor's right, title and interest in and to the following (collectively, the "Properties"):

- (a) the Wellbore; and
- (b) the personal property, equipment and fixtures associated with the Wellbore, insofar as said personal property, equipment and fixtures pertain to the Wellbore; and
- (c) such interest in the oil and gas leasehold estate as is necessary to operate, maintain, produce, and plug and abandon the Wellbore; and
- (d) in each case to the extent set forth on Exhibit "A" hereto, all operating agreements, and other contracts affecting the Wellbore.

TO HAVE AND TO HOLD the Properties unto Assignee, its respective successors and assigns, forever, subject to the terms, conditions and provisions of this Assignment.

Assignor and Assignee also agree to the following:

1. Excluded Assets. Except as otherwise provided herein, the Properties do not include and Assignor expressly retains and reserves from this Assignment, (i) all minerals interests, any royalty interests, overriding royalty interests, oil and gas leases, and all property and equipment not directly used in connection with the operation of the Wellbore, and (ii) all

Reception: 2108811 Book: 1150 Page: 0857 Pages: 7
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 Eddy County, New Mexico ~ Darlene Rosprim, County Clerk
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TW

accounts receivables, notes receivables, and other receivables attributable to the Properties with respect to any period of time prior to the Effective Time.

2. Special Warranty of Title. Assignor covenants and agrees that it will WARRANT and DEFEND title to the Properties unto Assignee, its successors and assigns, against all persons claiming or to claim the whole or any part thereof, by, through or under Assignor, but not otherwise. Assignee represents that it has inspected, or has had sufficient opportunity to inspect the Properties and has satisfied itself as to its physical and environmental condition, both surface and subsurface, and Assignee has satisfied itself as to the risks and obligations assumed hereunder, and Assignee hereby accepts the Properties in its "AS IS, WHERE IS" condition. Except for the special warranty of title, the Properties, whether real or personal, are quitclaimed, assigned and transferred without WARRANTIES OR COVENANTS OF TITLE OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND WITHOUT WARRANTIES AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
3. Post-Effective Time Revenues. All income, revenues, accounts receivables, and proceeds attributable to the Properties for periods from and after the Effective Time, and all costs, expenses, and expenditures attributable to the Properties for periods from and after the Effective Time, shall be for the account of Assignee. All income, revenues, and proceeds attributable to the Properties for periods prior to the Effective Time, and all costs, expenses, and expenditures attributable to the Properties for periods prior to the Effective Time, shall be for the account of Assignor.
4. Plug and Abandon. Assignee does hereby agree to be responsible for the plugging and abandoning of the Wellbore assigned hereby and restoring the surface or subsurface as may be reasonably required under the terms of any oil and gas leases, surface use agreements, or applicable governmental laws, rules and regulations. Further, Assignee does hereby agree to register the transfer of operatorship of the Wellbore with the appropriate agencies having jurisdiction over oil and gas operations and effect the release of the Wellbore from any bond presently made by or on behalf of Assignor, and to substitute in place thereof Assignee's own bond with the State of New Mexico. Assignee does further agree to satisfy any and all statutory requirements and other obligations including all laws, ordinances, rules and regulations (federal, state and municipal), which exist or which may arise from the assignment of the Wellbore and ownership thereof as of the Effective Time.
5. Existing Burdens. This Assignment is subject to, and Assignee agrees to be bound by and assume its proportionate share of all burdens, including royalties and overriding royalties, on any oil and gas produced from the Wellbore, to the extent of the interest herein conveyed, as well as any applicable surface use agreements, farmout agreements, and other agreements relating to the Wellbore.
6. Assumed and Retained Liabilities. Assignee hereby assumes and shall be responsible for all obligations, commitments and liabilities of Assignor arising from, relating to or connected with, (i) the ownership, operation and use of the Properties to the extent attributable to the period of time from and after the Effective Time, and (ii) the plugging

and abandoning of the Wellbore and restoring the surface or subsurface as may be reasonably required under the terms of the oil and gas leases, surface use agreements, or applicable government laws, rules or regulations (the "Assumed Liabilities"). Assignor hereby retains and shall be responsible for all obligations, commitments and liabilities arising from, relating to or connected with, the ownership, operation and use of the Properties to the extent attributable to the period of time prior to the Effective Time (the "Retained Liabilities").

7. Indemnities. ASSIGNEE HEREBY AGREES TO INDEMNIFY, DEFEND AND KEEP, SAVE AND HOLD HARMLESS ASSIGNOR AND ITS AFFILIATES AND ITS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, AGENTS ("ASSIGNOR PARTIES"), FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, FINES, PENALTIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES AND COSTS OF LITIGATION AND SETTLEMENT), LIABILITIES, LIENS, DEMANDS, JUDGMENTS, SUITS, ACTIONS, CAUSES OF ACTION AND CLAIMS OF ANY KIND OR CHARACTER (collectively, "LOSSES") BROUGHT AGAINST OR SUFFERED BY ASSIGNOR PARTIES ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO THE ASSUMED LIABILITIES.

ASSIGNOR HEREBY AGREES TO INDEMNIFY, DEFEND AND KEEP, SAVE AND HOLD HARMLESS ASSIGNEE AND ITS AFFILIATES AND ITS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, AGENTS ("ASSIGNEE PARTIES"), FROM AND AGAINST ANY AND ALL LOSSES BROUGHT AGAINST OR SUFFERED BY ASSIGNEE PARTIES ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO THE RETAINED LIABILITIES.

8. Government Forms; Further Assurances. Assignor and Assignee may execute separate governmental form assignments of the Properties in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, limitations, rights, titles, power and privileges set forth herein as fully as though they were set forth in each such assignment. The interests conveyed by such separate assignments are the same, and not in addition to, the interests conveyed herein. Assignor agrees to execute and deliver such other instruments and documents and take such other actions as may be reasonably necessary to evidence and effectuate the transactions contemplated by this Assignment.
9. Waiver of Consequential Losses. NOTWITHSTANDING ANY TERM OR PROVISION OF THIS ASSIGNMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY TO THIS ASSIGNMENT BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, EXEMPLARY, PUNITIVE OR SIMILAR DAMAGES ARISING OUT OF OR RELATING TO THIS ASSIGNMENT, EXCEPT TO THE EXTENT ANY PARTY WAS REQUIRED TO PAY SUCH DAMAGES TO A THIRD PARTY IN CONNECTION WITH A CLAIM, IN WHICH EVENT SUCH DAMAGES SHALL BE RECOVERABLE HEREUNDER.

10. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns, forever.
11. Counterparts. This Assignment may be executed by Assignor and Assignee in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, this Wellbore Assignment and Bill of Sale is executed on July 1, 2021, effective however, at the Effective Time.

ASSIGNOR:

OXY USA WTP LIMITED PARTNERSHIP

Signature: John V. Schneider

Name: John V. Schneider

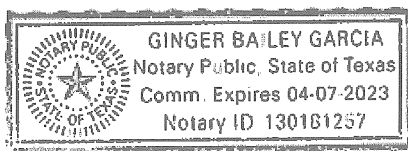
Title: Attorney-in-Fact CDC

ACKNOWLEDGMENT

STATE OF TEXAS)

COUNTY OF HARRIS)

This instrument was acknowledged before me on July 1, 2021, by John V. Schneider ATTORNEY-IN-FACT of OXY USA WTP LIMITED PARTNERSHIP, a Delaware limited partnership.



[Signature]
Notary Public in and for the State of Texas

IN WITNESS WHEREOF, this Wellbore Assignment and Bill of Sale is executed on July 1, 2021, effective however, at the Effective Time.

ASSIGNEE:

TAP ROCK OPERATING, LLC

Signature:  MP

Name: Clayton Sporich

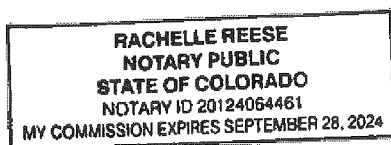
Title: Executive Vice President of Land and Legal

ACKNOWLEDGMENT

STATE OF Colorado)

COUNTY OF Jefferson)

This instrument was acknowledged before me on July 1, 2021, by Clayton Sporich, Executive Vice President of Land and Legal for TAP ROCK OPERATING, LLC, a Delaware limited liability company, on behalf of said limited liability company.




Notary Public in and for the State of Colorado
Notary's Printed Name: Rachelle Reese
Notary's Commission Expires: 9/28/2024

Exhibit "A"

Attached to that certain Wellbore Assignment and Bill and Sale, effective July 1, 2021, by and between OXY USA WTP Limited Partnership, as Assignor and Tap Rock Resources, LLC, as Assignee.

- 1) Oxy Contract #02883701, being that Operating Agreement dated April 10, 1975, by and between Cities Service Oil Company, as Operator, and Belco Petroleum Corporation, et al, as Non-Operators, covering the W/2 of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico;
- 2) Pooling Order R-5024, dated May 22, 1975, issued by the Oil Conservation Commission of the State of New Mexico, covering the W/2 of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico, insofar as to the Pennsylvanian Formation.
- 3) Pooling Order R-5115, dated November 17, 1975, issued by the Oil Conservation Commission of the State of New Mexico, covering the W/2 of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico, insofar as to the Pennsylvanian Formation.

Exhibit C**WELLBORE ASSIGNMENT AND BILL OF SALE**

STATE OF NEW MEXICO §
 §
 COUNTY OF EDDY §

THIS Wellbore Assignment and Bill of Sale ("Assignment") is effective as of July 1, 2021 at 7:01 a.m. Central Standard Time (the "Effective Time"), and is by and between **OXY USA WTP LIMITED PARTNERSHIP**, whose address is 5 Greenway Plaza Houston, Suite 110, Texas 77046 (hereafter called "Assignor"), and **TAP ROCK OPERATING, LLC**, whose address is 523 Park Point Drive, Suite 200, Golden, Colorado 80401 (hereafter called "Assignee").

WHEREAS, Assignor owns an interest in the wellbore commonly known as the Tracy B Com #001 Well, API# 30-015-21416, located in Section 18, T22S, R27E, Eddy County, New Mexico (the "Wellbore").

WHEREAS, Assignor desires to assign 100% of its right, title, and interest in the Wellbore and Assignee desires to accept the aforementioned interest in the Wellbore.

NOW, THEREFORE, in consideration of the sum of \$10.00 and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Assignor hereby grants, bargains, sells, transfer, assigns and conveys, to Assignee, its successors and assigns, 100% of Assignor's right, title and interest in and to the following (collectively, the "Properties"):

- (a) the Wellbore; and
- (b) the personal property, equipment and fixtures associated with the Wellbore, insofar as said personal property, equipment and fixtures pertain to the Wellbore; and
- (c) such interest in the oil and gas leasehold estate as is necessary to operate, maintain, produce, and plug and abandon the Wellbore; And
- (d) in each case to the extent set forth on Exhibit "A" hereto, all operating agreements, and other contracts affecting the Wellbore.

TO HAVE AND TO HOLD the Properties unto Assignee, its respective successors and assigns, forever, subject to the terms, conditions and provisions of this Assignment.

Assignor and Assignee also agree to the following:

1. Excluded Assets. Except as otherwise provided herein, the Properties do not include and Assignor expressly retains and reserves from this Assignment, (i) all minerals interests, any royalty interests, overriding royalty interests, oil and gas leases, and all property and equipment not directly used in connection with the operation of the Wellbore, and (ii) all

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Fee: \$25.00

Eddy County, New Mexico ~ Darlene Rosprim, County Clerk

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TW

accounts receivables, notes receivables, and other receivables attributable to the Properties with respect to any period of time prior to the Effective Time.

2. Special Warranty of Title. Assignor covenants and agrees that it will WARRANT and DEFEND title to the Properties unto Assignee, its successors and assigns, against all persons claiming or to claim the whole or any part thereof, by, through or under Assignor, but not otherwise. Assignee represents that it has inspected, or has had sufficient opportunity to inspect the Properties and has satisfied itself as to its physical and environmental condition, both surface and subsurface, and Assignee has satisfied itself as to the risks and obligations assumed hereunder, and Assignee hereby accepts the Properties in its "AS IS, WHERE IS" condition. Except for the special warranty of title, the Properties, whether real or personal, are quitclaimed, assigned and transferred without WARRANTIES OR COVENANTS OF TITLE OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND WITHOUT WARRANTIES AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
3. Post-Effective Time Revenues. All income, revenues, accounts receivables, and proceeds attributable to the Properties for periods from and after the Effective Time, and all costs, expenses, and expenditures attributable to the Properties for periods from and after the Effective Time, shall be for the account of Assignee. All income, revenues, and proceeds attributable to the Properties for periods prior to the Effective Time, and all costs, expenses, and expenditures attributable to the Properties for periods prior to the Effective Time, shall be for the account of Assignor.
4. Plug and Abandon. Assignee does hereby agree to be responsible for the plugging and abandoning of the Wellbore assigned hereby and restoring the surface or subsurface as may be reasonably required under the terms of any oil and gas leases, surface use agreements, or applicable governmental laws, rules and regulations. Further, Assignee does hereby agree to register the transfer of operatorship of the Wellbore with the appropriate agencies having jurisdiction over oil and gas operations and effect the release of the Wellbore from any bond presently made by or on behalf of Assignor, and to substitute in place thereof Assignee's own bond with the State of New Mexico. Assignee does further agree to satisfy any and all statutory requirements and other obligations including all laws, ordinances, rules and regulations (federal, state and municipal), which exist or which may arise from the assignment of the Wellbore and ownership thereof as of the Effective Time.
5. Existing Burdens. This Assignment is subject to, and Assignee agrees to be bound by and assume its proportionate share of all burdens, including royalties and overriding royalties, on any oil and gas produced from the Wellbore, to the extent of the interest herein conveyed, as well as any applicable surface use agreements, farmout agreements, and other agreements relating to the Wellbore.
6. Assumed and Retained Liabilities. Assignee hereby assumes and shall be responsible for all obligations, commitments and liabilities of Assignor arising from, relating to or connected with, (i) the ownership, operation and use of the Properties to the extent attributable to the period of time from and after the Effective Time, and (ii) the plugging

and abandoning of the Wellbore and restoring the surface or subsurface as may be reasonably required under the terms of the oil and gas leases, surface use agreements, or applicable government laws, rules or regulations (the "Assumed Liabilities"). Assignor hereby retains and shall be responsible for all obligations, commitments and liabilities arising from, relating to or connected with, the ownership, operation and use of the Properties to the extent attributable to the period of time prior to the Effective Time (the "Retained Liabilities").

