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

IN RE PETRO MEX LLC **CASE NO. 22817**

PETRO MEX, LLC'S PRE-HEARING STATEMENT AND MOTION FOR CONTINUANCE

COMES NOW, Petro Mex, LLC ("Petro Mex") hereby submits this Pre-Hearing Statement pursuant to the rules of the New Mexico Oil Conservation Division.

APPEARANCES

APPLICANT

Petro Mex, LLC
P.O. Box 6724
Farmington, NM 87499
(505) 320-1395

ATTORNEYS

Pete V. Domenici, Jr., Esq.
Joseph M. Tapia, Jr., Esq.
Domenici Law Firm, P. C.
P. O. Box 4295
Albuquerque, NM 87196
(505) 883-6250
Pdomenici@domenicilaw.com
Jtapia@domenicilaw.com

RESPONSE AND STATEMENT OF CASE

The previous Oil Conservation Division ("OCD") hearing, in this matter was continued until August 18, 2022 as the parties are in negotiations to determine the feasibility of the Wells being put into production.

Petro Mex., LLC seeks to reactivate four (4) shut in wells and subject to this procedure to begin oil and gas recovery. Due to Petro having been denied use of the pipeline, by the predecessor of Hilcorp San Juan, L. P., Inc. who owned the pipeline, Petro was unable to distribute the gas and produced water off premises and was unable to continue production. Hilcorp San Juan, L. P., Inc. has entered into an agreement whereby Petro Mex can begin production and sales of the oil and

gas because, Petro Mex has access to gas and disposed water pipelines. *See attached redacted side letter agreement and Assignment and Bill of Sale, marked as Exhibits 1 and 2.*

Petro Mex, LLC has obtained the services of Robert Jordan as project manager and to comply with OCD regulations. Because of labor shortages and Robert Jordan's prior commitments, he is unable to begin work for Petro Mex until August 13, 2022. *See attached redacted employment agreement and resume, marked as Exhibits 3 and 4.*

Petro Mex, LLC has fulfilled and complied with OCD regulations by increasing financial and bonding requirements, per NMED website.

Petro Mex., LLC s in negotiations with the surface landowner for access to the Wells, if negotiations fail, Petro will comply with the New Mexico Surface Owners Protection Act Statute § 70-12-1 through 10 NMSA. *See Exhibit 5, a redacted letter and mid-negotiation proposal. submitted to the Surface owner on June 7, 2022.*

With respect to Well # Kirtland 18-1, Petro Mex, LLC will have a soil sample gathered by August 18, 2022 to determine the extent of any remediation of the pond on the premises and intends to perform all required work on the pond and soil. A plan for soil corrective action, if necessary, will be provided.

Petro Mex, LLC, has Robert Jordan testing the Wells for integrity, the pipeline, pump jacks and soil for any maintenance that will be required in addition to preparing OCD Forms C-103 AND C-104. The forms may be completed and submitted by the hearing date.

The parties have conferred regarding possible compliance steps taken by Petro Mex, LLC in the last thirty days and based on the new information, additional time to continue negotiations with OCD counsel it is appropriate to allow the parties to consider informal resolution or

alternatively, or a schedule for compliance should be authorized. Ordering the Wells to be plugged will constitute waste under the circumstances.

WHEREFORE, Petro Mex, LLC respectfully requests that the OCD continue the matter until OCD Counsel has reviewed Petro Mex' efforts to bring the Wells into production; allow Petro Mex, LLC, to continue to meet the requirements and to determine if the Wells are viable for production.

RESPONDENT'S PROPOSED EVIDENCE

WITNESS **Name and Expertise**	**ESTIMATED TIME**	**EXHIBITS**
Jesus Villalobos, President Petro Mex, LLC	Approx. 15 minutes	Approx. 2
Robert Jordan, Project Manager Petro Mex, LLC.	Approx. 30 minutes	Approx. 3-5 (5, if the soil sample is available)

PROCEDURAL MATTERS

None at this time

Respectfully submitted,
Electronically Filed,

Domenici Law Firm, P.C.

