

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

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

CASE NO. 25166

MOTION TO DISMISS CASE NO. 25166

Covenant Hercules, LLC, Christian Capstone, LLC, and Crusader Royalties, LLC, (collectively referred to herein as “Covenant”), by and through undersigned counsel, moves the Oil Conservation Division (“Division”) to dismiss the *Amended Application of Alpha Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico* (“Amended Application”) filed in Case No. 25166, because the Amended Application has material defects due to the failure to provide notice to Covenant, and as such, Alpha Energy Partners, LLC (“Alpha”), cannot properly pool Covenant’s working interests in this Unit.

Alpha is opposed to the Motion, and Covenant requests that these issues be addressed prior to any hearing on the merits. In the alternative, a stay is proper pending resolution of these issues. In support, Covenant states:

A. BACKGROUND & COVENANT’S INTEREST IN PROPOSED POOLING

Covenant owns working interests, mineral and royalty interests, and overriding royalty interests in the lands proposed to be pooled. Although some of Covenant’s working interests are contested by Alpha, some of the following working interests are uncontested, and should be recognized as a working interest in the proposed pooling proceedings.

Covenant acquired a variety of interests in the Unit via several conveyance documents, the first of which was recorded as early as May 2024, in Eddy County, which was before the

pooling application was originally filed in Case No. 24944, on October 8, 2024. Copies of the conveyance documents are attached as *Exhibit 1* hereto.

Covenant’s working interests in the subject Unit total approximately thirty-two point one four (32.14) net mineral acres, its overriding royalty interests in the subject Unit total approximately one point six seven (1.67) net royalty acres equivalent, and its mineral and royalty interests in the subject Unit total approximately forty-two point one four (42.14) net royalty acres, in, of, and relating to various legal descriptions within the following lands:

640 ACRES OF LAND, MORE OR LESS, BEING KNOWN AS ALL OF SECTION 18, TOWNSHIP 22 SOUTH, RANGE 27 EAST OF THE N.M.P.M.

All in the city of Carlsbad, Eddy County, New Mexico.

Ownership	Ownership Type	Acres	NRA/NMA
CRUSADER ROYALTIES, LLC	MI	21	NRA
CHRISTIAN CAPSTONE, LLC	MI	21	NRA
COVENANT HERCULES, LLC	MI	0.138	NRA
COVENANT HERCULES, LLC	ORRI	1.6697	NRA
COVENANT HERCULES, LLC	WI	32.13425	NMA

Additionally, Rob Vartebedian, an attorney representing Alpha for a potential ownership dispute within the Unit, was informed in early August 2024 that Covenant and Chief Capital (O&G) II LLC (“Chief”) owned a variety of interests in the proposed unit. At that time, Mr. Vartebedian communicated with both Covenant and Chief before removing himself from the matter due to client conflicts. Based on this correspondence, Alpha had actual notice that Covenant and Chief were claiming interests in the Proposed Unit via direct communications with Alpha’s attorney representing Alpha on matters relating to unit ownership, and Covenant’s ownership was already of record before those communications.

On January 14, 2025, Alpha filed the Amended Application for an order pooling all uncommitted mineral interests in the Wolfcamp formation, in a gas pool, underlying a standard

1267.84-acres, more or less, horizontal spacing unit comprised of Section 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico (the “Unit”). The Amended Application now designates Paloma Permian AssetCO, LLC (“Paloma”), by which Paloma, OGRID No. 332449, would be the designated operator of the Unit.

The case was originally set for hearing on November 21, 2024. Following that initial status hearing, the Division Hearing Examiner issued a pre-hearing order on November 22, 2024, setting the case for a contested hearing on March 4, 2025, and setting deadlines for the proceedings. Subsequently, on January 14, 2025, Alpha filed the amended application, and the case was set for a status conference on February 13, 2025.

B. B. LAW & ARGUMENT

1. POOLING GENERALLY

In New Mexico, due to difficulties with lack of pooling clauses in existing leases, and the inability to reach agreements with all oil and gas interest owners, pooling is authorized only in limited circumstances. Pooling is an exercise of the police power of the state that is statutorily limited by the express delegation of specific powers and authority to the OCD to pool the oil and gas interests within designated units. Pooling is permitted, as a last resort, if an oil gas operator is unable to reach an agreement with a party, whose interest is proposed to be pooled. Pooled interests are afforded extra protections as recognized private property rights.

2. THE OIL CONSERVATION DIVISION HEARING RULES REQUIRE NOTICE TO POOLED PARTIES AND POOLING NOTICE REQUIREMENTS MAY NOT BE WAIVED

The New Mexico Oil Conservation Division has broad authority under the New Mexico Oil and Gas Act, [Chapter 70, Article 2 NMSA 1978] (“Oil and Gas Act”) to include “jurisdiction, authority and control of and over all persons, matters or things necessary or proper

to enforce effectively the provisions of this act or any other law of this state relating to the conservation of oil or gas[.]” *See* NMSA 1978, § 70-2-1, *et seq.* The Oil and Gas Act gives the Commission and the Division the two major duties: the prevention of waste and the protection of correlative rights. NMSA 1978, § 70-2-11(A). Correlative rights are defined as

the opportunity afforded . . . to the owner of each property in a pool to produce without waste his just and equitable share of the oil . . . in the pool, being an amount, so far as can be practicably determined and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil . . . under the property bears to the total recoverable oil . . . in the pool and, for such purpose, to use his just and equitable share of the reservoir energy.

NMSA 1978, § 70-2-33(H). In addition to its ordinary meaning, waste is defined to include “the locating, spacing, drilling, equipping, operating or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil . . . ultimately recovered from any pool.” NMSA 1978, § 70-2-3(A). The duty to protect correlative rights and prevent waste imposes upon the Division the onus “to require wells to be drilled, operated and produced in such manner as to prevent injury to neighboring leases or properties.” NMSA 1978, § 70-2-12(B)(7).

As discussed above, pooling applications, allowed only as provided in the Oil and Gas Act, implicate the police power of the OCD, that is limited to specific circumstances where appropriate procedures have been followed, given the significant impact to private property interests. Pooling in New Mexico is governed by Section 70-2-17, by the Division’s regulations implementing the same, and by order to force pool any uncommitted interest owners. Section 70-2-17(C) of the Oil and Gas Act requires the Division, or the Commission, to ensure that all compulsory pooling orders “are just and reasonable,” and that a party who is force pooled has “the opportunity to recover or receive without unnecessary expense his just and fair share of the oil or gas.” NMSA 1978, § 70-2-17. The Oil and Gas Act, in Section 70-2-17(C), requires notice

to a party to be pooled, as follows: “C. ...All orders effecting such pooling shall be made after notice and hearing, and shall be upon such terms and conditions as are just and reasonable and will afford to the owner or owners of each tract or interest in the unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil or gas, or both.”