7. Indemnities. ASSIGNEE HEREBY AGREES TO INDEMNIFY, DEFEND AND KEEP, SAVE AND HOLD HARMLESS ASSIGNOR AND ITS AFFILIATES AND ITS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, AGENTS ("ASSIGNOR PARTIES"), FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, FINES, PENALTIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES AND COSTS OF LITIGATION AND SETTLEMENT), LIABILITIES, LIENS, DEMANDS, JUDGMENTS, SUITS, ACTIONS, CAUSES OF ACTION AND CLAIMS OF ANY KIND OR CHARACTER (collectively, "LOSSES") BROUGHT AGAINST OR SUFFERED BY ASSIGNOR PARTIES ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO THE ASSUMED LIABILITIES

ASSIGNOR HEREBY AGREES TO INDEMNIFY, DEFEND AND KEEP, SAVE AND HOLD HARMLESS ASSIGNEE AND ITS AFFILIATES AND ITS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, AGENTS ("ASSIGNEE PARTIES"), FROM AND AGAINST ANY AND ALL LOSSES BROUGHT AGAINST OR SUFFERED BY ASSIGNEE PARTIES ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO THE RETAINED LIABILITIES

8. Government Forms; Further Assurances. Assignor and Assignee may execute separate governmental form assignments of the Properties in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, limitations, rights, titles, power and privileges set forth herein as fully as though they were set forth in each such assignment. The interests conveyed by such separate assignments are the same, and not in addition to, the interests conveyed herein. Assignor agrees to execute and deliver such other instruments and documents and take such other actions as may be reasonably necessary to evidence and effectuate the transactions contemplated by this Assignment.
9. Waiver of Consequential Losses. NOTWITHSTANDING ANY TERM OR PROVISION OF THIS ASSIGNMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY TO THIS ASSIGNMENT BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, EXEMPLARY, PUNITIVE OR SIMILAR DAMAGES ARISING OUT OF OR RELATING TO THIS ASSIGNMENT, EXCEPT TO THE EXTENT ANY PARTY WAS REQUIRED TO PAY SUCH DAMAGES TO A THIRD PARTY IN CONNECTION WITH A CLAIM, IN WHICH EVENT SUCH DAMAGES SHALL BE RECOVERABLE HEREUNDER.

10. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns, forever.
11. Counterparts. This Assignment may be executed by Assignor and Assignee in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, this Wellbore Assignment and Bill of Sale is executed on July 1, 2021, effective however, at the Effective Time.

ASSIGNOR:

OXY USA WTP LIMITED PARTNERSHIP

Signature:

Name:

Title:

John V. Schneider
John V. Schneider
Attorney-in-Fact *CDL*

ACKNOWLEDGMENT

STATE OF TEXAS)

COUNTY OF HARRIS)

This instrument was acknowledged before me on July 1, 2021, by John V. Schneider, **ATTORNEY-IN-FACT** of **OXY USA WTP LIMITED PARTNERSHIP**, a Delaware limited partnership.

[Signature]
Notary Public

in and for the State of Texas



IN WITNESS WHEREOF, this Wellbore Assignment and Bill of Sale is executed on July 1, 2021, effective however, at the Effective Time.

ASSIGNEE:

TAP ROCK OPERATING, LLC

Signature:  MP

Name: Clayton Sporich

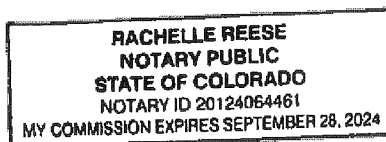
Title: Executive Vice President of Land and Legal

ACKNOWLEDGMENT

STATE OF Colorado)

COUNTY OF Jefferson)

This instrument was acknowledged before me on July 1, 2021, by Clayton Sporich, Executive Vice President of Land and Legal for **TAP ROCK OPERATING, LLC**, a Delaware limited liability company, on behalf of said limited liability company.



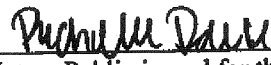

Notary Public in and for the State of Colorado
Notary's Printed Name: Rachelle Reese
Notary's Commission Expires: 9/28/2024

Exhibit "A"

Attached to that certain Wellbore Assignment and Bill and Sale, effective July 1, 2021, by and between OXY USA WTP Limited Partnership, as Assignor, and Tap Rock Resources, LLC, as Assignee.

1) Oxy Contract # 02877601, Being that Operating Agreement dated September 20, 1974, by and between Cities Service Oil Company, as Operator, and Beren Corporation, et al, covering the E/2 of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico.

2) Pooling Order R-4866, dated September 9, 1974, issued by the Oil Conservation Commission of the State of New Mexico, covering the E/2 of Section 18, Township 22 South, Range 27 East, Eddy County, New Mexico, insofar as to the Pennsylvanian Formation.

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary-Designate

Ben Shelton
Deputy Secretary (Acting)

Gerasimos "Gerry" Razatos
Division Director (Acting)
Oil Conservation Division



December 18, 2024

Exhibit
D1

American Energy Resources LLC [372991]
P.O. BOX 114
Hagerman, NM 88232

Re: Approved: Single Well Plugging Bond(s)
Operator: American Energy Resources LLC [372991]
Issuers: LEA COUNTY STATE BANK [239]

Greetings:

The New Mexico Oil Conservation Division approves the following bond(s):

BOND NUMBER	API NUMBER	AMOUNT	EFFECTIVE
100002575	30-015-20971	\$48,380.00	12/18/2024

Please forward to your issuer as we no longer mail paper copies. This is a part of New Mexico Oil Conservation Division's paperless initiative.

Sincerely,

Nicholas Karns
Compliance Officer – A
Nicholas.Karns@emnrd.nm.gov

ecc: Oil Conservation Division – Rob Jackson, Amalia Bustamante

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary-Designate

Ben Shelton
Deputy Secretary (Acting)

Gerasimos "Gerry" Razatos
Division Director (Acting)
Oil Conservation Division



Exhibit
D2

January 7, 2025

American Energy Resources LLC [372991]
P.O. BOX 114
Hagerman, NM 88232

Re: Approved: Blanket Plugging Bond(s)
Operator: American Energy Resources LLC [332741]
Issuers: LEA COUNTY STATE BANK [239]

Greetings:

The New Mexico Oil Conservation Division approves the following bond rider(s):

BOND NUMBER	API NUMBER	AMOUNT	EFFECTIVE
100002724	30-025-24876	\$50,000.00	1/07/2025
100002732	30-015-23801	\$50,000.00	1/07/2025
100002716	N/A	\$75,000.00	1/07/2025

Please forward to your issuer as we no longer mail paper copies. This is a part of New Mexico Oil Conservation Division's paperless initiative.

Sincerely,

Gayle Madrid
Compliance Officer III
Gayle.Madrid@emnrd.nm.gov

ecc: Oil Conservation Division – Rob Jackson, Amalia Bustamante

Reception: 2407955 Book: 1184 Page: 0350 Pages: 3
Recorded: 07/03/2024 11:41 AM Fee: \$25.00
Eddy County, New Mexico ~ Cara Cooke, County Clerk
eRecorded Document



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ASSIGNMENT OF OIL AND GAS LEASES

Exhibit F

STATE OF NEW MEXICO §
§
COUNTY OF EDDY §

In consideration of ten dollars (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **Uplift Energy, LLC**, an Oklahoma limited liability company whose address is P.O. Box 10701, Midland, TX 79702 ("Assignor"), does hereby grant, assign, and convey unto **Alpha Energy Partners II, LLC**, a Texas limited liability company whose address is P.O. Box 10701, Midland, Texas 79702 ("Assignee"), all of Assignor's right, title, and interest in and to the following:

1. Oil and gas leases (the "Leases") that cover lands in Section 17, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico (the "Lands"), including but not limited to all leasehold estates, operating rights, working interests, net revenue interests, and overriding royalty interests.
2. Existing and effective pooling and communization agreements, pooling declarations, and pooling orders, to the extent same include the Leases and Lands.
3. All beneficial and contractual rights relating to the Leases, including but not limited to the beneficial and contractual rights arising under any operating agreements, farmout agreements or other agreements relating to the Leases and Lands.
4. The oil, gas, condensate, casinghead gas, plant products, and other hydrocarbons, whether liquid or gaseous, in, on, or under or that may be produced from any wells on the Lands or lands pooled therewith, together with all proceeds thereof.

This instrument is delivered by Assignor to Assignee with NO warranty of title, express or implied, and is made subject to (i) a conveyance of an overriding royalty interest in the Leases executed by Assignor to Bravo Energy Holdings, LLC, on even date hereof, and (ii) all matters of record with the County Clerk of Eddy County, New Mexico, as of the Effective Time hereof.

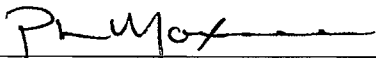
The terms and provisions of this instrument shall inure to the benefit of Assignor and Assignee and their legal representatives, successors, and assigns.

This instrument may be executed in multiple counterparts, each of which shall be considered an original for all purposes, and for purposes of filing this instrument of record each original counterpart may be combined to form a single document.

This instrument is executed and delivered as of the acknowledgement dates below, but is dated to be effective for all purposes as of June 14, 2024 at 12:02 a.m. local time of the Lands (the "Effective Time").

ASSIGNOR:

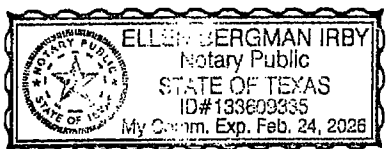
Uplift Energy, LLC,
an Oklahoma limited liability company

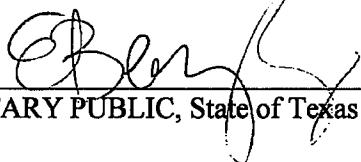
By: 
Name: P. Nick Maxwell
Title: Authorized Representative

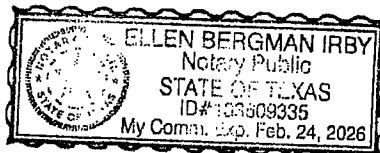
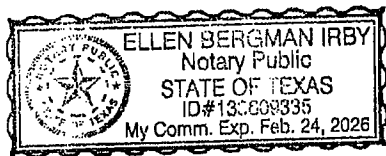
ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 2 day of July, 2024, by P. Nick Maxwell, Authorized Representative of Uplift Energy, LLC, an Oklahoma limited liability company, on behalf of said company.

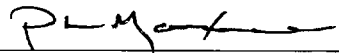



NOTARY PUBLIC, State of Texas



ASSIGNEE:

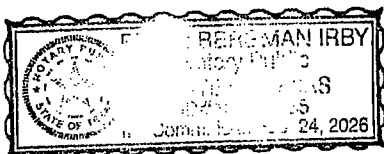
Alpha Energy Partners II, LLC,
a Texas limited liability company

By: 
Name: P. Nick Maxwell
Title: CEO

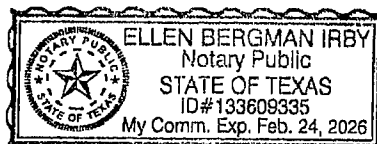
ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 2 day of July, 2024, by P. Nick Maxwell, CEO of Alpha Energy Partners II, LLC, a Texas liability company, on behalf of said company.




NOTARY PUBLIC, State of Texas



Office
 District I – (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II – (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III – (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV – (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-015-33962
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name KODIAK
8. Well Number 002
9. OGRID Number 372043
10. Pool name or Wildcat [79335] JOHNOSN RANCH; WOLFCAMP (GAS)
4. Well Location Unit Letter <u>O</u> : 885 feet from the <u>SOUTH</u> line and 2460 feet from the <u>EAST</u> line Section <u>17</u> Township <u>22S</u> Range <u>27E</u> NMPM County <u>EDDY</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3122 GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK ☐	REMEDIAL WORK ☐
TEMPORARILY ABANDON ☐	ALTERING CASING ☐
PULL OR ALTER CASING ☐	COMMENCE DRILLING OPNS. ☐
DOWNHOLE COMMINGLE ☐	P AND A ☐
CLOSED-LOOP SYSTEM ☐	CASING/CEMENT JOB ☐
OTHER: ☐	OTHER: ☐

Notify OCD 24 hrs. prior to any work done

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Tap Rock requests to PA the referenced well according to the attached PA procedure, current WBD and proposed WBD.

RUN CBL

SEE CHANGES TO PLUGGING PROCEDURE

SEE ATTACHED COA's

MUST BE PLUGGED BY 7/1/24

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

SIGNATURE [Signature] TITLE Regulatory Specialist DATE 9/26/2023

Type or print name Jeff Trlica E-mail address: jtrlica@taprk.com PHONE: 720-772-5910

For State Use Only

APPROVED BY: [Signature] TITLE Staff Manager DATE 10/6/23

Conditions of Approval (if any):

Kodiak #2
Eddy County, NM

Plug and Abandonment
06/15/2023

Objective: Plug and abandonment of wellbore and reclamation of surface location

Safety:

Comply with all NMOCD, BLM, and Operator safety regulations.

All Personnel **MUST** wear hard hats, steel toed boots, and safety glasses.

No smoking inside rig anchors.

Hold a job safety meeting each morning, and as needed before specific job tasks.

General Considerations and Requirements:

- The procedure will be revised based on approved NMOCD, BLM, and Operator safety regulations.
- All cement volumes use 100% excess outside pipe and 50' excess inside.
- The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures.
- All cement will be class G, mixed at 15.8 ppg with a 1.15 ft³/sacks yield.