/s/ Pele V. Domenici Jr.
Pete V. Domenici, Jr., Esq.
Joseph M. Tapia, Jr., Esq.
P.O.Box4329
Albuquerque, New Mexico
87196
505-883-6250

I, Joseph M. Tapia, Jr., hereby certify that the foregoing pleading was served on all counsel of record, through the OCD filing system and by email, this 11th day of August 2022.

/s/Joseph M Tapia Jr. Esq.
Joseph M. Tapia, Jr., Esq.

EXHIBIT
1
2 pages

SIDE LETTER AGREEMENT

THIS SIDE LETTER AGREEMENT ("Agreement") is made this 1st day of June, 2022 (Effective Date"), by and between Hilcorp San Juan, L.P. (hereinafter, "Hilcorp") and Petro Mex LLC (hereinafter, "Petro Mex").

RECITALS

WHEREAS, Hilcorp plugged and abandoned the Ropco 18-1 well (API# 3004532968) on or about June 1, 2022.

WHEREAS, Petro Mex took assignment of right-of-way and existing pipeline by that certain assignment and bill of sale by and between Hilcorp San Juan, LP as assignor and Petro Mex LLC as assignee, effective June 1, 2022.

WHEREAS, Petro Mex has secured the necessary agreements from appropriate landowners to lay pipeline(s) from its existing Kirtland 18-1 well (API# 3004526203) well to the terminus of the above-mentioned pipeline located at the Ropco 18-1 well pad.

NOW, THEREFORE, in consideration of the mutual benefits herein, Hilcorp and Petro Mex, agree as follows:

1. To the extend practical and reasonable, Hilcorp agrees to receive, through its existing water pipeline, up to 160 BBLs of produced water per day from certain wells operated by Petro Mex.

2. Petro Mex shall install a water volume meter and report to Hilcorp its monthly water volumes shipped into Hilcorp's water pipeline.

3. Petro Mex shall pay Hilcorp [redacted] for transportation and disposal of produced water. Before the 15th of each month, Petro Mex shall make, or cause to be made, monthly payment to Hilcorp based on the prior month total volume shipped.

4. Hilcorp shall install a custody transfer meter for gas measurement. The approximate location of the custody transfer meter is generally depicted on Exhibit "A" attached hereto.

5. The custody transfer meter shall forever remain the property of Hilcorp. Furthermore, Petro Mex shall grant Hilcorp the right of unimpaired ingress and egress to the location of the custody transfer meter for as long as the meter is practical and useful.

6. Petro Mex shall make all necessary connections for gas and water and maintain its pipelines, whether upstream or downstream of the custody transfer meter, in good repair and free of leaks.

This Agreement may be terminated by either party, with or without cause, by delivering a notice of termination to the non-terminating party. Termination shall be effective on the thirtieth (30th) day after the date of actual receipt of such notice by the non-terminating party.

This agreement may be amended from time to time by an instrument executed by both parties.

This Agreement shall not be filed of record, but terms, conditions and provisions hereof shall extend to and be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto.

This Agreement may be executed in any number of counterparts which together shall constitute the understanding of the parties hereto. This Agreement may be executed via facsimile signatures which shall have the same force and effect as if they were original signatures.

IN WITNESS WHEREOF, this Agreement has been executed on the date indicated below by the undersigned but shall be effective as of the Effective Date.

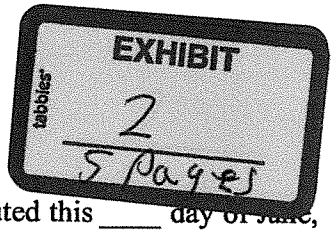
Hilcorp San Juan, L.P.