Additionally, Section 70-2-23 requires notice, and the opportunity to be heard, prior to the issuance of any order.

Moreover, OCD Rules require that an applicant comply with the Rules for pooling prior to the issuance of a force pooling order. *See* 19.15.4.9 NMAC; *see also* NMSA 1978, § 70-2-17. Specifically, Division Rules 19.15.4.8 and 19.15.4.9 NMAC require certain information in a pooling application, in notice of a pooling hearing, and in an uncontested pooling hearing. OCD Rule 19.15.4.12 NMAC specifically requires:

A. Applications for the following adjudicatory hearings before the division or commission, in addition to that 19.15.14.9 NMAC requires, as follows:

(1) Compulsory pooling and statutory unitization.

(a) *The applicant shall give notice to each owner of an interest in the mineral estate of any portion of the lands the applicant proposes to be pooled or unitized whose interest is evidenced by a written conveyance document either of record or known to the applicant at the time the applicant filed the application and whose interest has not been voluntarily committed to the area proposed to be pooled or unitized (other than a royalty interest subject to a pooling or unitization clause).*

...

(b) When the applicant has given notice as required in Subsection A of 19.15.4.9 NMAC, of a compulsory pooling application, and those owners the applicant has located do not oppose the application, the applicant may file under the following alternative procedure. The application shall include the following:

...

(vi) *written evidence of attempts the applicant made to gain voluntary agreement including but not limited to copies of relevant correspondence;*

(e) At an interested person’s request or upon the division’s own initiative, the division shall set a pooling application for full hearing with oral testimony by the applicant.

(emphasis added). Division Orders have provided further guidance on what is required to prove that an operator has made “attempts... to gain voluntary agreement.” As provided in Division Order No. R-13165, the Division interpreted the Rule to require an operator to send a well proposal letter, 30 days prior to filing for a hearing before the OCD. Order No. R-13165 specifically provides:

(5) Because past Division practice has not been entirely consistent, and because some language in Order No. R-13155 was not intended to apply to all cases, the Division takes this opportunity to clarify the requirements that it will ordinarily apply in compulsory pooling cases as follows:
(a) At least thirty days prior to filing a compulsory pooling application in the absence of extenuating circumstances, an applicant should send to locatable parties it intends to ask the Division to pool a well proposal....together with a proposed Authorization for Expenditure (AFE) for the well. The proposal should specify the footages from section lines of the intended location, The Division understands these requirements to be comparable to the proposal requirements included in the forms operating agreements generally used in the industry.

Order No. R-13165, Division Cases 14368, 14369, 14370, 14372 (Sept. 3, 2009).

3. THE DIVISION MAY NOT WAIVE THE REQUIREMENTS OF THE OIL AND GAS ACT REQUIRING APPLICANT TO PROVIDE NOTICE

The Division’s own rules required notice to “each owner of an interest in the mineral estate of any portion of the lands the applicant proposes to be pooled or unitized whose interest is evidenced by a written conveyance document either of record or known to the applicant at the time the applicant filed the application and whose interest has not been voluntarily committed to the area proposed to be pooled or unitized.” 19.15.4.12(A)(1)(a) NMAC. The purpose and intent of the Division’s notice requirements is to give notice of the proposed pooling and an opportunity to voluntarily participate without being force pooled. Each interest owner is entitled to notice, without exception.

These notice rules and the notice requirements of the Oil and Gas Act may not be waived in the context of pooling proceedings before the OCD. In fact, New Mexico court decisions bind

an agency to its own administrative rules and require compliance with regulations. *See Atlixco Coalition v. Maggiore*, 1998-NMCA-134, P15, 125 N.M. 786, 965 P.2d 370 (concluding that an administrative agency “is required to act in accordance with its own regulations”). Moreover, the United States Supreme Court has long-recognized that the government violates the Fifth Amendment “by taking away someone’s life, liberty, or property under a criminal law so vague that it fails to give ordinary people fair notice of the conduct it punishes, or so standardless that it invites arbitrary enforcement.” *Johnson v. United States*, 576 U.S. 591, 595 (2015). *See generally, Uhden v. New Mexico Oil Conservation Comm’n*, 112 N.M. 528, 817 P.2d 721 (1991), (recognizing “the essence of justice is largely procedural.”). “The Due Process Clause of the Fourteenth Amendment to the United States Constitution prohibits deprivation of property absent adequate procedural safeguards.” *T.H. McElvain Oil & Gas Ltd. P’ship v. Benson-Montin-Greer Drilling Corp.*, 2017-NMSC-004, ¶ 25 (citing U.S. Const. amend. XIV, § 1). *See also Johnson v. New Mexico Oil Conservation Comm’n*, 1999-NMSC-021, 127 N.M. 120, 978 P.2d 327 (holding Commission violated Act and implementing regulations by issuing its order without first providing actual notice of adjudicatory proceedings to interest owner).

4. ALPHA’S FAILURE TO PROVIDE NOTICE TO COVENANT IS A MATERIAL DEFECT IN THE APPLICATION AND REQUIRES DISMISSAL OF CASE NO. 25166 TO ALLOW DUE PROCESS TO COVENANT

Covenant, as the owners of a working interest in the pooled Unit, is entitled to a share of the unit, described in Section 70-2-17 of the Oil and Gas Act. *See* § 70-2-17. Prior to filing an application for pooling, Alpha was required to both: (1) issue the Division’s required notice of the pending pooling application; and (2) send a well proposal letter and AFE to the mineral interest owners within the proposed spacing unit *at least thirty days prior to filing the pooling*

application. As discussed herein, Covenant was not provided proper timely notice of the proceedings, in Case No. 24944, as required by Division Rules and Division precedent.

Covenant owns a working interest in the Unit. Alpha has not sought the authority of the Division for pooling Covenant's working interests. Alpha did not properly propose the wells or provide an opportunity for voluntary joinder to Covenant prior to filing the application in Case No. 24944, and instead filed this pooling proceeding, several months after Covenant acquired its working interests in the Unit. Alpha should have sought to pool these interests, as non-committed, non-pooled working interests. In the pooling proceedings, Alpha is required to show that prior to filing an application for pooling, it provided an opportunity for voluntary joinder and notice to Covenant, or its predecessors in interest, who owned a mineral interest in Unit. Because Alpha should have, but did not, properly propose the wells to Covenant, 30 days prior to filing the Amended Application, Alpha should not be permitted to seek the authority of the Division for pooling Covenant's working interests, without properly providing a well proposal letter 30 days in advance of the filing of the Amended Application.