Downhole Work Procedure:

1. Notify NMOCD 24 hrs prior to beginning work
 - a. **(575) 748-1283**
2. Release packer and POOH Laying down tubing and BHA
3. RIH with tubing and pump 35 sx cement in perforations from 11,712' – 11,722'.
4. WOC and tag
5. MIRU WL **Run CBL**
6. RIH with 4 3/4" GR & JB
 - a. Report any tight spots to engineer

7. RIH and set 5.5" CIBP at 11,650' Bubble test
8. RIH with dump bailer and dump 35 sx cement
9. WOC & tag
10. TIH with tubing and spot 25 sx cement at 12,200' (estimated TOC 11,800') See CBL
11. WOC & tag see CBL - if needed perf @ 10290' and cmt across T Strawn
12. TIH with tubing and spot 25 sx cement at 5,400' (estimated TOC 5,150') See CBL - T BS
13. WOC & tag above 5250' See CBL if needed perf @ 2085' and cmt across T Delaware
14. POOH
15. MIRU WL
16. Perforate 7" casing at 200'
17. RD WL, TIH with tubing Perf @ 400' and attempt to sqz cmt to surface
18. Set cement plug at ~~250'~~ and pump cement through perfs, squeezing and circulating to surface
19. POOH
20. RDMO
21. Cut off wellhead, verify cement in annulus/surface, if not fully cemented from squeeze job, add cement until to surface. Take pictures to document.
22. Marker options: For below marker, the top of the casing must be fitted with a screw cap or steel plate welded in place with a weep hole. For above ground markers, the top of casing must be fitted with a screw cap or steel plate welded with a weep hole and a permanent monument shall be pipe not less than 4" in diameter and 10' in length, of which 4' shall be above ground level and the remainder embedded in cement/welded to surface casing.

23. Either option must have marker that shall inscribed with well's legal locations, well name, number and API number. See COA's

24. Take pictures to document.

25. RD aux. equipment, clean loc.

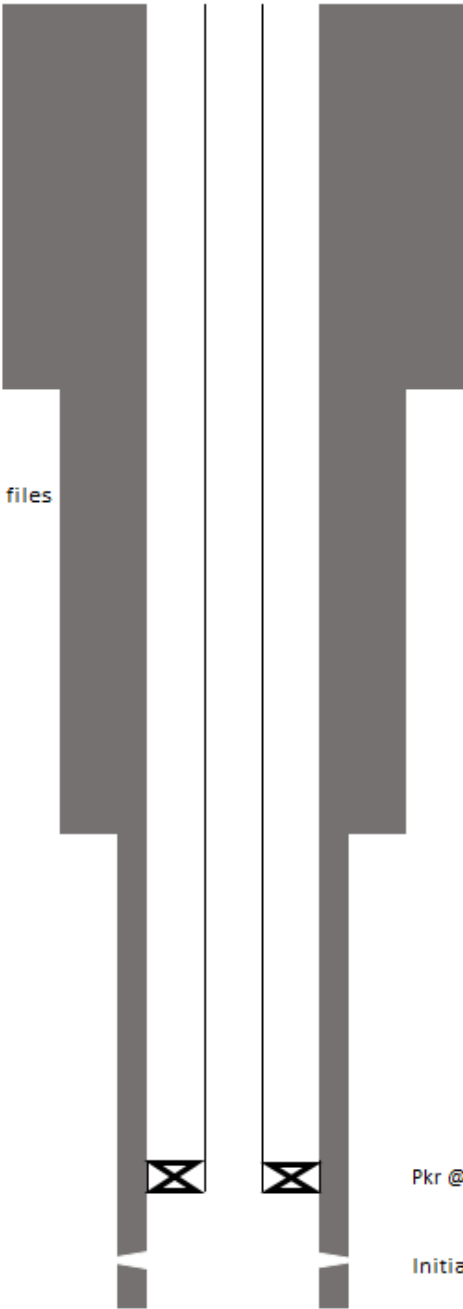
26. Cut off anchors. Restore pad location per NMOCD stipulations.

Current WBD

TAP ROCK OPERATING, LLC
Kodiak 2
SEC. 17, T-22S, R-27E
885' FSL AND 2460' FEL
EDDY COUNTY, NEW MEXICO
API # 30-015-33962

GL: 3612'

TBG DETAIL not specified in well files



17 1/2" HOLE
13 3/8" 48.5# J-55 @ 360'
Cmt Circ.

12 1/4" HOLE
9 5/8" 40# N-80, J-55, & 36# J-55 @ 5,332
Cmt Circ.

8 3/4" HOLE
5 1/2" 17# P-110 & N-80 @ 12,000'
Cmt w/ 1,000 sks cmt

Pkr @ 11,615'

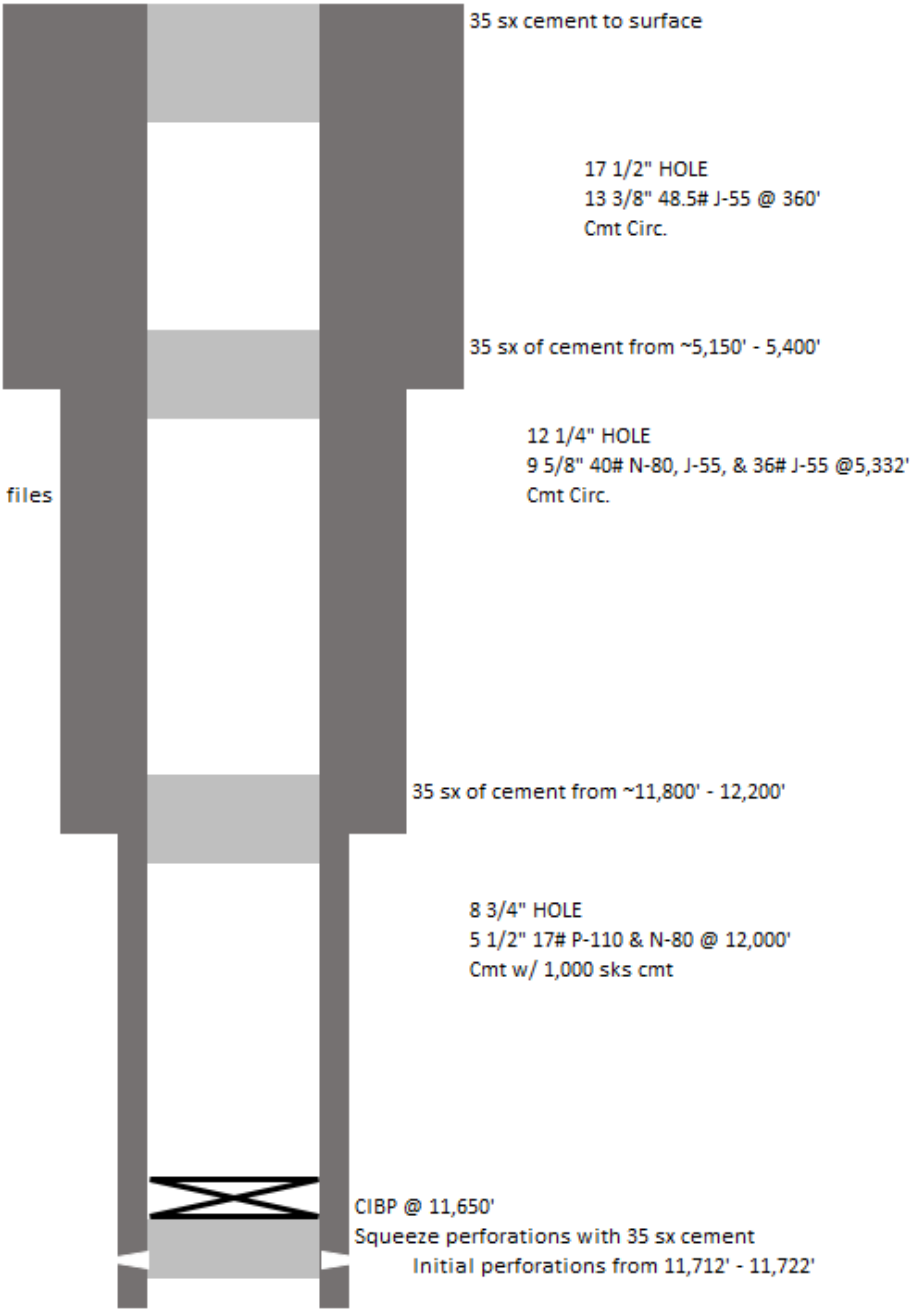
Initial perforations from 11,712' - 11,722'

Proposed WBD

TAP ROCK OPERATING, LLC
Kodiak 2
SEC. 17, T-22S, R-27E
885' FSL AND 2460' FEL
EDDY COUNTY, NEW MEXICO
API # 30-015-33962

GL: 3612'

TBG DETAIL not specified in well files



CONDITIONS FOR PLUGGING AND ABANDONMENT

OCD - Southern District

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases, **Notify NMOCD at 575-626-0830 at least 24 hours before beginning work. After MIRU rig will remain on well until it is plugged to surface. OCD is to be notified before rig down. Company representative will be on location during plugging procedures.**

1. A notice of intent to plug and abandon a wellbore is required to be approved before plugging operations are conducted. A cement evaluation tool is required in order to ensure isolation of producing formations, protection of water and correlative rights. A cement bond log or other accepted cement evaluation tool is to be provided to the division for evaluation if one has not been previously run or if the well did not have cement circulated to surface during the original casing cementing job or subsequent cementing jobs. Insure all bradenheads have been exposed, identified and valves are operational prior to rig up.
2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.
3. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator as well as the contractor, to verify that this permit is in place prior to performing work. Drivers shall be able to produce a copy upon request of an NMOCD Field inspector.
4. Filing a subsequent C-103 will serve as notification that the well has been plugged.
5. A final C-103 shall be filed (and a site inspection by NMOCD Inspector to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to Meet NMOCD standards) before bonding can be released.
6. If work has not begun within 1 Year of the approval of this procedure, an extension request must be file stating the reason the well has not been plugged.
7. Squeeze pressures are not to exceed 500 psi, unless approval is given by NMOCD.
8. Produced water **will not** be used during any part of the plugging operation.
9. Mud laden fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
10. All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
11. Class 'C' cement will be used above 7500 feet.
12. Class 'H' cement will be used below 7500 feet.
13. A cement plug is required to be set 50' above and 50' below, casing stubs, DV tools, attempted casing cut offs, cement tops outside casing, salt sections and anywhere the casing is perforated, these plugs require a 4 hour WOC and then will be tagged
14. All Casing Shoes Will Be Perforated 50' below shoe depth and Attempted to be Squeezed, cement needs to be 50' above and 50' Below Casing Shoe inside the Production Casing.

16. When setting the top out cement plug in production, intermediate and surface casing, wellbores should remain full at least 30 minutes after plugs are set
17. A CIBP is to be set within 100' of production perforations, capped with 100' of cement, WOC 4 hours and tag.
18. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, (WOC 4 hrs and tag).
19. No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.
20. Some of the Formations to be isolated with cement plugs are: These plugs to be set to isolate formation tops
 - A) Fusselman
 - B) Devonian
 - C) Morrow
 - D) Wolfcamp
 - E) Bone Springs
 - F) Delaware
 - G) Any salt sections
 - H) Abo
 - I) Glorieta
 - J) Yates.
 - K) Cherry Canyon - Eddy County
 - L) Potash---(In the R-111-P Area (Page 3 & 4), a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, WOC 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
21. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, WOC and tagged. These plugs will be set 50' below formation bottom to 50' above formation top inside the casing

DRY HOLE MARKER REQUIREMENTS

The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least ¼" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name 2. Lease and Well Number 3.API Number 4. Unit Letter 5. Quarter Section (feet from the North, South, East or West) 6. Section, Township and Range 7. Plugging Date 8. County (SPECIAL CASES)-----AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)

SITE REMEDIATION DUE WITHIN ONE YEAR OF WELL PLUGGING COMPLETION

R-111-P Area

T 18S – R 30E

Sec 10 Unit P. Sec 11 Unit M,N. Sec 13 Unit L,M,N. Sec 14 Unit C -P. Sec 15 Unit A G,H,I,J,K,N,O,P. Sec 22 Unit All except for M. Sec 23, Sec 24 Unit C,D,E,L, Sec 26 Unit A-G, Sec 27 Unit A,B,C

T 19S – R 29E

Sec 11 Unit P. Sec 12 Unit H-P. Sec 13. Sec 14 Unit A,B,F-P. Sec 15 Unit P. Sec 22 Unit A,B,C,F,G,H,I,J K,N,O,P. Sec 23. Sec 24. Sec 25 Unit D. Sec 26 Unit A- F. Sec 27 Unit A,B,C,F,G,H.

T 19S – R 30E

Sec 2 Unit K,L,M,N. Sec 3 Unit I,L,M,N,O,P. Sec 4 Unit C,D,E,F,G,I-P. Sec 5 Unit A,B,C,E-P. Sec 6 Unit I,O,P. Sec 7 – Sec 10. Sec 11 Unit D, G—P. Sec 12 Unit A,B,E-P. Sec 13 Unit A-O. Sec 14-Sec 18. Sec 19 Unit A-L, P. Sec 20 – Sec 23. Sec 24 Unit C,D,E,F,L,M,N. Sec 25 Unit D. Sec 26 Unit A-G, I-P. Sec 27, Sec 28, Sec 29 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 32 Unit A,B,G,H,I,J,N,O,P. Sec 33. Sec 34. Sec 35. Sec 36 Unit D,E,F,I-P.

T 19S – R 31E

Sec 7 Unit C,D,E,F,L. Sec 18 Unit C,D,E,F,G,K,L. Sec 31 Unit M. Sec 34 Unit P. Sec 35 Unit M,N,O. Sec 36 Unit O,P.

T 20S – R 29E

Sec 1 Unit H,I,P. Sec 13 Unit E,L,M,N. Sec 14 Unit B-P. Sec 15 Unit A,H,I,J,N,O,P. Sec 22 Unit A,B,C,F,G,H,I,J,O,P. Sec 23. Sec 24 Unit C,D,E,F,G,J-P. Sec 25 Unit A-O. Sec 26. Sec 27 Unit A,B,G,H,I,J,O,P. Sec 34 Unit A,B,G,H. Sec 35 Unit A-H. Sec 36 Unit B-G.