By: _____ Date: 8/1/2022
Curtis Smith
Senior Vice President – Land

Petro Mex LLC

By: Jesus Villalobos Date: 7/25/22
Name: JESUS VILLALOBOS
Title: OWNER / PRESIDENT

ASSIGNMENT AND BILL OF SALE



STATE OF NEW MEXICO §
§
COUNTY OF SAN JUAN §

This Assignment and Bill of Sale (this "Assignment") is executed this ____ day of June, 2022 (the "Execution Date") but shall be effective as of June 1, 2022 (the "Effective Date"), from Hilcorp San Juan, L.P. ("Assignor"), with an address at 1111 Travis Street, Houston, TX 77002 to Petro Mex LLC., ("Assignee"), with an address of P.O. Box 6724, Farmington, NM 87499. Assignor and Assignee are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

For **Ten Dollars and 00/100 Cents ($10.00),** the receipt and sufficiency of which are hereby acknowledged, and subject to the terms set forth herein, Assignor does hereby **GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER,** and **DELIVER** unto Assignee an undivided one hundred percent (100%) of all right, title, and interest in, to, and under the following, without duplication (collectively, the "Assets"):

(a) that certain pipeline easement and right-of-way as described and depicted on the attached Exhibit "A" (the "Right-of-Way"); and

(b) those certain poly pipelines measuring four inches (4") in diameter located within and traversing the entire length of the Right-of-way and depicted on the attached Exhibit "B" (the "Pipeline"); and

(c) all valid and subsisting permits, licenses, servitudes, or other surface rights that relate to or are otherwise applicable to the Right-of-Way and/or Pipeline.

TO HAVE AND TO HOLD all and singular the Assets, together with all rights, titles, interests, estates, remedies, powers and privileges thereto appertaining unto Assignee and its successors, legal representatives, and assigns forever, subject to the following:

1. **Assumption**. Assignee shall assume, fulfill, perform, pay, and discharge any and all liabilities, claims, demands, expenses, losses, judgments, actions, and causes of action of every kind and characteristic (including reasonable attorney fees associated therewith) arising directly or indirectly out of the use or operation of the Assets from and after the Effective Date, together with obligations to abandon, relinquish, and otherwise decommission the Pipelines and Rights-of-Way.

2. **Successors and Assigns**. This Assignment shall apply to, be binding in all respects upon, and inure to the benefit of the Parties and their respective successors and assigns.

3. **Disclaimers**. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS ASSIGNMENT, ASSIGNOR MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY,**

STATEMENT, OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO ASSIGNEE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS ASSIGNMENT, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE, RELATING TO (A) TITLE TO ANY OF THE ASSETS AND (B) THE CONDITION OF THE ASSETS (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING DISTINCTLY UNDERSTOOD THAT THE ASSETS ARE BEING SOLD "AS IS," "WHERE IS," AND "WITH ALL FAULTS AS TO ALL MATTERS."

4. **Governing Law**. THIS ASSIGNMENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW MEXICO, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS OTHERWISE APPLICABLE TO SUCH DETERMINATIONS.

5. **Severability**. If any provision of this Assignment is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Assignment shall remain in full force and effect. Any provision of this Assignment held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable.

6. **Further Cooperation**. The Parties hereby agree to use all reasonable efforts to work together, without further consideration, to obtain any and all approvals from governmental authorities necessary to transfer title of the Assets from Assignor to Assignee. Furthermore, the Parties hereby agree to use all reasonable efforts to work together to execute the necessary documents for the gathering of gas and water. Such documents more formally described on the un-recorded letter agreement.

7. **Counterparts**. This Assignment may be executed and delivered (including by facsimile or e-mail transmission) in one or more counterparts, each of which shall be deemed valid and binding with respect to the signatories thereto, and all of which, when taken together, shall be deemed to constitute one and the same instrument.

[Signature and Acknowledgment Pages Follow]

IN WITNESS WHEREOF, the Parties have executed this Assignment on the Execution Date, but this Assignment shall be effective for all purposes as of the Effective Date.

ASSIGNOR:

HILCORP SAN JUAN, L.P.

By: _____

Name: Curtis Smith

Title: Senior Vice President – Land

ASSIGNEE:

PETRO MEX, LLC.