As the successor operator of the Unit, under the Amended Application, Paloma was required to send a well proposal letter and AFE to all of the working interest owners in the proposed Unit, including Covenant. Despite being aware of Covenant's interests, as of August 2024, neither Alpha nor Paloma sent a well proposal letter or requested any kind of voluntary joinder from Covenant, until February 3, 2025, after the Amended Application in this case was filed. The late well proposal letter, long after both Alpha and Paloma were aware that Covenant acquired its working interests in the Unit, does not satisfy the Division's requirements for notice prior to a pooling hearing and appropriate attempts to gain voluntary agreement prior to pooling.

Dismissal, stay, or a continuance of these proceedings for an additional 30 days is required to remedy the substantial prejudice to Covenant, after having been deprived the due process afforded to it by the Division's rules and the opportunity to voluntarily participate or be pooled into the Unit. Because Covenant has not voluntarily committed its working interests to the Unit, Covenant must be afforded proper notice of pooling before its interests may be pooled under Division Rules or the Oil and Gas Act. Covenant should therefore be allowed another opportunity to elect to participate in the Unit, as a working interest owner, with a proper notice period, prior to being pooled. Because Covenant never had the opportunity to elect to participate in the wells, before the filing of the Amended Application, Covenant may not be pooled in the Unit, without proper notice and a well proposal letter at least 30 days prior to the application for hearing is filed.

Under these circumstances, Alpha has not shown that sending a well proposal or proper notice to Covenant would have been more difficult than sending actual notice to the other persons with potentially affected property interests whom the company chose to notify of the Amended Application. Alpha has not complied with the notice requirements of the Oil and Gas Act or the specific notice requirements for pooling in this case. Because Alpha did not comply with the notice requirements of the Rules or the Act, this failure to comply would render any pooling order issued in this case void with respect to Covenant. The failure of Alpha to provide an opportunity to voluntarily participate deprived Covenant of its rights as an owner of a working interest in the Unit. *See* Order R-20368 (requiring applicant for pooling to show "good faith" effort of negotiations with working interest owners prior to force pooling). For this reason, a stay is appropriate, if the case is not dismissed entirely, or continued for an additional 30 days to allow Covenant to properly consider a voluntary agreement.

C. CONCLUSION

WHEREFORE, Covenant requests that the Division set this matter for consideration at the March 4, 2025 hearing before the Hearing Examiner of the Oil Conservation Division, and stay or dismiss the case to allow Alpha to provide proper notice to Covenant of the well proposals and the proposed pooling hearing and require Alpha to apply to the Division for proper pooling to recognize Covenant's interests in the proposed Unit, and that the Division grant such further relief as the Division deems appropriate.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", is written over a horizontal line.

Kaitlyn A. Luck
P.O. Box 483
Taos, NM 87571
kaitlyn.luck@outlook.com
(361) 648-1973

Attorney for Covenant Hercules, LLC, Christian Capstone, LLC, and Crusader Royalties, LLC

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CERTIFICATE OF SERVICE

I certify that on this February 19, 2025, the foregoing pleading was electronically filed by email with the New Mexico Oil Conservation Division Clerk and served on all parties of record through counsel as follows:

Freya Tschantz, Law Clerk
Freya.Tschantz@emnrd.nm.gov
OCD.Hearings@emnrd.nm.gov
EMNRD-Oil Conservation Division Clerk

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Pro Se

/s/ Kaitlyn A. Luck

EXHIBIT 1

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

STATE OF NEW MEXICO §
COUNTY OF EDDY §

This Memorandum of Oil, Gas and Mineral Lease is entered into this 22nd day of July 2024, (the "Effective Date") by and between Christian Capstone, LLC hereinafter called "Lessor" (whether one or more), whose post office address is 2218 Bunker Hill Drive, Abilene, Texas 79601, and Covenant Hercules, LLC whose address is 9001 Airport Freeway, Suite 825, North Richland Hills, Texas 76180, hereinafter called "Lessee".

Lessor does hereby grant, lease, let and demise to Lessee that certain property which is described hereto for the purpose of exploring and drilling for and operating and producing oil and gas, pursuant to the terms and provisions of that certain Oil, Gas and Mineral Lease between Lessor and Lessee, the important terms of which are as follows:

Date: July 22, 2024
Lessor: Christian Capstone, LLC
Lessee: Covenant Hercules, LLC
Primary Term: 3 years
Lease Option: 2 years

Leased Premises: 64.89 acres of land, more or less, being situated in and out of the SW /4 of Section 18, Township 22 South, Range 27 East of the N.M.P.M, Eddy County, New Mexico and being more particularly described by metes and bounds in that certain Warranty Deed dated August 21, 1978, by and between Coloma Investment Corporation, as Grantor and Frank J. Valenti as Grantee, as recorded in Volume 235, Page 494 deed records Eddy County, New Mexico.

Reference is hereby made to executed copies of said Oil, Gas, and Mineral Lease in possession of Lessor and Lessee respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

In the event the earliest notary acknowledgment is more than sixty (60) days beyond the date entered on this lease, then the effective date (for purposes of determining the expiration of the primary term) shall become the earliest notary acknowledgement date.

This Lease may be executed in one document signed by all of the Lessors or in separate documents which shall be deemed counterparts. If signed in separate counterparts, all counterparts, when executed by the Lessors, shall constitute one and the same instrument. The failure of any one or more Lessors to sign this Lease or any counterpart, shall not in any manner affect the validity and binding nature of this Lease as to those Lessors that sign it. Lessors grant to Lessee the right to combine all signature and acknowledgments pages into one instrument for recording purposes.

Christian Capstone Lessor to CH Lessee_Section 18_Memorandum_Page 1 of 2



IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Oil, Gas and Mineral Lease as of the day and year above written.

Lessor(s):
Christian Capstone, LLC

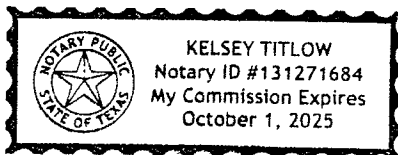
Kevin Christian
Kevin Christian, Principal

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 22 day of July, 2024, by Kevin Christian as Principal on behalf of **Christian Capstone, LLC**.