T 20S – R 30E

Sec 1 – Sec 4. Sec 5 Unit A,B,C,E-P. Sec 6 Unit E,G-P. Sec 7 Unit A-H,I,J,O,P. Sec 8 – 17. Sec 18 Unit A,B,G,H,I,J,O,P. Sec 19 Unit A,B,G,H,I,J,O,P. Sec 20 – 29. Sec 30 Unit A-L,N,O,P. Sec 31 Unit A,B,G,H,I,P. Sec 32 – Sec 36.

T 20S – R 31E

Sec 1 Unit A,B,C,E-P. Sec 2. Sec 3 Unit A,B,G,H,I,J,O,P. Sec 6 Unit D,E,F,J-P. Sec 7. Sec 8 Unit E-P. Sec 9 Unit E,F,J-P. Sec 10 Unit A,B,G-P. Sec 11 – Sec 36.

T 21S – R 29E

Sec 1 – Sec 3. Sec 4 Unit L1 – L16,I,J,K,O,P. Sec 5 Unit L1. Sec 10 Unit A,B,H,P. Sec 11 – Sec 14. Sec 15 Unit A,H,I. Sec 23 Unit A,B. Sec 24 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 25 Unit A,O,P. Sec 35 Unit G,H,I,J,K,N,O,P. Sec 36 A,B,C,F – P.

T 21S – R 30E

Sec 1 – Sec 36

T 21S – R 31E

Sec 1 – Sec 36

T 22S – R 28E

Sec 36 Unit A,H,I,P.

T 22S – R 29E

Sec 1. Sec 2. Sec 3 Unit I,J,N,O,P. Sec 9 Unit G – P. Sec 10 – Sec 16. Sec 19 Unit H,I,J. Sec 20 – Sec 28. Sec 29 Unit A,B,C,D,G,H,I,J,O,P. Sec 30 Unit A. Section 31 Unit C – P. Sec 32 – Sec 36

T 22S – R 30E

Sec 1 – Sec 36

T 22S – R 31E

Sec 1 – Sec 11. Sec 12 Unit B,C,D,E,F,L. Sec 13 Unit E,F,K,L,M,N. Sec 14 – Sec 23. Sec 24 Unit C,D,E,F,K,L,M,N. Sec 25 Unit A,B,C,D. Sec 26 Unit A,BC,D,G,H. Sec 27 – Sec 34.

T 23S – R 28E

Sec 1 Unit A

T 23S – R 29E

Sec 1 – Sec 5. Sec 6 Unit A – I, N,O,P. Sec 7 Unit A,B,C,G,H,I,P. Sec 8 Unit A – L, N,O,P. Sec 9 – Sec 16. Sec 17 Unit A,B,G,H,I,P. Sec 21 – Sec 23. Sec 24 Unit A – N. Sec 25 Unit D,E,L. Sec 26. Sec 27. Sec 28 Unit A – J, N,O,P. Sec 33 Unit A,B,C. Sec 34 Unit A,B,C,D,F,G,H. Sec 35. Sec 36 Unit B,C,D,E,F,G,K,L.

T 23S – R 30E

Sec 1 – Sec 18. Sec 19 Unit A – I,N,O,P. Sec 20, Sec 21. Sec 22 Unit A – N, P. Sec 23, Sec 24, Sec 25. Sec 26 Unit A,B,F-P. Sec 27 Unit C,D,E,I,N,O,P. Sec 28 Unit A – H, K,L,M,N. Sec 29 Unit A – J, O,P. Sec 30 Unit A,B. Sec 32 A,B. Sec 33 Unit C,D,H,I,O,P. Sec 34, Sec 35, Sec 36.

T 23S – R 31E

Sec 2 Unit D,E,J,O. Sec 3 – Sec 7. Sec 8 Unit A – G, K – N. Sec 9 Unit A,B,C,D. Sec 10 Unit D,P. Sec 11 Unit G,H,I,J,M,N,O,P. Sec 12 Unit E,L,K,M,N. Sec 13 Unit C,D,E,F,G,J,K,L,M,N,O. Sec 14. Sec 15 Unit A,B,E – P. Sec 16 Unit I, K – P. Sec 17 Unit B,C,D,E, I – P. Sec 18 – Sec 23. Sec 24 Unit B – G, K,L,M,N. Sec 25 Unit B – G, J,K,L. Sec 26 – Sec 34. Sec 35 Unit C,D,E.

T 24S – R 29E

Sec 2 Unit A, B, C, D. Sec 3 Unit A

T 24S – R 30E

Sec 1 Unit A – H, J – N. Sec 2, Sec 3. Sec 4 Unit A,B,F – K, M,N,O,P. Sec 9 Unit A – L. Sec 10 Unit A – L, O,P. Sec 11. Sec 12 Unit D,E,L. Sec 14 Unit B – G. Sec 15 Unit A,B,G,H.

T 24S – R 31E

Sec 3 Unit B – G, J – O. Sec 4. Sec 5 Unit A – L, P. Sec 6 Unit A – L. Sec 9 Unit A – J, O,P. Sec 10 Unit B – G, K – N. Sec 35 Unit E – P. Sec 36 Unit E,K,L,M,N.

T 25S – R 31E

Sec 1 Unit C,D,E,F. Sec 2 Unit A – H.

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

CONDITIONS

Action 269156

CONDITIONS

Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401	OGRID: 372043
	Action Number: 269156
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
gcordero	None	10/6/2023

Office

District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240

District II – (575) 748-1283

811 S. First St., Artesia, NM 88210

District III – (505) 334-6178

1000 Rio Brazos Rd., Aztec, NM 87410

District IV – (505) 476-3460

1220 S. St. Francis Dr., Santa Fe, NM

87505

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-103
Revised July 18, 2013WELL API NO.
30-015-21593

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

COLONIA A COM

8. Well Number 001

9. OGRID Number

372043

10. Pool name or Wildcat

CARLSBAD; STRAWN (GAS)

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other2. Name of Operator
TAP ROCK OPERATING, LLC3. Address of Operator
523 PARK POINT DR, SUITE 200, GOLDEN, CO 80401

4. Well Location

Unit Letter K: 1650 feet from the SOUTH line and 1980 feet from the WEST line
Section 18 Township 22S Range 27E NMPM County EDDY11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3156 GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: ☐

Notify OCD 24 hrs. prior to any work done

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Tap Rock requests to PA the referenced well according to the attached PA procedure, current WBD and proposed WBD.

SEE ATTACHED COA's

MUST BE PLUGGED BY 10/1/24

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

SIGNATURE  TITLE Regulatory Specialist DATE 9/26/2023Type or print name Jeff Trlica E-mail address: jtrlica@taprk.com PHONE: 720-772-5910**For State Use Only**APPROVED BY:  TITLE Staff Manager DATE 10/10/23

Conditions of Approval (if any):

Colonia P&A Procedure

1. Notify NMOCD 24 hrs prior to beginning work

○ **(575) 626-0830**

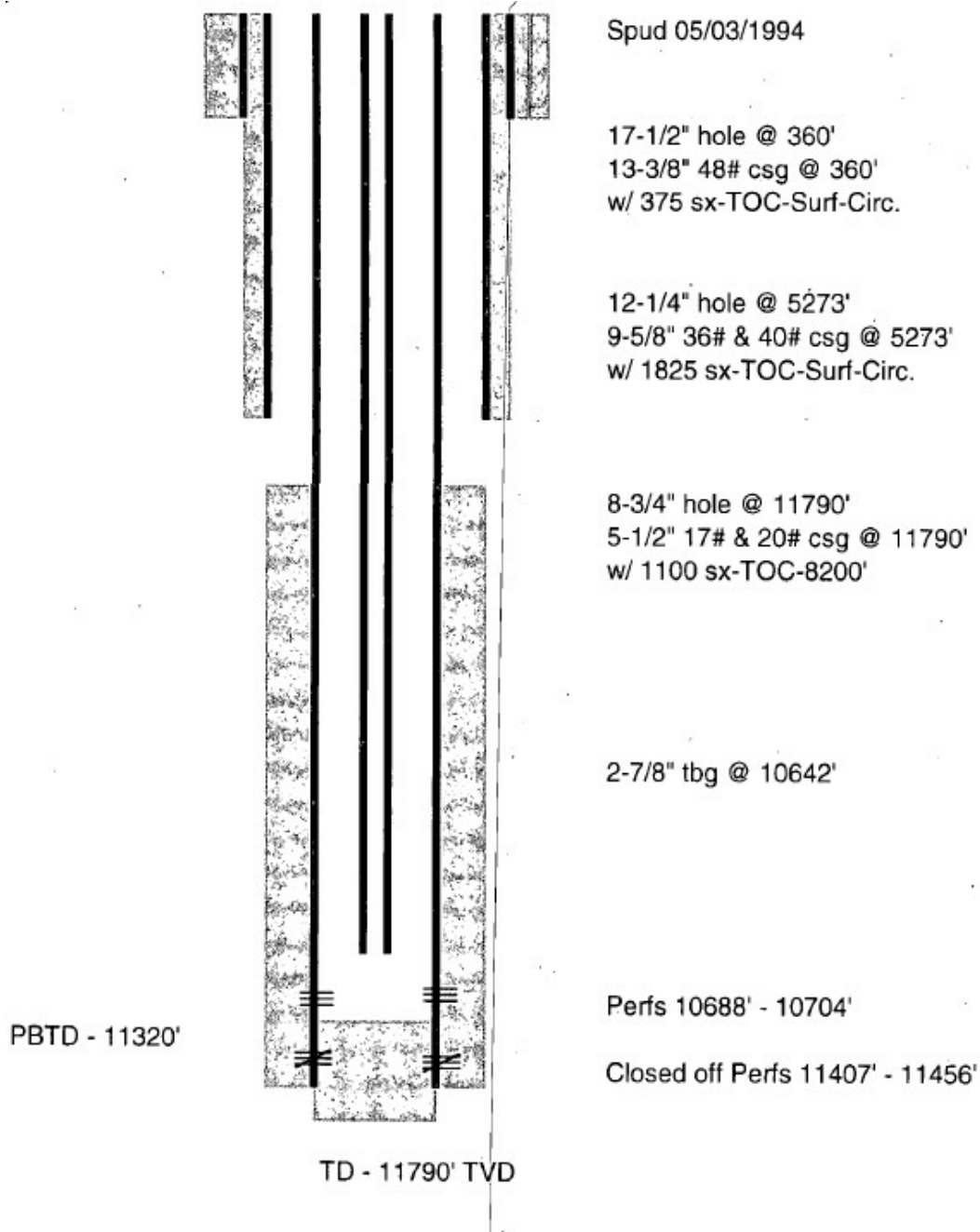
Run CBL

2. POOH with tubing
3. RIH & set CIBP @ 11300', Tag – dump bail ~~30' cmt to 11270'~~ 4 sx cmt - WOC & tag @11265'
4. RIH & set CIBP @ 10638', Tag - dump bail 35' class h cmt to 10638' Test CIBP 500 psi / 30 minutes - Bubble test
5. M&P 45sx class h cmt from 10180' to 9840' WOC-Tag
6. M&P 55sx class h cmt from 8733' to 8238' WOC-Tag
7. Perf at 6902', sqz 265sx class c cmt from 6952' to 6270' WOC-Tag
8. Perf at 5320', sqz 80sx class c cmt from 5323' to 5123' WOC-Tag
9. Perf at 3453', sqx 475sx class c cmt from 3503' to 2035' WOC-Tag
10. Perf at 410', sqx 165sx class c cmt from 410' to Surface
11. 10# brine between plugs - Above ground steel tanks will be utilized

Verify cement at surface on all strings

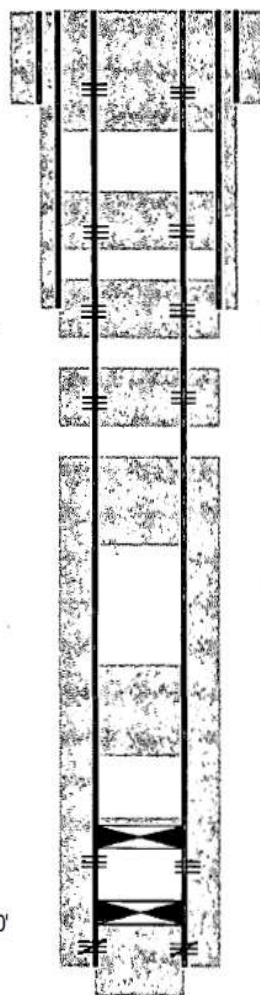
Current WBD

Tap Rock Operating
Colonia A Com #001
API # 30-015-21593
18-22S-27E



Tap Rock Operating
Colonia A Com #001
API # 30-015-21593
18-22S-27E

TD - 11790' TVD



CIBP @11300' w/ 30' cmt to 11270'
Closed off Perfs 11407' - 11456'

CONDITIONS FOR PLUGGING AND ABANDONMENT

OCD - Southern District

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases, **Notify NMOCD at 575-626-0830 at least 24 hours before beginning work. After MIRU rig will remain on well until it is plugged to surface. OCD is to be notified before rig down. Company representative will be on location during plugging procedures.**

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2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.
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18. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, (WOC 4 hrs and tag).
19. No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.
20. Some of the Formations to be isolated with cement plugs are: These plugs to be set to isolate formation tops
 - A) Fusselman
 - B) Devonian
 - C) Morrow
 - D) Wolfcamp
 - E) Bone Springs
 - F) Delaware
 - G) Any salt sections
 - H) Abo
 - I) Glorieta
 - J) Yates.
 - K) Cherry Canyon - Eddy County
 - L) **Potash**---(In the R-111-P Area (Page 3 & 4), a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, WOC 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
21. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, WOC and tagged. These plugs will be set 50' below formation bottom to 50' above formation top inside the casing

DRY HOLE MARKER REQUIREMENTS

The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least ¼" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name 2. Lease and Well Number 3.API Number 4. Unit Letter 5. Quarter Section (feet from the North, South, East or West) 6. Section, Township and Range 7. Plugging Date 8. County (SPECIAL CASES)-----AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)

SITE REMEDIATION DUE WITHIN ONE YEAR OF WELL PLUGGING COMPLETION

R-111-P Area

T 18S – R 30E

Sec 10 Unit P. Sec 11 Unit M,N. Sec 13 Unit L,M,N. Sec 14 Unit C -P. Sec 15 Unit A G,H,I,J,K,N,O,P. Sec 22 Unit All except for M. Sec 23, Sec 24 Unit C,D,E,L, Sec 26 Unit A-G, Sec 27 Unit A,B,C

T 19S – R 29E

Sec 11 Unit P. Sec 12 Unit H-P. Sec 13. Sec 14 Unit A,B,F-P. Sec 15 Unit P. Sec 22 Unit A,B,C,F,G,H,I,J K,N,O,P. Sec 23. Sec 24. Sec 25 Unit D. Sec 26 Unit A- F. Sec 27 Unit A,B,C,F,G,H.