By: Jesus Villalobos

Name:

Title: President

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me this 1st day of ~~June~~ August, 2022, by Curtis Smith, known to me to be the Senior Vice President - Land of Hilcorp San Juan, L.P., who affirmed that the foregoing instrument was signed on behalf of such company.

DANIELLE KUZMA
Notary Public, State of Texas
Comm. Expires 03-23-2026
Notary ID 129752864

Notary Public, State of Texas

STATE OF New Mexico §
§
COUNTY OF San Juan §

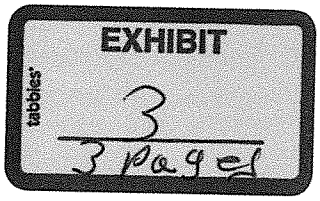
This instrument was acknowledged before me this 21st day of June, 2022, by Jesus Villalobos, known to me to be the President of Petro Mex, LLC., who affirmed that the foregoing instrument was signed on behalf of such company.

JOSEPH G GARCIA
Notary Public State of New Mexico
Commission # 1122959
My Comm. Expires Aug. 13, 2022

Notary Public in and for the State of New Mexico

DANIELLE KUZMA
Notary Public, State of Texas
Comm. Expires 08-23-2028
Notary ID 127723984

Employment Agreement



PETRO MEX, LLC.
This is an employment agreement
BETWEEN Petro Mex, LLC,
Employer

AND
ROBERT JORDAN,
the Employee:

1 Commencement Date

This employment contract commences on August 15, 2022.

2 Award

This employment agreement shall be governed by the laws of the State of New Mexico.

3 Employment Category

The employee is employed as a full-time permanent Production Manager to undertake the duties as outlined in the attached position description:

Will be responsible for managing and overseeing all activities associated with the company's assets in New Mexico, Colorado, and Utah. This includes ensuring that all production facilities are properly functional and maintained, plus coordinating all repairs and installations, as necessary. The Production Manager will ensure that production is monitored daily and accurately reported, including maintaining reports related to well status noting any downhole or surface issues. The Manager will also oversee all workover rig activities, roustabout work, and all other ancillary activities such as trucking, hot-oiling, pressure testing for MIT's, and file any compliance type reports. Manager will operate wells and artificial lift methods to optimize production, and operate properties to ensure all regulatory, environmental and safety compliance issues and goals are met, including filing of all required reports with state and federal agencies.

4 Employment Classification

The employee is classified as a full-time salaried employee.

5 Ordinary hours of work.

Those of a full-time salaried employee.

6 Remuneration

6.1 The rate of pay is a minimum of [redacted] bi-weekly.

6.2 The employer will pay the employee bi-weekly into a bank account/by cheque/in cash.

6.3 The employee will be responsible for paying his own taxes.

7 Paid Time Off

The employee will be given paid time off to be a minimum of 4 weeks annually, notice of leave given at least one week prior to taking time off, and only a week of vacation at a time, unless previously agreed upon.

8 Public Holidays

8.1 In accordance with the National Employment Standards, the employee is entitled to a day of paid leave for public holidays which fall on days when the employee would ordinarily work.

9 Flexible Working Arrangements

The employee is entitled to make a written request for flexible working times.

10 Termination

10.1 The following minimum notice periods apply to termination of employment: 2 weeks, notice.

10.2 If the employee has been given notice of termination, he is entitled to up to one day off without loss of pay to look for work.

10.3 The period of notice to be given by the employer will not apply in the case of dismissal for serious misconduct that justifies instant dismissal, including conduct which causes imminent and serious risk to the health or safety of a person or the reputation, viability or profitability of the employer's business; attendance at work under the influence of alcohol or drugs; theft, fraud, assault in the course of employment or refusal to carry out a lawful and reasonable instruction.

11 Other Benefits

-Employer will provide health insurance for employee and his family to include medical, dental and vision care.