Kelsey Titlow

Notary Public for the State of Texas

after the Effective Date, associated with the undivided interest herein conveyed. It is further understood that this conveyance is a transfer of production payments and pooled acreage benefits to the Grantee. Grantor authorizes third parties to release to Grantee (or its designee) any information concerning the Subject Interests and any other rights and interests conveyed to Grantee herein. It is further understood that this conveyance is a transfer of all rights to any funds held in suspense or the like concerning the Subject Interests, to Grantee, whether or not the same accrued before, on, or after the Effective Date. This instrument shall permit Grantee to sign all papers as Grantor's Attorney-In-Fact for the undivided interest conveyed herein in the captioned tracts of land described in Exhibit A. Grantor agrees to pay and discharge all ad valorem taxes due for previous years and the current year on the Subject Interests, if any, for periods prior to the Effective Date.

To the extent transferable, Grantee shall be and is hereby subrogated to all representations, covenants, and warranties of title and otherwise by parties heretofore given or made to Grantor or its predecessors in title with respect and to the extent applicable to the Subject Interests. To the extent provided in the preceding sentence, Grantor hereby grants and transfers to Grantee, its successors, and assigns, to the extent so transferrable and permitted by applicable law, the benefit of and the right to enforce all representations, warranties, and covenants, if any, which Grantor is entitled to enforce with respect to the Subject Interests.

TO HAVE AND TO HOLD the herein-described mineral interest and appurtenant rights, titles, and interests, together with all and singular the rights, privileges, and appurtenances thereto in any manner thereto belonging, unto Grantee and Grantee's successors and assigns forever, and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND, all and singular the said mineral interest unto the said Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by through and under Grantor but not otherwise. This instrument is not intended, and shall not be construed, as a mere quitclaim, reference being made to the public records for a complete description of Grantor's interest, and shall include, but not be limited to, all of the rights and interests vested into or acquired by Grantor under the conveyances or instruments described on the attached Exhibit A.

In witness whereof, this document is executed on the date of acknowledgement, but shall be effective as of 12:01 AM CT on April 1, 2024 (the "**Effective Date**").

[SIGNATURE AND ACKNOWLEDGEMENT PAGE AND EXHIBIT A FOLLOWS.]

after the Effective Date, associated with the undivided interest herein conveyed. It is further understood that this conveyance is a transfer of production payments and pooled acreage benefits to the Grantee. Grantor authorizes third parties to release to Grantee (or its designee) any information concerning the Subject Interests and any other rights and interests conveyed to Grantee herein. It is further understood that this conveyance is a transfer of all rights to any funds held in suspense or the like concerning the Subject Interests, to Grantee, whether or not the same accrued before, on, or after the Effective Date. This instrument shall permit Grantee to sign all papers as Grantor's Attorney-In-Fact for the undivided interest conveyed herein in the captioned tracts of land described in Exhibit A. Grantor agrees to pay and discharge all ad valorem taxes due for previous years and the current year on the Subject Interests, if any, for periods prior to the Effective Date.

To the extent transferable, Grantee shall be and is hereby subrogated to all representations, covenants, and warranties of title and otherwise by parties heretofore given or made to Grantor or its predecessors in title with respect and to the extent applicable to the Subject Interests. To the extent provided in the preceding sentence, Grantor hereby grants and transfers to Grantee, its successors, and assigns, to the extent so transferrable and permitted by applicable law, the benefit of and the right to enforce all representations, warranties, and covenants, if any, which Grantor is entitled to enforce with respect to the Subject Interests.

TO HAVE AND TO HOLD the herein-described mineral interest and appurtenant rights, titles, and interests, together with all and singular the rights, privileges, and appurtenances thereto in any manner thereto belonging, unto Grantee and Grantee's successors and assigns forever, and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND, all and singular the said mineral interest unto the said Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof. This instrument is not intended, and shall not be construed, as a mere quitclaim, reference being made to the public records for a complete description of Grantor's interest, and shall include, but not be limited to, all of the rights and interests vested into or acquired by Grantor under the conveyances or instruments described on the attached Exhibit A.

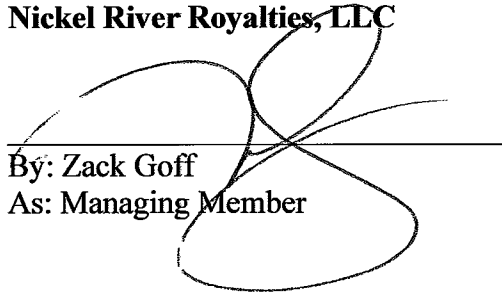
In witness whereof, this document is executed on the date of acknowledgement, but shall be effective as of 12:01 AM CT on April 1, 2024 (the "**Effective Date**").

[SIGNATURE AND ACKNOWLEDGEMENT PAGE AND EXHIBIT A FOLLOWS.]

GRANTOR:

Nickel River Royalties, LLC

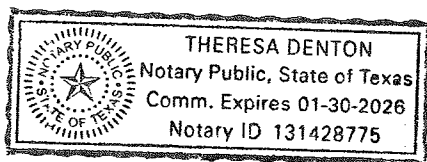
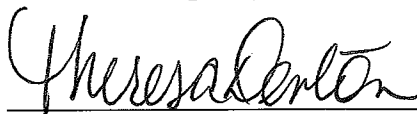
By: Zack Goff
As: Managing Member



ACKNOWLEDGMENTS

STATE OF TEXAS
COUNTY OF DENTON

This instrument was acknowledged before me on the 17th day of April, 2024, by Zack Goff, acting in his capacity as Managing Member of Nickel River Royalties, LLC, a Texas Limited Liability Company, on behalf of said company, who being duly sworn, upon oath, states that he is authorized to execute this conveyance, and he has acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity stated therein.



(Signature of notarial officer)
Notary Name: Theresa Denton
Notary Identification No.: 131428775
My Commission Expires on: 1-30-26

Exhibit A

Attached to and made a part of that certain Mineral and Royalty Deed between Nickel River Royalties, LLC (“Grantor”) and Crusader Royalties, LLC (“Grantee”)

Legal Descriptions:

64.89 acres of land, more or less, being situated in and out of the SW/4 of Section 18, Township 22 South, Range 27 East of the N.M.P.M, Eddy County, New Mexico and being more particularly described by metes and bounds in that certain Warranty Deed dated August 21, 1978, by and between Colonia Investment Corporation, as Grantor and Frank J. Valenti as Grantee, as recorded in Volume 235, Page 494 deed records Eddy County, New Mexico.