T 19S – R 30E

Sec 2 Unit K,L,M,N. Sec 3 Unit I,L,M,N,O,P. Sec 4 Unit C,D,E,F,G,I-P. Sec 5 Unit A,B,C,E-P. Sec 6 Unit I,O,P. Sec 7 – Sec 10. Sec 11 Unit D, G—P. Sec 12 Unit A,B,E-P. Sec 13 Unit A-O. Sec 14-Sec 18. Sec 19 Unit A-L, P. Sec 20 – Sec 23. Sec 24 Unit C,D,E,F,L,M,N. Sec 25 Unit D. Sec 26 Unit A-G, I-P. Sec 27, Sec 28, Sec 29 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 32 Unit A,B,G,H,I,J,N,O,P. Sec 33. Sec 34. Sec 35. Sec 36 Unit D,E,F,I-P.

T 19S – R 31E

Sec 7 Unit C,D,E,F,L. Sec 18 Unit C,D,E,F,G,K,L. Sec 31 Unit M. Sec 34 Unit P. Sec 35 Unit M,N,O. Sec 36 Unit O,P.

T 20S – R 29E

Sec 1 Unit H,I,P. Sec 13 Unit E,L,M,N. Sec 14 Unit B-P. Sec 15 Unit A,H,I,J,N,O,P. Sec 22 Unit A,B,C,F,G,H,I,J,O,P. Sec 23. Sec 24 Unit C,D,E,F,G,J-P. Sec 25 Unit A-O. Sec 26. Sec 27 Unit A,B,G,H,I,J,O,P. Sec 34 Unit A,B,G,H. Sec 35 Unit A-H. Sec 36 Unit B-G.

T 20S – R 30E

Sec 1 – Sec 4. Sec 5 Unit A,B,C,E-P. Sec 6 Unit E,G-P. Sec 7 Unit A-H,I,J,O,P. Sec 8 – 17. Sec 18 Unit A,B,G,H,I,J,O,P. Sec 19 Unit A,B,G,H,I,J,O,P. Sec 20 – 29. Sec 30 Unit A-L,N,O,P. Sec 31 Unit A,B,G,H,I,P. Sec 32 – Sec 36.

T 20S – R 31E

Sec 1 Unit A,B,C,E-P. Sec 2. Sec 3 Unit A,B,G,H,I,J,O,P. Sec 6 Unit D,E,F,J-P. Sec 7. Sec 8 Unit E-P. Sec 9 Unit E,F,J-P. Sec 10 Unit A,B,G-P. Sec 11 – Sec 36.

T 21S – R 29E

Sec 1 – Sec 3. Sec 4 Unit L1 – L16,I,J,K,O,P. Sec 5 Unit L1. Sec 10 Unit A,B,H,P. Sec 11 – Sec 14. Sec 15 Unit A,H,I. Sec 23 Unit A,B. Sec 24 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 25 Unit A,O,P. Sec 35 Unit G,H,I,J,K,N,O,P. Sec 36 A,B,C,F – P.

T 21S – R 30E

Sec 1 – Sec 36

T 21S – R 31E

Sec 1 – Sec 36

T 22S – R 28E

Sec 36 Unit A,H,I,P.

T 22S – R 29E

Sec 1. Sec2. Sec 3 Unit I,J,N,O,P. Sec 9 Unit G – P. Sec 10 – Sec 16. Sec 19 Unit H,I,J. Sec 20 – Sec 28. Sec 29 Unit A,B,C,D,G,H,I,J,O,P. Sec 30 Unit A. Section 31 Unit C – P. Sec 32 – Sec 36

T 22S – R 30E

Sec 1 – Sec 36

T 22S – R 31E

Sec 1 – Sec 11. Sec 12 Unit B,C,D,E,F,L. Sec 13 Unit E,F,K,L,M,N. Sec 14 – Sec 23. Sec 24 Unit C,D,E,F,K,L,M,N. Sec 25 Unit A,B,C,D. Sec 26 Unit A,BC,D,G,H. Sec 27 – Sec 34.

T 23S – R 28E

Sec 1 Unit A

T 23S – R 29E

Sec 1 – Sec 5. Sec 6 Unit A – I, N,O,P. Sec 7 Unit A,B,C,G,H,I,P. Sec 8 Unit A – L, N,O,P. Sec 9 – Sec 16. Sec 17 Unit A,B,G,H,I,P. Sec 21 – Sec 23. Sec 24 Unit A – N. Sec 25 Unit D,E,L. Sec 26. Sec 27. Sec 28 Unit A – J, N,O,P. Sec 33 Unit A,B,C. Sec 34 Unit A,B,C,D,F,G,H. Sec 35. Sec 36 Unit B,C,D,E,F,G,K,L.

T 23S – R 30E

Sec 1 – Sec 18. Sec 19 Unit A – I,N,O,P. Sec 20, Sec 21. Sec 22 Unit A – N, P. Sec 23, Sec 24, Sec 25. Sec 26 Unit A,B,F-P. Sec 27 Unit C,D,E,I,N,O,P. Sec 28 Unit A – H, K,L,M,N. Sec 29 Unit A – J, O,P. Sec 30 Unit A,B. Sec 32 A,B. Sec 33 Unit C,D,H,I,O,P. Sec 34, Sec 35, Sec 36.

T 23S – R 31E

Sec 2 Unit D,E,J,O. Sec 3 – Sec 7. Sec 8 Unit A – G, K – N. Sec 9 Unit A,B,C,D. Sec 10 Unit D,P. Sec 11 Unit G,H,I,J,M,N,O,P. Sec 12 Unit E,L,K,M,N. Sec 13 Unit C,D,E,F,G,J,K,L,M,N,O. Sec 14. Sec 15 Unit A,B,E – P. Sec 16 Unit I, K – P. Sec 17 Unit B,C,D,E, I – P. Sec 18 – Sec 23. Sec 24 Unit B – G, K,L,M,N. Sec 25 Unit B – G, J,K,L. Sec 26 – Sec 34. Sec 35 Unit C,D,E.

T 24S – R 29E

Sec 2 Unit A, B, C, D. Sec 3 Unit A

T 24S – R 30E

Sec 1 Unit A – H, J – N. Sec 2, Sec 3. Sec 4 Unit A,B,F – K, M,N,O,P. Sec 9 Unit A – L. Sec 10 Unit A – L, O,P. Sec 11. Sec 12 Unit D,E,L. Sec 14 Unit B – G. Sec 15 Unit A,B,G,H.

T 24S – R 31E

Sec 3 Unit B – G, J – O. Sec 4. Sec 5 Unit A – L, P. Sec 6 Unit A – L. Sec 9 Unit A – J, O,P. Sec 10 Unit B – G, K – N. Sec 35 Unit E – P. Sec 36 Unit E,K,L,M,N.

T 25S – R 31E

Sec 1 Unit C,D,E,F. Sec 2 Unit A – H.

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

CONDITIONS

Action 269165

CONDITIONS

Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401	OGRID: 372043
	Action Number: 269165
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
gcordero	None	10/10/2023

Office
 District I – (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II – (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III – (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV – (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-015-21416
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name TRACY B COM
8. Well Number 001
9. OGRID Number 372043
10. Pool name or Wildcat CARLSBAD; MORROW, SOUTH (GAS)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3108 GR

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
TAP ROCK OPERATING, LLC

3. Address of Operator
523 PARK POINT DR, SUITE 200, GOLDEN, CO 80401

4. Well Location
 Unit Letter I, 2045 feet from the SOUTH line and 479 feet from the EAST line
 Section 18 Township 22S Range 27E NMPM County EDDY

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK ☐	REMEDIAL WORK ☐
TEMPORARILY ABANDON ☐	ALTERING CASING ☐
PULL OR ALTER CASING ☐	COMMENCE DRILLING OPNS. ☐
DOWNHOLE COMMINGLE ☐	P AND A ☐
CLOSED-LOOP SYSTEM ☐	CASING/CEMENT JOB ☐
OTHER: ☐	OTHER: ☐

Notify OCD 24 hrs. prior to any work done

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Tap Rock requests to PA the referenced well according to the attached PA procedure, current WBD and proposed WBD.

Run CBL - 5" liner and 7 5/8" casing

5" Liner not 5 1/2" as indicated on WBD

SEE ATTACHED COA's

MUST BE PLUGGED BY 10/1/24

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

SIGNATURE [Signature] TITLE Regulatory Specialist DATE 9/26/2023

Type or print name Jeff Trlica E-mail address: jtrlica@taprk.com PHONE: 720-772-5910

For State Use Only

APPROVED BY: [Signature] TITLE Staff Manager DATE 10/11/23
 Conditions of Approval (if any):

Tracy B Com 2

Eddy County, NM

Plug and Abandonment

06/15/2023

Objective: Plug and abandonment of wellbore and reclamation of surface location

Safety:

Comply with all NMOCD, BLM, and Operator safety regulations.

All Personnel **MUST** wear hard hats, steel toed boots, and safety glasses.

No smoking inside rig anchors.

Hold a job safety meeting each morning, and as needed before specific job tasks.

General Considerations and Requirements:

- The procedure will be revised based on approved NMOCD, BLM, and Operator safety regulations.
- All cement volumes use 100% excess outside pipe and 50' excess inside.
- The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures.
- All cement will be class G, mixed at 15.8 ppg with a 1.15 ft³/sacks yield.

Downhole Work Procedure:

1. **Notify NMOCD 24 hrs prior to beginning work**

a. **(575) 626-0830**

NOTE: 5" Liner

2. Release packer and POOH Laying down tubing and BHA

3. RIH with tubing and pump 50 sx cement in perforations from 11,205' – 11,501'.

4. WOC and tag

5. MIRU WL

6. RIH with 4 3/4" GR & JB

a. Report any tight spots to engineer

7. RIH and set 5.5" CIBP at 11,150'
8. RIH with dump bailer and dump 35 sx cement WOC & Tag - Test 500 psi/ 30 minutes - bubble test
9. TIH with tubing and spot 25 sx cement at 8,800' (estimated TOC 8,500') See CBL for TOC
10. WOC & tag spot 25 sx cmt 8680' - 8500' - Liner top
11. RIH with 7 5/8" CIBP and set at 5,000' Spot 25 sx cmt 5300' - 5200' - T BS - WOC & Tag
12. RIH with dump bailer and dump 35 sx cement
13. WOC & tag Spot 25 sx cmt 1810' - 1710' - T Delaware - WOC & tag
14. Record final top depth of cement
15. POOH
16. MIRU WL
17. Perforate 7" casing at ~~200'~~ 400'
18. RD WL, TIH with tubing
19. Set cement plug at ~~250'~~ and pump cement through perfs, squeezing and circulating to surface
20. POOH
21. RDMO
22. Cut off wellhead, verify cement in annulus/surface, if not fully cemented from squeeze job, add cement until to surface. Take pictures to document.
23. Marker options: For below marker, the top of the casing must be fitted with a screw cap or steel plate welded in place with a weep hole. For above ground markers, the top of casing must be fitted with a screw cap or steel plate welded with a weep hole and a permanent monument shall be pipe not less than 4" in diameter and

10' in length, of which 4' shall be above ground level and the remainder embedded in cement/welded to surface casing.

24. Either option must have marker that shall be inscribed with well's legal locations, well name, number and API number.