-Employee will be entitled to a 1% royalty from production of Petro Mex, LLC operating wells during his employment with Petro Mex, LLC. The royalty of 1% may be paid to Robert Jordan, monthly or at his election. Robert Jordan may have Petromex, LLC or himself, accumulate royalty payments, and he will be allowed to invest accumulated royalties into a working interest on new Petro Mex, LLC projects for drilling of wells, and will have the rights and obligations of a working interest owner with his royalty interest percentage. If Petro Mex, LLC, places production in which Robert Jordan has a royalty interest into another entity, Robert Jordan's royalty interest on production will continue, so long as, he is employed by Petro Mex, LLC.

-Employer will provide Employee a company vehicle.

SIGNED:

Jesus Villalobos

Petro Mex, LLC by: President

Dated: 8 / 1 / , 2022

THE EMPLOYEE, Robert Jordan

Dated: 8 / 1 /2022

(Seal) Notary: _____

ROBERT A. JORDAN

1100 E. Broadway Ave
Bloomfield, NM 87413 505-320-1395

Professional Experience:

PetroMex Farmington, NM 8/15/2022 to Present
- Production Manager,

Logos Resources Farmington, NM October 2018 to 8/12/2022
- Production Manager and capital projects.

SJBO Bloomfield, NM May 2018 to September 2018
- Self Employed Contract lease operating

WPX Energy Aztec, NM October 2014 to April 2018
* Superintendent
* Senior Production Foreman - Developing and leading team for optimal oil/Gas production.
* Construction Foreman - building pipeline and facilities.

Devon Energy Farmington, NM January 1999 to October 2014
* Senior Production Foreman 2008 - 2014 managing 40 +/- people, 495 wells, 4 SWD, 4 CDP's with 257 miles of pipeline. Oversee procurement supply chain for minor and major projects.
* Drilling and Completion Foreman 2001-2007: oversee the drilling and completion of conventional and coal wells.
* Lease Operator 1999-2001

Compressor System Inc. Farmington, NM January 1995 to January 1999
* Responsible for the install, operation and maintenance of numerous small and large horse power compressors.
- Perform preventive maintenance and troubleshoot problems with compressors.

Halliburton Energy Services Aztec, NM June 1993 to January 1995
- Began as a trainee, advanced to operator and service representative.
- Responsible for maintenance and repairs to 25 compressors, ranging in size from high-speed compressors to Ajax compressors. Cross trained with pumping services.

Training
** ***Leading with Safety Training*** All 4 phases 2012 - 2014
** ***Randy Smith Training Solutions*** Lafayette, LA December 2007
Well Control School
** ***Murchison Drilling School*** Albuquerque, NM March 2005
Operations Drilling Technology and Advanced Well Control
** ***Maintained Current Blowout Prevention Training*** Since 2000
** ***Waukesha Product Training Center*** Waukesha, Wisconsin August 1998
Gas Engine Technology
** ***Ajax DPC*** Overhaul School Mineral Wells, Texas
** ***Dehydration & Separation*** San Juan College January 1998
** **CPR, First Aid, OSHA/Industry training current.**

Member of:
** ***Four Corner Economic Development*** 2013-2014
** ***Business Weekly Forty Under 40*** 2009-2010
** ***Leadership San Juan*** 2008-current

Strengths: Dependable, diligent, highly self-motivated, loyal, thorough and precise in attention to details. Comprehend the importance of accountability and safety.

Skills: Leadership, organizing a team by using processes and optimizing production.

References: Furnished upon request

EXHIBIT
4
1 Page

DOMENICI LAW FIRM, P.C.
ATTORNEYS AT LAW
320 Gold Avenue SW
Suite #1000
Albuquerque, New Mexico 87102
-
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Lorraine Hollingsworth
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Joseph M. Tapia, Jr.
jtapia@domenicilaw.com

June 7, 2022

Mr. Anthony Peretti
6313 # 15
Kirtland, NM 87416

EXHIBIT
tabbies
5
6 Pages

Farmington, New Mexico

RE: Notice of surveying, staking, and beginning to carry out oil and gas operations at by Wolfpack, LLC, dba Petro Mex, LLC, pursuant to the Surface Owner's Protection Act (SOPA) §70-12-1 to 70-12-10 NMSA 1978.