End of Exhibit A

After recording, please return the original to the mailing address below:

Covenant Royalties, LLC
9001 Airport Freeway, Suite 825
North Richland Hills, Texas 76180

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

STATE OF NEW MEXICO §
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COUNTY OF EDDY §

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Lessor does hereby grant, lease, let and demise to Lessee that certain property which is described hereto for the purpose of exploring and drilling for and operating and producing oil and gas, pursuant to the terms and provisions of that certain Oil, Gas and Mineral Lease between Lessor and Lessee, the important terms of which are as follows:

Date: July 22, 2024
Lessor: Covenant Hercules, LLC
Lessee: Covenant Hercules, LLC
Primary Term: 3 years
Lease Option: 2 years
Leased Premises: **0.138 acres of land, more or less, being Lot 9, Block 8, Southridge Addition, Section 18, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, as per plat filed of record in the office of the County Clerk of Eddy County, New Mexico.**

Reference is hereby made to executed copies of said Oil, Gas, and Mineral Lease in possession of Lessor and Lessee respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

In the event the earliest notary acknowledgment is more than sixty (60) days beyond the date entered on this lease, then the effective date (for purposes of determining the expiration of the primary term) shall become the earliest notary acknowledgement date.

This Lease may be executed in one document signed by all of the Lessors or in separate documents which shall be deemed counterparts. If signed in separate counterparts, all counterparts, when executed by the Lessors, shall constitute one and the same instrument. The failure of any one or more Lessors to sign this Lease or any counterpart, shall not in any manner affect the validity and binding nature of this Lease as to those Lessors that sign it. Lessors grant to Lessee the right to combine all signature and acknowledgments pages into one instrument for recording purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Oil, Gas and Mineral Lease as of the day and year above written.



Lessor(s):

Covenant Hercules, LLC

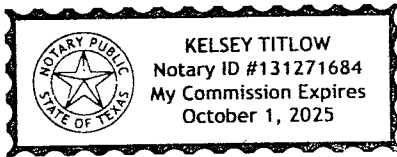
By: *Kevin Christian*
Kevin Christian, as CEO of Covenant Royalties, LLC,
which is the Manager of Covenant Hercules, LLC

STATE OF TEXAS §
COUNTY OF TARRANT §

The foregoing instrument was acknowledged before me this 22 day of July, 2024, by Kevin Christian, acting in his capacity as CEO of Covenant Royalties, LLC, a Texas Limited Liability Company, which is the Manager of Covenant Hercules, LLC, a Texas Limited Liability Company.

Witness my hand and official seal.

Kelsey Titlow
Notary Public for Said County and State



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

STATE OF NEW MEXICO §
 §
COUNTY OF EDDY §

This Memorandum of Oil, Gas and Mineral Lease is entered into this 22nd day of July 2024, (the "Effective Date") by and between **Crusader Royalties, LLC** hereinafter called "Lessor" (whether one or more), whose post office address is 9001 Airport Freeway, Suite 825, North Richland Hills, Texas 76180, and **Covenant Hercules, LLC** whose address is 9001 Airport Freeway, Suite 825, North Richland Hills, Texas 76180, hereinafter called "Lessee".

Lessor does hereby grant, lease, let and demise to Lessee that certain property which is described hereto for the purpose of exploring and drilling for and operating and producing oil and gas, pursuant to the terms and provisions of that certain Oil, Gas and Mineral Lease between Lessor and Lessee, the important terms of which are as follows:

Date: July 22, 2024
Lessor: Crusader Royalties, LLC
Lessee: Covenant Hercules, LLC
Primary Term: 3 years
Lease Option: 2 years

Leased Premises: **64.89 acres of land, more or less, being situated in and out of the SW /4 of Section 18, Township 22 South, Range 27 East of the N.M.P.M, Eddy County, New Mexico and being more particularly described by metes and bounds in that certain Warranty Deed dated August 21, 1978, by and between Coloma Investment Corporation, as Grantor and Frank J. Valenti as Grantee, as recorded in Volume 235, Page 494 deed records Eddy County, New Mexico.**

Reference is hereby made to executed copies of said Oil, Gas, and Mineral Lease in possession of Lessor and Lessee respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

In the event the earliest notary acknowledgment is more than sixty (60) days beyond the date entered on this lease, then the effective date (for purposes of determining the expiration of the primary term) shall become the earliest notary acknowledgement date.

This Lease may be executed in one document signed by all of the Lessors or in separate documents which shall be deemed counterparts. If signed in separate counterparts, all counterparts, when executed by the Lessors, shall constitute one and the same instrument. The failure of any one or more Lessors to sign this Lease or any counterpart, shall not in any manner affect the validity and binding nature of this Lease as to those Lessors that sign it. Lessors grant to Lessee the right to combine all signature and acknowledgments pages into one instrument for recording purposes.



IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Oil, Gas and Mineral Lease as of the day and year above written.

Lessor(s):
Crusader Royalties, LLC

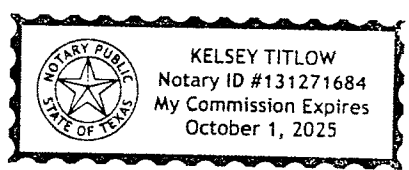

Kevin Christian, Manager

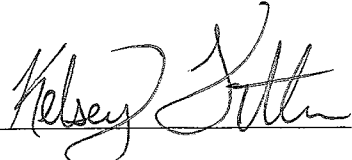
ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 22 day of July, 2024, by Kevin Christian as Manger on behalf of **Crusader Royalties, LLC**.





Notary Public for the State of Texas

ASSIGNMENT AND BILL OF SALE

THE STATE OF NEW MEXICO §
 §
COUNTY OF EDDY §

This Assignment and Bill of Sale (“Assignment”), effective as of 7 a.m., local time where the Assigned Interest are located, June 1, 2024 (“Effective Date”), is by and between Nickel River Royalties, LLC, a Texas limited liability company, whose address is P.O. Box 5896, Frisco, TX 75035, as “Assignor”, and Covenant Hercules, LLC whose address is 9001 Airport Freeway, Suite 825, North Richland Hills, TX 76180, as “Assignee.”