25. Take pictures to document.

26. RD aux. equipment, clean loc.

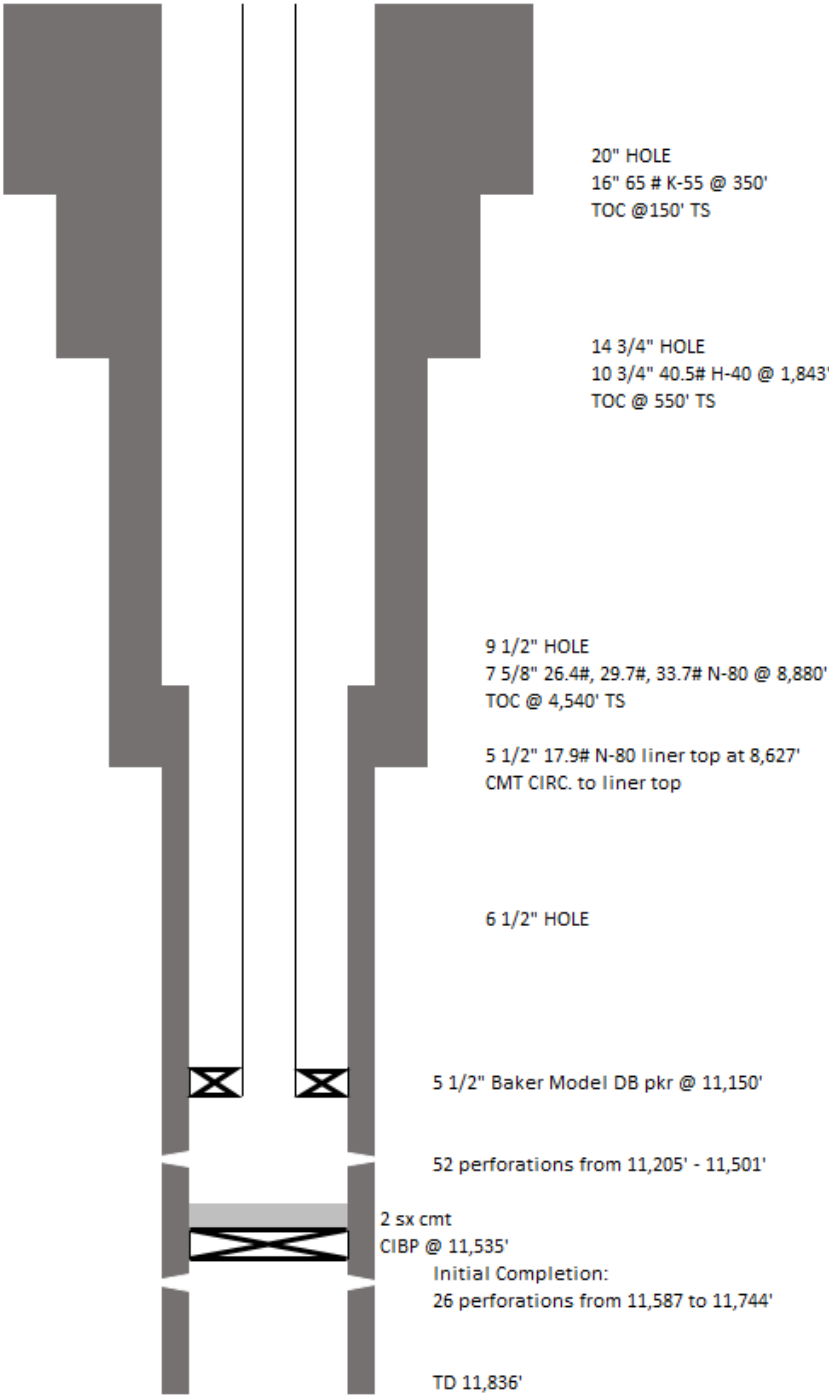
27. Cut off anchors. Restore pad location per NMOCD stipulations.

Current WBD

TAP ROCK OPERATING, LLC
Tracy B Com 1
SEC. 18, T-22S, R-27E
2045' FSL AND 479' FEL
EDDY COUNTY, NEW MEXICO
API # 30-015-21416

GL: 3612'
KB: 3638'

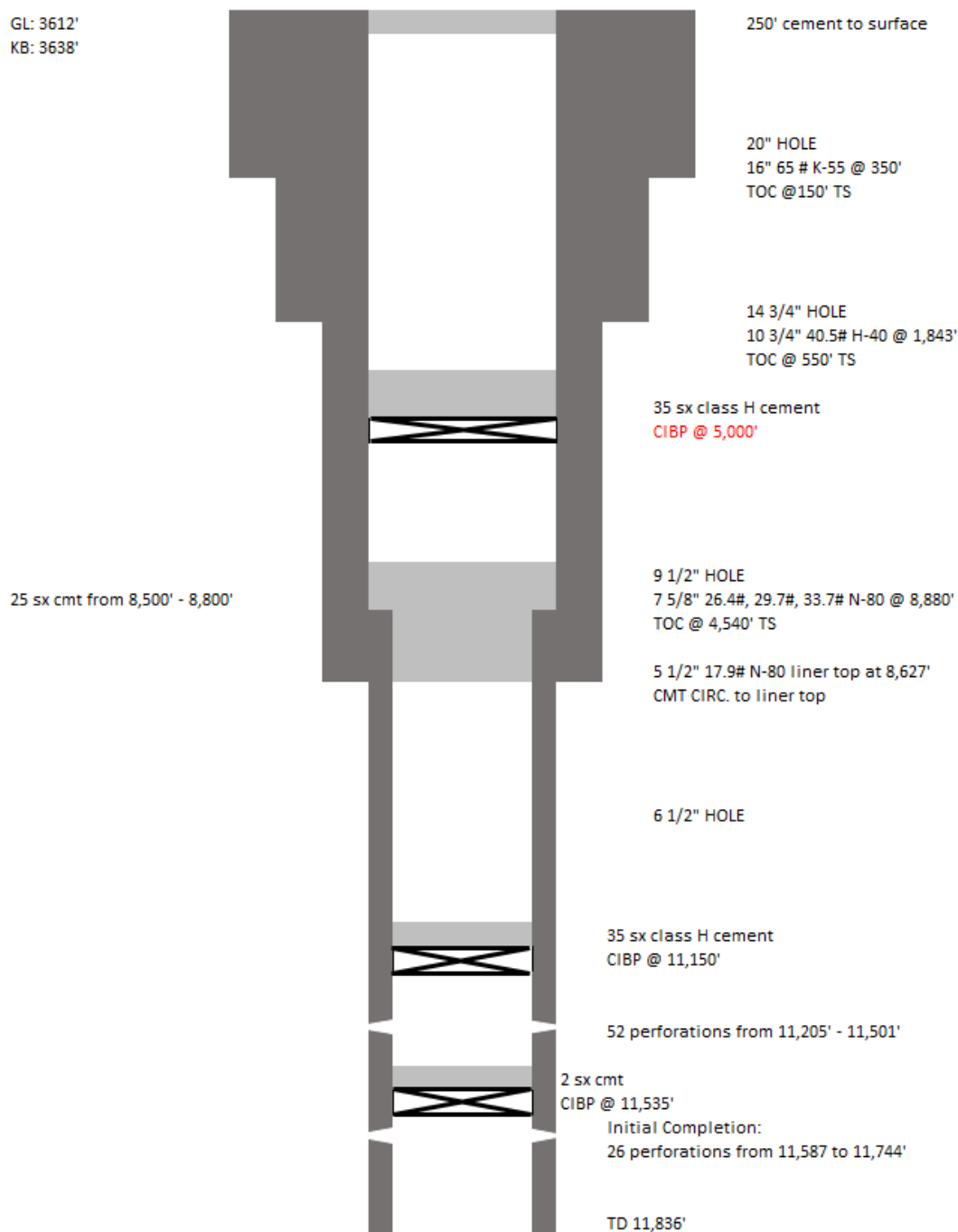
TBG DETAIL
2 7/8" 6.5# L-80 tbg
EOT @ 11,150'



Proposed WBD

TAP ROCK OPERATING, LLC
Tracy B Com 1
SEC. 18, T-22S, R-27E
2045' FSL AND 479' FEL
EDDY COUNTY, NEW MEXICO
API # 30-015-21416

GL: 3612'
KB: 3638'



CONDITIONS FOR PLUGGING AND ABANDONMENT

OCD - Southern District

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases, **Notify NMOCD at 575-626-0830 at least 24 hours before beginning work. After MIRU rig will remain on well until it is plugged to surface. OCD is to be notified before rig down. Company representative will be on location during plugging procedures.**

1. A notice of intent to plug and abandon a wellbore is required to be approved before plugging operations are conducted. A cement evaluation tool is required in order to ensure isolation of producing formations, protection of water and correlative rights. A cement bond log or other accepted cement evaluation tool is to be provided to the division for evaluation if one has not been previously run or if the well did not have cement circulated to surface during the original casing cementing job or subsequent cementing jobs. Insure all bradenheads have been exposed, identified and valves are operational prior to rig up.
2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.
3. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator as well as the contractor, to verify that this permit is in place prior to performing work. Drivers shall be able to produce a copy upon request of an NMOCD Field inspector.
4. Filing a subsequent C-103 will serve as notification that the well has been plugged.
5. A final C-103 shall be filed (and a site inspection by NMOCD Inspector to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to Meet NMOCD standards) before bonding can be released.
6. If work has not begun within 1 Year of the approval of this procedure, an extension request must be file stating the reason the well has not been plugged.
7. Squeeze pressures are not to exceed 500 psi, unless approval is given by NMOCD.
8. Produced water **will not** be used during any part of the plugging operation.
9. Mud laden fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
10. All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
11. Class 'C' cement will be used above 7500 feet.
12. Class 'H' cement will be used below 7500 feet.
13. A cement plug is required to be set 50' above and 50' below, casing stubs, DV tools, attempted casing cut offs, cement tops outside casing, salt sections and anywhere the casing is perforated, these plugs require a 4 hour WOC and then will be tagged
14. All Casing Shoes Will Be Perforated 50' below shoe depth and Attempted to be Squeezed, cement needs to be 50' above and 50' Below Casing Shoe inside the Production Casing.

16. When setting the top out cement plug in production, intermediate and surface casing, wellbores should remain full at least 30 minutes after plugs are set
17. A CIBP is to be set within 100' of production perforations, capped with 100' of cement, WOC 4 hours and tag.
18. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, (WOC 4 hrs and tag).
19. No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.
20. Some of the Formations to be isolated with cement plugs are: These plugs to be set to isolate formation tops
 - A) Fusselman
 - B) Devonian
 - C) Morrow
 - D) Wolfcamp
 - E) Bone Springs
 - F) Delaware
 - G) Any salt sections
 - H) Abo
 - I) Glorieta
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 - K) Cherry Canyon - Eddy County
 - L) **Potash**---(In the R-111-P Area (Page 3 & 4), a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, WOC 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
21. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, WOC and tagged. These plugs will be set 50' below formation bottom to 50' above formation top inside the casing

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The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least ¼" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name 2. Lease and Well Number 3.API Number 4. Unit Letter 5. Quarter Section (feet from the North, South, East or West) 6. Section, Township and Range 7. Plugging Date 8. County (SPECIAL CASES)-----AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)

SITE REMEDIATION DUE WITHIN ONE YEAR OF WELL PLUGGING COMPLETION

R-111-P Area

T 18S – R 30E

Sec 10 Unit P. Sec 11 Unit M,N. Sec 13 Unit L,M,N. Sec 14 Unit C -P. Sec 15 Unit A G,H,I,J,K,N,O,P. Sec 22 Unit All except for M. Sec 23, Sec 24 Unit C,D,E,L, Sec 26 Unit A-G, Sec 27 Unit A,B,C

T 19S – R 29E

Sec 11 Unit P. Sec 12 Unit H-P. Sec 13. Sec 14 Unit A,B,F-P. Sec 15 Unit P. Sec 22 Unit A,B,C,F,G,H,I,J K,N,O,P. Sec 23. Sec 24. Sec 25 Unit D. Sec 26 Unit A- F. Sec 27 Unit A,B,C,F,G,H.

T 19S – R 30E

Sec 2 Unit K,L,M,N. Sec 3 Unit I,L,M,N,O,P. Sec 4 Unit C,D,E,F,G,I-P. Sec 5 Unit A,B,C,E-P. Sec 6 Unit I,O,P. Sec 7 – Sec 10. Sec 11 Unit D, G—P. Sec 12 Unit A,B,E-P. Sec 13 Unit A-O. Sec 14-Sec 18. Sec 19 Unit A-L, P. Sec 20 – Sec 23. Sec 24 Unit C,D,E,F,L,M,N. Sec 25 Unit D. Sec 26 Unit A-G, I-P. Sec 27, Sec 28, Sec 29 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 32 Unit A,B,G,H,I,J,N,O,P. Sec 33. Sec 34. Sec 35. Sec 36 Unit D,E,F,I-P.

T 19S – R 31E

Sec 7 Unit C,D,E,F,L. Sec 18 Unit C,D,E,F,G,K,L. Sec 31 Unit M. Sec 34 Unit P. Sec 35 Unit M,N,O. Sec 36 Unit O,P.

T 20S – R 29E

Sec 1 Unit H,I,P. Sec 13 Unit E,L,M,N. Sec 14 Unit B-P. Sec 15 Unit A,H,I,J,N,O,P. Sec 22 Unit A,B,C,F,G,H,I,J,O,P. Sec 23. Sec 24 Unit C,D,E,F,G,J-P. Sec 25 Unit A-O. Sec 26. Sec 27 Unit A,B,G,H,I,J,O,P. Sec 34 Unit A,B,G,H. Sec 35 Unit A-H. Sec 36 Unit B-G.

T 20S – R 30E

Sec 1 – Sec 4. Sec 5 Unit A,B,C,E-P. Sec 6 Unit E,G-P. Sec 7 Unit A-H,I,J,O,P. Sec 8 – 17. Sec 18 Unit A,B,G,H,I,J,O,P. Sec 19 Unit A,B,G,H,I,J,O,P. Sec 20 – 29. Sec 30 Unit A-L,N,O,P. Sec 31 Unit A,B,G,H,I,P. Sec 32 – Sec 36.

T 20S – R 31E

Sec 1 Unit A,B,C,E-P. Sec 2. Sec 3 Unit A,B,G,H,I,J,O,P. Sec 6 Unit D,E,F,J-P. Sec 7. Sec 8 Unit E-P. Sec 9 Unit E,F,J-P. Sec 10 Unit A,B,G-P. Sec 11 – Sec 36.

T 21S – R 29E

Sec 1 – Sec 3. Sec 4 Unit L1 – L16,I,J,K,O,P. Sec 5 Unit L1. Sec 10 Unit A,B,H,P. Sec 11 – Sec 14. Sec 15 Unit A,H,I. Sec 23 Unit A,B. Sec 24 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 25 Unit A,O,P. Sec 35 Unit G,H,I,J,K,N,O,P. Sec 36 A,B,C,F – P.

T 21S – R 30E

Sec 1 – Sec 36

T 21S – R 31E

Sec 1 – Sec 36

T 22S – R 28E

Sec 36 Unit A,H,I,P.