Mr. Peretti,

I write to advise you that Petro Mex, LLC has the intention to begin the process of restarting production on the five (5) wells that are on your property. The act referenced above requires that you be notified, in writing, Five (5) days before Petro Mex, LLC enters your property to survey and staking the property and Thirty (30) days of intent to begin oil and gas operations.

The well is already on your property. The proposed surface use is to continue production, storage and access to the wells in the previously established manner. The only addition is for a underground pipe to be placed on your property for the minerals to be transported off your property. This will entail digging a trench, placing the pipe and covering the pipe with the previously removed dirt. The time necessary for the laying of the pipe is approximately 15 days.

Enclosed is a proposed surface use and compensation agreement for review. Or, Petro Mex, LLC will provide a letter of credit to you for damages to your ability to use the property while the construction of the underground pipeline, use of water for the pipeline construction, and to reclaim the surface to its original use, in the amount of [redacted]

The operation will be managed by Mr. Linn Wilson an employee of Petro Mex, LLC who can be contacted at (505) 486-5557. He will be in charge of reclaiming the property when the wells are abandoned.

Please, call me at (505) 883-6250, extension 109, with any concerns.

June 17, 2022

Thank you,

Pete V. Domenici, Jr.

SURFACE USE AND COMPENSATION AGREEMENT

This Agreement is made and entered into between Mr. and Mrs. Anthony Peretti "Owner") and Petro Mex, LLC, ("Operator").

IT IS AGREED AS FOLLOWS:

1. **The Property**. Operator holds interests in oil and gas lease for the Kirtland 18 #001 well, located on the following described lands in San Juan County, New Mexico: (Provided by Owner)

Section 18 Township 29N Range 14 West. New Mexico USGLS

and Owner owns the surface of the above-described land. This Agreement covers Operator's activities on and access across the above-described lands, only.

2. **The Well Site Improvements and Operations.** The Well Site are located on the existing pads as depicted on the attached map and will include the Kirtland 18 #001 Well ("the Well"), and such equipment, to be located on the well site, as needed to operate the Wells, including but not limited to pumpjacks and tanks. The Well Site and Well Site equipment shall be installed, operated and maintained in compliance with applicable statutes and regulations and to industry standards. The Operator agrees to the following improvements and operational requirements at the well site:

a. installation of chain link fence around the perimeter of the Well Site;

b. relocate the existing road to an agreed upon location outside of the fenced-in portion of the Well Site;

c. water and soil in the existing water storage pond will be tested by a third-party and will be filled in if the water and soil are determined not to be contaminated. If the water and soil are determined to be contaminated, it will be removed from the Well Site in compliance with applicable regulations;

d. produced water will be removed from the Well Site if Operator is able to connect to an existing water disposal line. A pipeline installed for the purpose of removal of produced water will be located in the easement for the gas pipeline as depicted on the attached map;

e. the Well Site will be operated based on accepted industry standards and pursuant to New Mexico Oil Conservation Division regulations, including industry protocols for noise and odors;

f. work at the Well Site, including transportation of the oil from the Well Sites, will only occur during daylight hours, unless there is an emergency that must be corrected;

g. Operator shall at all times keep the Well Site safe and in good order, free of noxious weeds, litter and debris. All fences installed by Operator shall be kept clean and in good repair. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or waste onto Owner's land;

h. Employees of Operator shall be respectful of Owner's property and at least one English speaking worker shall be available to make decisions and communicate with Owner if needed while on the Well Site;

i. to the extent necessary, Operator shall limit and control precipitation runoff and erosion at and from the Well Site.

3. **Pipeline and pipeline easement.** Pipelines shall be located as shown on the attached map. Pipelines will be constructed to comply with New Mexico Oil Conservation Division and industry standards. The pipeline shall be buried deep enough to prevent interference with farming and livestock operations by Owner. After construction of the pipeline, the water spring and irrigation ditch shall be returned, as near as possible, to original specifications. Operator shall be responsible for installation, operation and maintenance of pipeline and pipeline easement. Any damage to pipeline or spills from pipeline shall be the sole responsibility of Operator.