WITNESSETH:

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor hereby grants, sells, conveys, assigns and transfers to Assignee, effective as of the Effective Date, all of Assignor’s rights, title and interest in and to the following:

- (a) the “Lands” and oil and gas leases that are recorded as a Memorandum of Paid-Up Oil and Gas Lease covering the subject Lands as described in Exhibit “A” attached hereto and incorporated by reference (the “Leases”), together with the lands pooled, communitized or consolidated therewith;
- (b) all presently existing contracts, agreements and instruments of record to the extent they relate to the interests described in Exhibit “A,” including, but not limited to, operating agreements, saltwater disposal lease and/or agreements, unitization agreements, communitization and pooling agreements, agreements for the sale or purchase of oil, gas, casinghead gas or CO₂ and gas processing agreements (all of which are hereinafter collectively referred to as “Contracts”);
- (c) all real and personal property, fixtures, appurtenances, easements, licenses, surface agreements, approvals or authorizations and permits to the extent they directly relate to the interests described in Exhibit “A,” including without limitation all wells, associated equipment, surface rights, and lease and unit owned facilities;
- (d) any pools or units which include any portion of the Lands or all or part of any Leases;
- (e) all records of Assignor that in any way related to (a), (b), (c) or (d) above, including without limitation all land, well, accounting, contract and other files and records; and
- (f) the oil, gas and other minerals of any kind and nature sold after the Effective Date hereof.

All of the items in (a), (b), (c), (d), (e) and (f) above, are hereinafter collectively called the “Assigned Interest”.

TO HAVE AND TO HOLD the said Assigned Interest unto Assignee, its successors and assigns, forever subject to the following additional terms, rights, reservations and/or conditions:

- 1. Assignor herein expressly excepts, reserves and retains title to an Overriding Royalty Interest, on all of the oil, gas and casinghead gas produced, saved and marketed attributable to the assigned premises described on the attached Exhibit “A”, equal to ½ of the positive difference of the existing royalty burden and 25%. Such overriding royalty interest is to be free and clear of any



cost and expense of the development and operation thereof, excepting taxes applicable to said interest and the production therefrom. The Overriding Royalty Interest retained is proportionately reduced to the interest actually owned by the Assignor and conveyed in the assigned premises.

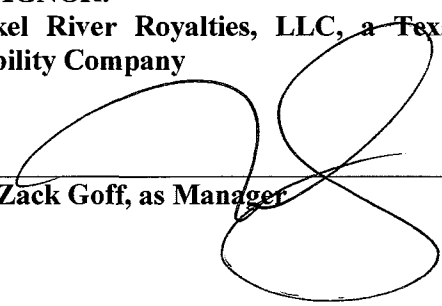
2. All of the Assigned Interest, whether real or personal, are conveyed subject to a Special Warranty of Title, and are free and clear of and from any lien, claim, mortgage, or other encumbrance, whether similar or dissimilar, by any person claiming by, through, or under Assignor, and not otherwise.
3. Assignor also hereby grants and transfers to Assignee, its successors and assigns, the benefit of the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Assigned Interest against Assignor's predecessors in title.
4. For all periods prior to the Effective Date, Assignor agrees to retain all responsibility and liability related to the environmental condition of the Assigned Interest and agrees to defend, indemnify and hold Assignee, its officers, directors, agents, successors and assigns, employees and affiliated companies, harmless from any and all claims arising from the presence of NORM, asbestos, and any other environmental contaminants which may have been deposited or released on the premises or personal property as the result of oil and gas operations related to the Assigned Interest occurring prior to the Effective Date.
5. In addition to the provision immediately above, Assignor agrees to defend, indemnify and hold harmless Assignee and its affiliated companies, and its and their officers, directors, agents, successors and assigns, and employees, from and against all losses, costs, claims, demands, suits, liability and expense with respect to the Assigned Interest which arise out of or relate to Assignor's ownership and/or operation of such properties, or which in any manner relates to the condition of the premises with regard to any event or occurrence occurring or arising prior to the Effective Date.
6. Assignee agrees to comply with all laws and with all rules, regulations and order of all municipal, state and federal agencies and regulatory bodies in the conduct of all operations by Assignee in and on the lands covered hereby, including, but not by way of limitation, the proper plugging of all wells on the said lands, the proper disposal or treatment of wastes and the transfer or assumption of applicable permits, bonds, approvals and licenses.
7. This Assignment shall attach to and run with the Leases and Lands herein described and shall be binding upon and shall inure to the benefit of Assignee and Assignor and their respective (as applicable) heirs, executors, administrators, successors and assigns.

This instrument may be executed by Assignee and Assignor 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.

Signatures on following page

EXECUTED by Assignor and Assignee on the dates shown below.

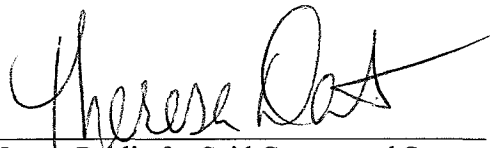
**ASSIGNOR:
Nickel River Royalties, LLC, a Texas Limited
Liability Company**

By: 
Zack Goff, as Manager

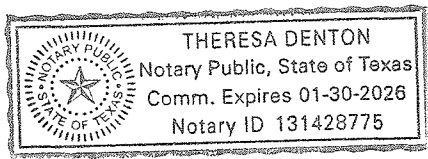
STATE OF TEXAS §
 §
COUNTY OF DENTON §

The foregoing instrument was acknowledged before me this 11 day of July, 2024, by Zack Goff, acting in his capacity as manager of Nickel River Royalties, LLC, a Texas Limited Liability Company on behalf of said company

Witness my hand and official seal.



Notary Public for Said County and State



EXECUTED by Assignor and Assignee on the dates shown below.

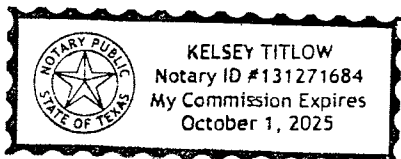
ASSIGNEE:
Covenant Hercules, LLC, a Texas Limited Liability Company

By: *Kevin Christian*
Kevin Christian, as CEO of Covenant Royalties, LLC, which is the Manager of Covenant Hercules, LLC

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

The foregoing instrument was acknowledged before me this 12 day of July, 2024, by Kevin Christian, acting in his capacity as CEO of Covenant Royalties, LLC, a Texas Limited Liability Company, which is the Manager of Covenant Hercules, LLC, a Texas Limited Liability Company, on behalf of said company.

Witness my hand and official seal.



Kelsey Titlow
Notary Public for Said County and State

EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale by and between Nickel River Royalties, LLC, a Texas limited liability company, as Assignor, and Covenant Hercules, LLC, as Assignee, dated effective June 1, 2024.

I. Lands:

640 acres of land, more or less, being known as all of Section 18, Township 22 South, Range 27 East of the N.M.P.M. Eddy County, New Mexico.