T 22S – R 29E

Sec 1. Sec 2. Sec 3 Unit I,J,N,O,P. Sec 9 Unit G – P. Sec 10 – Sec 16. Sec 19 Unit H,I,J. Sec 20 – Sec 28. Sec 29 Unit A,B,C,D,G,H,I,J,O,P. Sec 30 Unit A. Section 31 Unit C – P. Sec 32 – Sec 36

T 22S – R 30E

Sec 1 – Sec 36

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T 23S – R 28E

Sec 1 Unit A

T 23S – R 29E

Sec 1 – Sec 5. Sec 6 Unit A – I, N,O,P. Sec 7 Unit A,B,C,G,H,I,P. Sec 8 Unit A – L, N,O,P. Sec 9 – Sec 16. Sec 17 Unit A,B,G,H,I,P. Sec 21 – Sec 23. Sec 24 Unit A – N. Sec 25 Unit D,E,L. Sec 26. Sec 27. Sec 28 Unit A – J, N,O,P. Sec 33 Unit A,B,C. Sec 34 Unit A,B,C,D,F,G,H. Sec 35. Sec 36 Unit B,C,D,E,F,G,K,L.

T 23S – R 30E

Sec 1 – Sec 18. Sec 19 Unit A – I,N,O,P. Sec 20, Sec 21. Sec 22 Unit A – N, P. Sec 23, Sec 24, Sec 25. Sec 26 Unit A,B,F-P. Sec 27 Unit C,D,E,I,N,O,P. Sec 28 Unit A – H, K,L,M,N. Sec 29 Unit A – J, O,P. Sec 30 Unit A,B. Sec 32 A,B. Sec 33 Unit C,D,H,I,O,P. Sec 34, Sec 35, Sec 36.

T 23S – R 31E

Sec 2 Unit D,E,J,O. Sec 3 – Sec 7. Sec 8 Unit A – G, K – N. Sec 9 Unit A,B,C,D. Sec 10 Unit D,P. Sec 11 Unit G,H,I,J,M,N,O,P. Sec 12 Unit E,L,K,M,N. Sec 13 Unit C,D,E,F,G,J,K,L,M,N,O. Sec 14. Sec 15 Unit A,B,E – P. Sec 16 Unit I, K – P. Sec 17 Unit B,C,D,E, I – P. Sec 18 – Sec 23. Sec 24 Unit B – G, K,L,M,N. Sec 25 Unit B – G, J,K,L. Sec 26 – Sec 34. Sec 35 Unit C,D,E.

T 24S – R 29E

Sec 2 Unit A, B, C, D. Sec 3 Unit A

T 24S – R 30E

Sec 1 Unit A – H, J – N. Sec 2, Sec 3. Sec 4 Unit A,B,F – K, M,N,O,P. Sec 9 Unit A – L. Sec 10 Unit A – L, O,P. Sec 11. Sec 12 Unit D,E,L. Sec 14 Unit B – G. Sec 15 Unit A,B,G,H.

T 24S – R 31E

Sec 3 Unit B – G, J – O. Sec 4. Sec 5 Unit A – L, P. Sec 6 Unit A – L. Sec 9 Unit A – J, O,P. Sec 10 Unit B – G, K – N. Sec 35 Unit E – P. Sec 36 Unit E,K,L,M,N.

T 25S – R 31E

Sec 1 Unit C,D,E,F. Sec 2 Unit A – H.

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

CONDITIONS

Action 274617

CONDITIONS

Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401	OGRID: 372043
	Action Number: 274617
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
gcordero	None	10/11/2023

Inactive Well List

Total Well Count: 4 Inactive Well Count: 3
Printed On: Monday, March 31 2025

Exhibit J

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-21593	COLONIA A COM #001	K-18-22S-27E	K	330859	Alpha Energy Partners LLC	P	P	G	03/2023			
2	30-015-33962	KODIAK #002	O-17-22S-27E	O	330859	Alpha Energy Partners LLC	P	P	G	02/2014	S CARLSBAD MORROW 73960 S/2		
2	30-015-21416	TRACY B COM #001	I-18-22S-27E	I	330859	Alpha Energy Partners LLC	P	P	G	07/2022			

WHERE Operator:330859, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

OCD Permitting

Home Searches Operators Operator Details

Exhibit K

[330859] Alpha Energy Partners LLC

General Information

Address:	PO Box 10701	Main Phone:	432-247-5935
	Midland, TX 79702	Main Fax:	
Country:	U.S.A.		
Operator Role(s):	Well Operator		
All Active Entities:	Wells (4)		

Contacts

Central Contact

Name:	Peter N Maxwell	Phone Number:	432-247-5935
Title:	Manager	Cell Number:	
E-Mail Address:	nick@alphapermian.com	Fax Number:	Peter N Maxwell

Hobbs Contact

(Click here to expand.)

Artesia Contact

Artesia Active Entities:	Wells (4)		
Name:	Peter N Maxwell	Phone Number:	432-247-5935
Title:	Manager	Cell Number:	
E-Mail Address:	nick@alphapermian.com	Fax Number:	Peter N Maxwell

Aztec Contact

(Click here to expand.)

Santa Fe Contact

(Click here to expand.)

Natural Gas Capture Targets

	Target Gas Capture Rate (%)	Certified Gas Capture Rate (%)	Notes	
Upstream				
South (Baseline Gas Capture Rate: 98.00%; Minimum Required Annual Gas Capture Increase: 0.00%)				
2022	98.00	100.00		
2023	98.00	-		
2024	98.00	-		
2025	98.00	-		
2026	98.00	-		

Quic

- [Gene](#)
- [Conte](#)
- [Natur](#)
- [Bond](#)
- [Oper](#)
- [Oper](#)
- [Oper](#)
- [Oper](#)
- [Oper](#)
- [Oper](#)
- [Oper](#)
- [Oper](#)
- [Oper](#)

Assoc

- [Oper](#)

New

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- [New /](#)
- [New /](#)
- [New \(](#)
- [New /](#)
- [New \](#)

Blanket Bond for Temporarily Abandoned Wells

No Active Blanket Bond for Temporarily Abandoned Wells

Single Well Bonds

API	Bonded Location	Well ULSTR	Amount	Issuer	Cash / Surety	Bond Cancellation Date	Bond Redemption Date
30-015-33962	17-22S-27E, 885 from S, 2460 from E	O-17-22S- 27E	\$48,980.00	[221] U.S. SPECIALTY INSURANCE COMPANY	Surety		

Blanket Bond for Surface Waste Facilities

No Active Blanket Bond for Surface Waste Facilities

Facility Bonds

No Single Facility Bonds

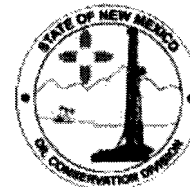
Exhibit L

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Response Required - Deadline Enclosed

02-Mar-17

CHI OPERATING INC
P. O. BOX 1799
MIDLAND TX 79702-

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 19.15.25.8 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that this well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 19.15.25.13, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 19.15.25.9, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

IDLE WELL INSPECTION DETAIL SECTION

KODIAK 002	O-17-22S-27E	30-015-33962-00-00	Inspection No. iGC1706134420
Inspection Date:	3/2/2017 9:33:39 AM	Corrective Action Due by:	6/5/2017
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	Gilbert Cordero	Yes	No
Comments on Inspection:	Violation of rule 19.15.25.8. LAST REPORTED PRODUCTION 2-1-14		

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,


Compliance Officer

Artesia OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

Exhibit M

AFFIDAVIT OF PUBLICATION

CARLSBAD CURRENT-ARGUS
PO BOX 507
HUTCHINSON, KS 67504-0507

STATE OF NEW MEXICO } SS
COUNTY OF EDDY }

Account Number: 1523
Ad Number: 38360
Description: Mineral Interest Owners
Ad Cost: \$402.99

Sherry Groves, being first duly sworn, says:

That she is the Agent of the the Carlsbad Current-Argus, a Weekly newspaper of general circulation, printed and published in Carlsbad, Eddy County, New Mexico; that the publication, a copy of which is attached hereto, was published in said newspaper on the following dates:

March 11, 2025
March 18, 2025
March 25, 2025

That said newspaper was regularly issued and circulated on those dates.

SIGNED:

Sherry Groves

Agent

Subscribed to and sworn to me this 25th day of March 2025.

Leanne Kaufenberg

Leanne Kaufenberg, Notary Public, Redwood County
Minnesota

NOTICE

AMERICAN ENERGY RESOURCES LLC IS SEEKING TO LOCATE MINERAL INTEREST OWNERS IN THE FOLLOWING DESCRIBED LANDS: N2 OF SEC.17-T22S-R27E, 30-015-20971 SAIK #001, IN EDDY COUNTY, NEW MEXICO. THIS UNIT IS LOCATED APPROXIMATELY 1.5 MILES EAST SOUTHEAST OF CARLSBAD, NEW MEXICO.

THE PURPOSE OF THIS NOTICE IS TO LOCATE MINERAL OWNERS TO APPROPRIATE ANY PAYMENT OF ROYALTIES, SHUT IN, RENTALS, OR ANY OTHER AMOUNTS THAT MAY BE DUE, UPON PROOF OF OWNERSHIP PRESENTED.

CONTACT AMERICAN ENERGY RESOURCES LLC, P.O. BOX 114 HAGERMAN, NM 88232. ENERGYJRS@GMAIL.COM.

UPON INFORMATION AND BELIEF, THE FOLLOWING NAMED INDIVIDUALS OR THEIR HEIRS, DEVISEES, SUCCESSORS, OR ASSIGNS MAY HAVE AN INTEREST IN THE DESCRIBED LANDS:

C E ELLSWORTH, ROSENDO FINO, IKE P. HERNANDEZ, ELMER L. WEBBER, CORA S. GLAZE, BEN WHEELER, OLA E. OHNMUS, EMMA LOUISE BELL, CHARLES R. BELL, JESSE L. GREENE, LEO ORSON GREENWOOD, BELEN GUERRA, L E PAYNE, JOE MARSHALL PUCKETT, CLARENCE TEAGUE, ADDIE ELIZABETH S. TURNER, JOHNNY O. ADAMS, ANN AVERA, VALENTE ALVARADO, CRISTIN ARANDA, JOHN F. BROWN, CARLSBAD BLDG & LOAN ASSOC, FORREST H. CARLTON, DONALD RAY COBURN, COMMERCE BANK & TRUST, VIRGIL V. CONKLE, MANUEL M. ELIZONDO, ANGEL F. GALINDO, ANGEL F. GALINDO, ROMAN H. OHNMUS, WILLIE FRANCES, SHEPARD, SADIE M. HICKS, CONSTANCE I HOOD, ROBERT L. BROWN, BARBARA K. BEASLEY, ETHEL, M. MCLEAN, SUSAN ESCOBEDO, WILLIAM C. GLAZE, SYBLE CROLEY, PATRICIA SALISBURY, BARBARA BOWDEN, LARUE HARPER, RUSSELL LYNN HOYLE, WILLIAM B. HUNT, C H HUTTANUS, RUTH SMITH LONDON, DANIEL B. LOPEZ JR, W E MCATEER, ANTONIO P. MEDRANO, ROBERTO MELENDREZ, YRENE MEDRANO, ALFONSO B. MOLINAR, BERTHA M. MORRISON, ALBERT R. MOSLEY, HELEN CRIBBS NESBITT, JEWEL E. FLOYD, GARY B. WHEELER, MANUEL NIETO, RANK H. RAMIREZ, RALPH L. ROBERTSON, LINO M. RODRIGUEZ, TOMAS SAIZ, RODOLPHO C. SANCHEZ, FRANCES A. SMITH, HARY E. SMITH, ZANE E. SMITH, SOLOMON SOTO, CHARLES L. STARK, GEORGE SWARTZENDRUBER, RICHARD TILTON, LUCIA O. TOVAR, RUTH GOAD TROUSDALE, ROBERT E. WALLACE, E L WATKINS, PETE WHITE, FRED YBAGEN, PENNSYLVANIA DRILLING CO, PETE TOVAR, NANCY I LITTLE PROVINCE, EDWIN JOLLEY LITTLE, FRANK E. LITTLE, JOSE L. MARTINEZ, CLARENCE O. MORRISON, W M ADAR GOSSETT, FERNANDO, GONZALEZ, ANTONIO DONINGUEZ, JAKE M. BRUTON, ADMIN OF VETEREN AFFAIRS, ROBERT, H. COLEMAN, WILLIAM C. FARLEY, PILAR R. FRANCO, EZEQUIEL E. HERNANDEZ, MANUEL G. MADRID, JOSEPH CRAIG PORTER, LEONA DAVIS PORTER, ELLIS L. HALL, PABLO F. ORTEGA.

Published in the Carlsbad Current-Argus March 11, 18 & 25, 2025.
#38360

JOHN SAMANIEGO
AMERICAN ENERGY RESOURCES LLC
P.O. BOX 114
HAGERMAN, NM 88232
energy.jrs@gmail.com

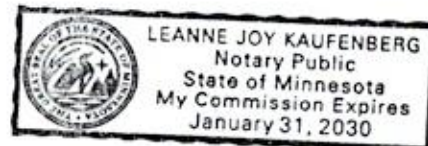


Exhibit N1

9589 0710 5270 2920 4051 15

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
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For delivery information, visit our website at www.usps.com®.

Carlsbad, NM 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate):

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$9.68

Sent To Antonio Medrano

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$9.68

Sent To Manuel Nieto

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Santa Fe, NM 87505

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Extra Services & Fees (check box, add fee as appropriate):

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$9.68

Sent To Forest Carlton

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$9.68

Sent To Al Molinar

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.88

Sent To Pablo Ortega
Street and Apt. No., or PO Box No.
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☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Lino Rodriguez
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Extra Services & Fees (check box, add fee as appropriate)	\$4.10
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☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Yrene Medrano
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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JACKSON, MS 39206

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Extra Services & Fees (check box, add fee as appropriate)	\$4.10
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☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.88

Sent To Leana Davis Porter
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Fred Yabon
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Frank Pameriz
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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For delivery information, visit our website at www.usps.com®.