4. **Survey of Property.** Operator shall have a survey of the Well Site, the pipeline easement and the southern fence line completed prior to the installation of fencing pursuant to this Agreement. Operator shall be responsible for clearing of vegetation required in order to complete the survey.

5. **Firewood.** Any firewood removed pursuant to the activities that are subject to this Agreement will be stacked neatly in a place designated by Owner and brush and limbs will be set aside for disposal by Owner at the Owner's convenience.

6. **Replacement of South Fence.** Operator shall replace the fence along the southern property boundary and install a vehicle gate large enough to allow access by emergency vehicles. A manway gate shall be installed near the southwest corner post. H-braces shall be installed as needed. The southeast corner post on the west side of Coolage Arroyo shall be replaced. Once installed, the fence shall be the Owner's sole property. Any clearing of foliage, brush or trees along the fence line shall be completed by Operator.

7. **Access/ingress & egress.** Operator shall have access to the Well Site and the pipeline easement, including access for equipment necessary to install agreed upon improvements, to operate and maintain the Well Site and to build and maintain the pipeline and pipeline easement. Access shall be by existing roads to the extent possible. The location and construction of new roads shall be approved by Owner. Operator will reasonably maintain any roads that may be used by Operator on the property, including any new roads that may be constructed by the Operator, and will make all necessary repairs to the roads caused by Operator's use.

8. **Timing.** Improvements to the Well Site, construction of the pipeline, and installation of fencing shall be completed within 6 months of the signing of this Agreement by both Parties.

9. **Payment.** Operator shall make a $5,000 cash payment to Owner at the time of the signing of this Agreement.

10. Operator shall take all reasonable actions to minimize surface damage to Owner's property both during the installation of the agreed upon improvements and during the operation of the Well Site and pipeline.

11. **Restoration and Reclamation.** Unless Owner otherwise agrees in writing, upon termination of any of Operator's operations on Owner's land, Operator shall fully restore and level the surface of the land affected by such terminated operations as near as possible to the contours which existed prior to such operations. Operator shall fully restore all private roads and drainage and irrigation ditches disturbed by Operator's operations as near as possible to the condition which existed prior to such operations. All surface restoration shall be accomplished to the satisfaction of Owner.

12. **Reseeding.** Owner has the right to specify the grass seed or seed mixture used by Operator when reclaiming disturbed areas on the Property, as long as the Owner's seed request is reasonable, the grass seed or seed mixture is readily available in the area, and the Operator's use of the specified grass seed or seed mixture for reclamation is permitted under applicable laws, rules and regulations. Owner understands that the well sites and surrouinding area are not presently seeded or used for grazing.

13. **Costs to be borne by Operator.** All costs for improvements, insurance and bonding shall be the responsibility of Operator.

14. **Indemnification.** To the maximum extent permitted by law, Operator shall indemnify, defend and hold Owner, and if applicable, Owner's officers, directors, employees, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to Operator's activities on Owner's property, including, without limitation, any claims that Operator's operations hereunder are illegal, unauthorized, or constitute an improper interference with any parties' rights, or have damaged the lands or operations of adjacent landowners, and including any claims based on the alleged concurrent negligence of Owner.

15. **Compliance with Law.** Operator shall conduct operations and activities in accordance with existing state and federal laws, rules and regulations.

16. **Construction of Agreement.** This Agreement shall be construed under the law of the State of New Mexico.

17. Binding Effect. This Agreement is binding upon the successors and assigns of the Parties.

DATED this _____ day of _____, 2022

OWNER (Mr. and Mrs. Peretti)

By: _____

Title: _____

OPERATOR (Petro Mex, LLC, A NM limited liability company)

By: _____

Title: President

Petro Mex, LLC, A NM limited liability company