II. Leases:

Lease Date: April 30, 2024

Lessor: Ida May Rayroux Revocable Trust

Lessee: Nickel River Royalties, LLC

Recording: Volume 1182, Page 316, Official Public Records of Eddy County, New Mexico.

Lease Date: March 9, 2024

Lessor: Sherri Ann Elliott

Lessee: Nickel River Royalties, LLC

Recording: Volume 1182, Page 320, Official Public Records of Eddy County, New Mexico.

Lease Date: April 5, 2024

Lessor: The J.K. & D.S. Simmons Living Trust

Lessee: Nickel River Royalties, LLC

Recording: Volume 1182, Page 321, Official Public Records of Eddy County, New Mexico.

Lease Date: April 2, 2024

Lessor: Anthony John Rocha

Lessee: Nickel River Royalties, LLC

Recording: Volume 1182, Page 322, Official Public Records of Eddy County, New Mexico.

Lease Date: May 2, 2024

Lessor: The Francis G. Tracy, Jr. Credit Trust Et Al

Lessee: Nickel River Royalties, LLC

Recording: Volume 1182, Page 323, Official Public Records of Eddy County, New Mexico.

Lease Date: May 9, 2024

Lessor: The Estate of Thomas Lonnie Arrington, Deceased

Lessee: Nickel River Royalties, LLC

Recording: Volume 1184, Page 608, Official Public Records of Eddy County, New Mexico.

Lease Date: May 23, 2024

Lessor: Rogelio B. Ybarra Sr. and Felicianna Ybarra

Lessee: Nickel River Royalties, LLC

Recording: Volume 1184, Page 609, Official Public Records of Eddy County, New Mexico.

Lease Date: June 6, 2024
Lessor: Linda P. Martinez
Lessee: Nickel River Royalties, LLC
Recording: Volume 1184, Page 610, Official Public Records of Eddy County, New Mexico.

Lease Date: May 30, 2024
Lessor: Helen Rodriguez
Lessee: Nickel River Royalties, LLC
Recording: Volume 1184, Page 612, Official Public Records of Eddy County, New Mexico.

Lease Date: June 28, 2024
Lessor: Patricia A. Granger-McCore
Lessee: Nickel River Royalties, LLC
Recording: Volume 1184, Page 611, Official Public Records of Eddy County, New Mexico.

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF NEW MEXICO

§

KNOW ALL BY THESE PRESENTS THAT:

COUNTY OF EDDY

§

ROYALTY DEED

COVENANT CRUSADER, LLC, with mailing address 9001 Airport Freeway, Suite 825, North Richland Hills, Texas 76180 (hereinafter called "**Grantor**"), for ten dollars (\$10.00) and other valuable consideration paid to it by the grantee, hereinafter named, the receipt and sufficiency of which consideration are hereby acknowledged and confessed, has GRANTED, SOLD, CONVEYED, ASSIGNED, and DELIVERED, and by these presents does GRANT, SELL, CONVEY, ASSIGN, and DELIVER unto **CRUSADER ROYALTIES, LLC**, with mailing address 9001 Airport Freeway, Suite 825, North Richland Hills, Texas 76180 (hereinafter called "**Grantee**"), **ALL (100.0%)** of Grantor's undivided right, title, and interest, in and to all of the oil, gas, and other minerals and mineral royalty, including overriding royalty, in, whether producing or non-producing, and under and that may be produced, together with all real, personal, and mixed property and other rights and interests appertaining thereto, including, but not limited to, the right of ingress and egress to and from the below described land, together with the right to use so much of the surface thereof as may be reasonably necessary to explore and develop the mineral interest located in Eddy County, New Mexico, together with all rights and interests to leases and agreements and the like, in or associated to or attributable to the lands and legal descriptions and leases, wherever situated, set out on **Exhibit A** attached hereto (being hereinafter referred to collectively as the "**Subject Interests**"), attached hereto and made a part hereof for all purposes.

Grantor agrees to execute such further instruments as may be reasonably requested or required to allow Grantee full use and enjoyment of Subject Interests and likewise agrees that Grantee herein shall have the right at any time to redeem for said Grantor by payment any mortgage, taxes, or liens on the described lands upon default payment by Grantor and be subrogated to the rights of the holder thereof.

This instrument is made subject to any and all valid and subsisting mineral leases presently of record affecting the Subject Interests, and Grantor has granted, transferred, assigned, and conveyed, and by these presents does grant, transfer, assign, and convey unto the Grantee, its heirs, successors, and assigns, all rights, royalties, and other benefits accruing or to accrue under said leases attributable to the Subject Interests herein conveyed.

Furthermore, it is the specific intent of this instrument to convey to Grantee the right to receive all bonuses, rents, royalties, production payments, claims, or monies of any nature accruing on or after the Effective Date, associated with the undivided interest herein conveyed, if any. It is further understood that this conveyance is a transfer of production payments and pooled acreage benefits to the Grantee. Grantor authorizes third parties to release to Grantee (or its designee) any information concerning the Subject Interests and any other rights and interests conveyed to Grantee herein. It is further understood that this conveyance is a transfer of all rights and interests to any funds or revenue held in suspense or the like concerning the Subject Interests, to Grantee, that accrued before, on, or after the Effective Date.

To the extent transferable, Grantee shall be and is hereby subrogated to all representations, covenants, and warranties of title and otherwise by parties heretofore given or made to Grantor or its predecessors in title with respect and to the extent applicable to the Subject Interests. To the extent provided in the preceding sentence, Grantor hereby grants and transfers to Grantee, its successors, and assigns, to the extent so transferrable and permitted by applicable law, the benefit of and the right to enforce all representations, warranties, and covenants, if any, which Grantor is entitled to enforce with respect to the Subject Interests.

In the event that any such lease or leases for any reason become terminated, cancelled, or forfeited, then and in that event, the Grantee shall have, hold, claim, and enjoy all the Subject Interests in and to all of the oil, gas, and other minerals in, under, and that may be produced from said lands.

Reception: 2414007 Book: 1189 Page: 0116 Pages: 4

Recorded: 11/12/2024 09:10 AM Fee: \$25.00

Eddy County, New Mexico ~ Cara Cooke, County Clerk



BO

Covenant Crusader to Crusader_Page 1 of 4

eRecorded Document

TO HAVE AND TO HOLD the herein-described mineral and/or royalty interest and appurtenant rights, titles, and interests, together with all and singular the rights, privileges, and appurtenances thereto in any manner thereto belonging, unto Grantee and Grantee's successors and assigns forever, and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND, all and singular the said mineral and/or royalty interest unto the said Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, for claims by, through, and under Grantor, but not otherwise. This instrument is not intended, and shall not be construed, as a mere quitclaim, reference being made to the public records for a complete description of Grantor's interest.