Sanger, TX 76266

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$0.00
☐ Return Receipt (electronic) \$0.00
☐ Certified Mail Restricted Delivery \$0.00
☐ Adult Signature Required \$0.00
☐ Adult Signature Restricted Delivery \$0.00

Postage \$0.73

Total Postage and Fees \$5.58

\$

Sent To Ben Wheeler

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Carlsbad, NM 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$0.00
☐ Return Receipt (electronic) \$0.00
☐ Certified Mail Restricted Delivery \$0.00
☐ Adult Signature Required \$0.00
☐ Adult Signature Restricted Delivery \$0.00

Postage \$0.73

Total Postage and Fees \$5.58

\$

Sent To Jesse Green

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, January 2023 PSN 7530-02-000-9047

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Carlsbad, NM 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$0.00
☐ Return Receipt (electronic) \$0.00
☐ Certified Mail Restricted Delivery \$0.00
☐ Adult Signature Required \$0.00
☐ Adult Signature Restricted Delivery \$0.00

Postage \$0.73

Total Postage and Fees \$5.58

\$

Sent To Charles Stark

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, January 2023 PSN 7530-02-000-9047

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Carlsbad, NM 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$0.00
☐ Return Receipt (electronic) \$0.00
☐ Certified Mail Restricted Delivery \$0.00
☐ Adult Signature Required \$0.00
☐ Adult Signature Restricted Delivery \$0.00

Postage \$0.73

Total Postage and Fees \$5.58

\$

Sent To Belen Guerra

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, January 2023 PSN 7530-02-000-9047

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Artesia, NM 88210

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$0.00
☐ Return Receipt (electronic) \$0.00
☐ Certified Mail Restricted Delivery \$0.00
☐ Adult Signature Required \$0.00
☐ Adult Signature Restricted Delivery \$0.00

Postage \$0.73

Total Postage and Fees \$5.58

\$

Sent To John Brown

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, January 2023 PSN 7530-02-000-9047

See Reverse for Instructions

U.S. Postal Service™

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Denton, TX 76210

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$0.00
☐ Return Receipt (electronic) \$0.00
☐ Certified Mail Restricted Delivery \$0.00
☐ Adult Signature Required \$0.00
☐ Adult Signature Restricted Delivery \$0.00

Postage \$0.73

Total Postage and Fees \$5.58

\$

Sent To William Hunt

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, January 2023 PSN 7530-02-000-9047

See Reverse for Instructions

U.S. Postal Service™

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Carlsbad, NH 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$7.68

Sent To Angel Galindo

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Carlsbad, NH 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$7.68

Sent To Daniel Lopez

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Durango, CO 81301

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$9.68

Sent To Joe Marshall Puckett

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Beulah, CO 81023

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$7.68

Sent To Cora S Glac

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Anaheim, CA 92801

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$7.68

Sent To Emma Bell

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Clavis, NH 88101

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00

Postage \$0.73

Total Postage and Fees \$9.68

Sent To Russell Lynn Hoyle

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Carlsbad, NM 88220

Certified Mail Fee	\$4.85
Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Richard Hilton
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Spring, TX 77388

Certified Mail Fee	\$4.85
Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Donald Ray Caburn
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Certified Mail Fee	\$4.85
Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Rafael Castillo
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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For delivery information, visit our website at www.usps.com.
Flower Mound, TX 75022

Certified Mail Fee	\$4.85
Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Christin Aranda
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Certified Mail Fee	\$4.85
Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

Sent To Jonny Adams
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Certified Mail Fee	\$4.85
Extra Services & Fees (check box, add fee as appropriate)	\$4.10
☐ Return Receipt (hardcopy)	\$0.00
☐ Return Receipt (electronic)	\$0.00
☐ Certified Mail Restricted Delivery	\$0.00
☐ Adult Signature Required	\$0.00
☐ Adult Signature Restricted Delivery	\$0.00
Postage	\$0.73
Total Postage and Fees	\$9.68

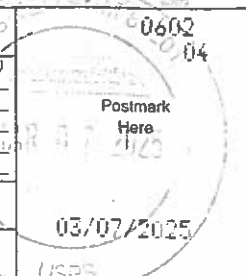
Sent To L Tovar
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Carlsbad, CA 92118

Certified Mail Fee	\$4.85	
Extra Services & Fees (check box, add fee as appropriate)	\$4.10	
☐ Return Receipt (hardcopy)	\$0.00	
☐ Return Receipt (electronic)	\$0.00	
☐ Certified Mail Restricted Delivery	\$0.00	
☐ Adult Signature Required	\$0.00	
☐ Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.73	
Total Postage and Fees	\$9.68	

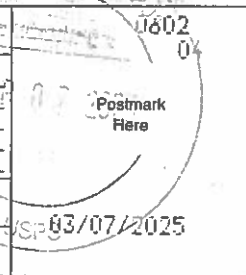
Sent To Edwin Jolly Little
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Carlsbad, NH 88220

Certified Mail Fee	\$4.85	
Extra Services & Fees (check box, add fee as appropriate)	\$4.10	
☐ Return Receipt (hardcopy)	\$0.00	
☐ Return Receipt (electronic)	\$0.00	
☐ Certified Mail Restricted Delivery	\$0.00	
☐ Adult Signature Required	\$0.00	
☐ Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.73	
Total Postage and Fees	\$9.68	

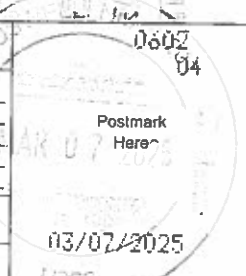
Sent To Manuel Machado
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Carlsbad, NH 88220

Certified Mail Fee	\$4.85	
Extra Services & Fees (check box, add fee as appropriate)	\$4.10	
☐ Return Receipt (hardcopy)	\$0.00	
☐ Return Receipt (electronic)	\$0.00	
☐ Certified Mail Restricted Delivery	\$0.00	
☐ Adult Signature Required	\$0.00	
☐ Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.73	
Total Postage and Fees	\$9.68	

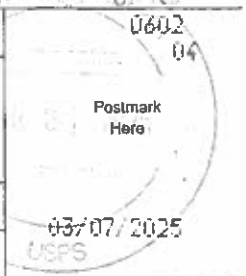
Sent To Manuel Elizondo
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Carlsbad, NH 88220

Certified Mail Fee	\$4.85	
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☐ Return Receipt (hardcopy)	\$0.00	
☐ Return Receipt (electronic)	\$0.00	
☐ Certified Mail Restricted Delivery	\$0.00	
☐ Adult Signature Required	\$0.00	
☐ Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.73	
Total Postage and Fees	\$9.68	

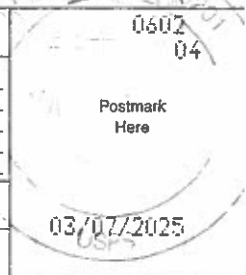
Sent To Ellis Hall
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Carlsbad, NH 88220

Certified Mail Fee	\$4.85	
Extra Services & Fees (check box, add fee as appropriate)	\$4.10	
☐ Return Receipt (hardcopy)	\$0.00	
☐ Return Receipt (electronic)	\$0.00	
☐ Certified Mail Restricted Delivery	\$0.00	
☐ Adult Signature Required	\$0.00	
☐ Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.73	
Total Postage and Fees	\$9.68	

Sent To Pete Tovar
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Carlsbad, NH 88220

Certified Mail Fee	\$4.85	
Extra Services & Fees (check box, add fee as appropriate)	\$4.10	
☐ Return Receipt (hardcopy)	\$0.00	
☐ Return Receipt (electronic)	\$0.00	
☐ Certified Mail Restricted Delivery	\$0.00	
☐ Adult Signature Required	\$0.00	
☐ Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.73	
Total Postage and Fees	\$9.68	

Sent To Adrian Gossett
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

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Exhibit N2

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004022

2-28-25
Date

Pay to the Order of Cristin Aranda \$ 20⁰⁰
Twenty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆112201836⑆ 00005824610⑈ 004022

Harold Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004023

2-28-25
Date

Pay to the Order of John Brown \$ 20⁰⁰
Twenty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆112201836⑆ 00005824610⑈ 004023

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004021

2-28-25
Date

Pay to the Order of Johnny Adams \$ 20⁰⁰
Twenty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆112201836⑆ 00005824610⑈ 004021

Harold Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004020

2-28-25
Date

Pay to the Order of Addie Elizabeth S Turner \$ 160⁰⁰
One hundred sixty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆112201836⑆ 00005824610⑈ 004020

BLUE SHEPHERD

ALUE SHEFFIELD¹

%

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AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004019

2-28-25
DatePay to the
Order of

Joe Marshall Puckett \$ 80.00

Eighty

00/100 Dollars



For shut-in cost

⑆112201836⑆ 00005824610⑈ 004019

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004018

2-28-25
DatePay to the
Order of

Belen Guerra \$ 20.00

Twenty

00/100 Dollars



For shut in cost

⑆112201836⑆ 00005824610⑈ 004018

Hartland Clarke

BLUE SHEPHERD™

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004017

2-28-25
DatePay to the
Order of

Jesse L Green \$ 20.00

Twenty

00/100 Dollars



For shut in cost

⑆112201836⑆ 00005824610⑈ 004017

Hartland Clarke

BLUE SHEPHERD™

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004016

2-28-25
DatePay to the
Order of

Ben Wheeler \$ 80.00

Eighty

00/100 Dollars



For shut in cost

⑆112201836⑆ 00005824610⑈ 004016

Hartland Clarke

BLUE SHEPHERD™

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004032

2-28-25
Date

Pay to the Order of Manuel Madnd \$ 20⁰⁰
Twenty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004032

Holland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004033

2-28-25
Date

Pay to the Order of Manuel Elizondo \$ 20⁰⁰
Twenty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004033

Holland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004035

2-28-25
Date

Pay to the Order of Larue Harper \$ 20⁰⁰
Twenty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004035

Holland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004034

2-28-25
Date

Pay to the Order of Angel F Galindo \$ 20⁰⁰
Twenty ⁰⁰/₁₀₀ Dollars



For shut-in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004034

Holland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004039

2-28-25

Date

Pay to the
Order ofWM Adair Gossett \$ 20⁰⁰Twenty ⁰⁰/₁₀₀ Dollars

For shut-in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004039

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004037

2-28-25

Date

Pay to the
Order ofNancy Little Province \$ 110⁰⁰one hundred ten ⁰⁰/₁₀₀ Dollars

For shut-in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004037

Harland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004038

2-28-25

Date

Pay to the
Order ofEdwin Jolley Little \$ 110⁰⁰One hundred ten ⁰⁰/₁₀₀ Dollars

For shut-in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004038

Harland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004036

2-28-25

Date

Pay to the
Order ofPete G Tovar \$ 20⁰⁰Twenty ⁰⁰/₁₀₀ Dollars

For shut in cost

⑆⑆⑆2201836⑆ 00005824610⑈ 004036

Harland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004040

2-28-25

Date

Pay to the
Order of

Leona Davis Porter

\$ 80⁰⁰

Eighty

00/100 Dollars



For shut-in cost

⑆112201836⑆ 00005824610⑈ 004040

Harland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004041

2-28-25

Date

Pay to the
Order of

Ellis L Hall

\$ 110⁰⁰

One hundred ten

00/100 Dollars



For shut in cost

⑆112201836⑆ 00005824610⑈ 004041

Harland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004042

2-28-25

Date

Pay to the
Order of

Pablo F Ortega

\$ 20⁰⁰

Twenty

00/100 Dollars



For shut in cost

⑆112201836⑆ 00005824610⑈ 004042

Harland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004043

2-28-25

Date

Pay to the
Order of

Fred Ybaben

\$ 20⁰⁰

Twenty dollars

00/100 Dollars



For shut-in cost

⑆112201836⑆ 00005824610⑈ 004043

Harland Clarke

BLUE SHEPHERD

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004044

2-28-25

Date

Pay to the
Order of

Frank H Ramirez

\$ 20.00

Twenty

00/100 Dollars

Security
Features
Details on
Back

For

shut-in cost

⑆112201836⑆ 00005824610⑈ 004044

Harland Clarke

BLUE SHEPHERD®

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004045

2-28-25

Date

Pay to the
Order of

Lino M Rodriguez

\$ 20.00

Twenty

00/100 Dollars

Security
Features
Details on
Back

For

shut-in cost

⑆112201836⑆ 00005824610⑈ 004045

Harland Clarke

BLUE SHEPHERD®

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004046

2-28-25

Date

Pay to the
Order of

Solomon Soto

\$ 20.00

Twenty

00/100 Dollars

Security
Features
Details on
Back

For

shut-in cost

⑆112201836⑆ 00005824610⑈ 004046

Harland Clarke

BLUE SHEPHERD®

AMERICAN ENERGY RESOURCES LLC
PO BOX 114
HAGERMAN, NM 88232

004047

2-28-25

Date

Pay to the
Order of

Charles L Stark

\$ 20.00

Twenty

00/100 Dollars

Security
Features
Details on
Back

For

shut-in cost

⑆112201836⑆ 00005824610⑈ 004047

Harland Clarke

BLUE SHEPHERD®

Exhibit N3

U.S. Postal Service[™]
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For delivery information, visit our website at www.usps.com.

Carlsbad, NM 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$	\$0.00
☐ Return Receipt (electronic)	\$	\$0.00
☐ Certified Mail Restricted Delivery	\$	\$0.00
☐ Adult Signature Required	\$	\$0.00
☐ Adult Signature Restricted Delivery	\$	\$0.00

Postage \$0.73

Total Postage and Fees \$9.68

Sent To

Street and Apt. No., or PO Box No.

City, State, ZIP+4[®]

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Carlsbad, NM 88220

Certified Mail Fee \$4.85

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)	\$	\$0.00
☐ Return Receipt (electronic)	\$	\$0.00
☐ Certified Mail Restricted Delivery	\$	\$0.00
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(EXHIBIT O1)

**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

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/ <i>Darin Savage</i>
Date:	25-Feb-25

(EXHIBIT O2)

**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
DIRECTOR**

AC/dm

Date: 9/8/2025

CASE NO. 25496
ORDER NO. R-23989

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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, NMPPM; 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, NMPPM; 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 O3)

**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

Page 2 of 8

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
DIRECTOR
AC/asf

Date: 9/2/2025

CASE NO. 25495
ORDER NO. R-23977

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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
APE 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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