In witness whereof, this document is executed on the date of acknowledgement, but shall be effective as of 7:00AM CT on August 1, 2024 (the "Effective Date").

[SIGNATURE AND ACKNOWLEDGEMENT PAGE AND EXHIBIT FOLLOWS.]

GRANTOR:

COVENANT CRUSADER, LLC

Kevin Christian

Kevin Christian, Chief Executive Officer
of the Manager, Covenant Crusader, LLC

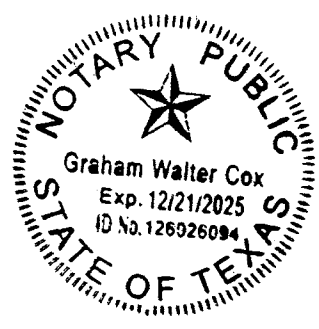
ACKNOWLEDGMENT

ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 11th day of November 2024 by Kevin Christian, who being duly sworn, upon oath, states that he is authorized to execute this conveyance, and he has acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity stated therein.



Graham W. Cox

(Signature of notarial officer)
Notary Name: Graham W. Cox
Notary Identification No.: 126026094
My Commission Expires on: 12/21/2025

Exhibit A

**Attached to and made a part of that certain Royalty Deed by and between
COVENANT CRUSADER, LLC ("Grantor") and CRUSADER ROYALTIES, LLC ("Grantee")**

Lands and Legal Descriptions in Eddy County, New Mexico:

Tract	Legal	Section	Block	Township	Gross acreage, more or less	Lease Number
1	SW/4	12	18S	31E	160	LC 058709A NMNM 105734927
2	SE/4	12	18S	31E	160	LC 047800A NMNM 105555846
3	N/2 NW/4	13	18S	31E	80	LC 058709A NMNM 105734927
4	N/2 NE/4	13	18S	31E	80	LC 047800A NMNM 105555846

Grantor intends to assign to Grantee all mineral and/or royalty interest that Grantor owns in Section 12-18S-33E, whether or not correctly described as of the Effective Date, but Grantor expressly excepts any after-acquired interest that Grantor may acquire after the Effective Date.

End of Exhibit A

After recording, please return the original to the mailing address below:

Covenant Royalties, LLC
9001 Airport Freeway, Suite 825
North Richland Hills, Texas 76180

information concerning the Subject Interests and any other rights and interests conveyed to Grantee herein. It is further understood that this conveyance is a transfer of all rights to any funds held in suspense or the like concerning the Interests, to Grantee, whether or not the same accrued before, on, or after the Effective Date. This instrument shall permit Grantee to sign all papers as Grantor's Attorney-In-Fact for the undivided interest conveyed herein in the captioned tracts of land described in Exhibit A. Grantor agrees to pay and discharge all ad valorem taxes due for previous years and the current year on the Subject Interests, if any, for periods prior to the Effective Date.

To the extent transferable, Grantee shall be and is hereby subrogated to all representations, covenants, and warranties of title and otherwise by parties heretofore given or made to Grantor or its predecessors in title with respect and to the extent applicable to the Subject Interests. To the extent provided in the preceding sentence, Grantor hereby grants and transfers to Grantee, its successors, and assigns, to the extent so transferrable and permitted by applicable law, the benefit of and the right to enforce all representations, warranties, and covenants, if any, which Grantor is entitled to enforce with respect to the Subject Interests.

In the event that any such lease or leases for any reason become terminated, cancelled, or forfeited, then and in that event, the Grantee shall have, hold, claim, and enjoy all the Subject Interests in and to all of the oil, gas, and other minerals in, under, and that may be produced from said lands.

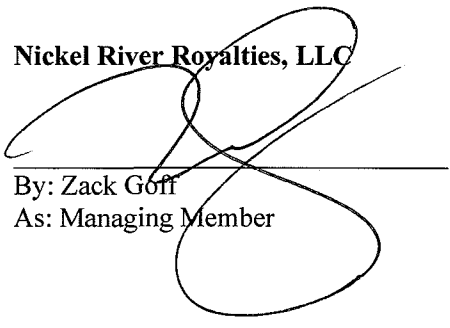
TO HAVE AND TO HOLD the herein-described mineral interest and appurtenant rights, titles, and interests, together with all and singular the rights, privileges, and appurtenances thereto in any manner thereto belonging, unto Grantee and Grantee's successors and assigns forever, and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND, all and singular the said mineral interest unto the said Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by through and under Grantor but not otherwise.

In witness whereof, this document is executed on the date of acknowledgement, but shall be effective as of 12:01 AM CT on July 1, 2024 (the "**Effective Date**").

[SIGNATURE AND ACKNOWLEDGEMENT PAGE AND EXHIBIT FOLLOWS.]

GRANTOR:

Nickel River Royalties, LLC



By: Zack Goff
As: Managing Member

ACKNOWLEDGMENTS

STATE OF TEXAS
COUNTY OF DENTON

This instrument was acknowledged before me on the 22 day of July, 2024, by Zack Goff, acting in his capacity as Managing Member of Nickel River Royalties, LLC, a Texas Limited Liability Company, on behalf of said company, who being duly sworn, upon oath, states that he is authorized to execute this conveyance, and he has acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity stated therein.



(Signature of notarial officer)
Notary Name: Theresa Denton
Notary Identification No.: 131428775
My Commission Expires on: 1/30/26

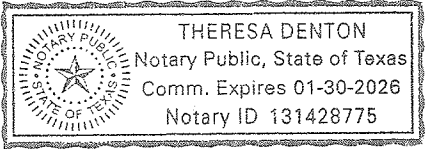


Exhibit A

Attached to and made a part of that certain Mineral and Royalty Deed between Nickel River Royalties, LLC("Grantor") and Covenant Hercules, LLC ("Grantee")

Legal Descriptions:

T-22-S, R-27-E, N.M.P.M.

Section 18: .138 acres, more or less, being Lot 9, Block 8, Southridge Addition, Eddy County, New Mexico as per plat filed or record in the office of the County Clerk of Eddy County, New Mexico.

End of Exhibit A

After recording, please return the original to the mailing address below:

Covenant Royalties, LLC
9001 Airport Freeway, Suite 825
North Richland Hills, Texas 76180