

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

APPLICATIONS OF MRC PERMIAN COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NOS. 25247-25248, 25250, & 25252-25254

RESPONSE TO MOTION TO STRIKE

American Energy Resources LLC ("American") hereby submits this response to MRC Permian Company ("MRC") motion to strike.

1) American case with Margaret Dowling is in Appeal. (See "Exhibit A")

2) American is entitled to participate in hearing and notice under State law statute 19.15.4.12 A(1)(A) NMAC as for American is an interest owner and has APDs for its American #1,2,3, & 4 wells in MRC proposed pool, (See "Exhibit B")

Furthermore, The O.J. Dowling and Union Oil Company of California lease has terminated by its own terms of the lease agreement. (See "Exhibit C")

Though New Mexico State law does not grant automatic termination of an oil and gas lease in statutes 70-1-3, 70-1-4, 70-1-5.

New Mexico State law allows a mineral owner the right to manage his mineral interests, by allowing a mineral owner to implement the Termination clause in the oil and gas lease agreement upon cause shown and further covered by State Law 70-1-3, 70-1-4, 70-1-5, and in the lease agreement under paragraph #4 and #8, that notice must be sent to lessee of the corrections, and the lessee has 30 days to correct the required corrections.

Matador failed to act within the terms of the lease.

Jonathan Samaniego sent letters to MRC dated February 15, 2023, and September 1, 2023. (See "Exhibit D 1 & 2")

MRC letter attempting to resolve the matter with American is dated July 25, 2024, and in fact well past the 30 day deadline under the lease terms and New Mexico State law to correct the correction. (See "Exhibit E")

Matador failed to resolve the matter in a timely manner and under the O.J. Dowling and Union Oil Company of California lease agreement and New Mexico State laws under 70-1

3, 70-1-4, 70-1-5 the lease has Terminated.

New Mexico Supreme Court ruling  
Greer v. Salmon

American is in no way obligated, to be forced, or to be bound to MRC speculation through MRC Terminated lease.

American has correlative rights and APD's for its American #1, 2, 3, and 4 wells, that are protected under State Law, NMAC, NMAS, the Oil and Gas Act. (See "Exhibits F 1-4")

Therefore, If MRC feels they have a claim against American interests; the Division does not have jurisdiction to make a rule on such a claim that could erroneously favor, overcompensate, and benefit MRC and would further be a violation of State Law and a violation of Federal Law under right of Due Process.

WHEREFORE, American respectfully requests that MRC motion to strike and application be denied by the Division.

Respectfully,

A handwritten signature in black ink, appearing to read "Jonathan Salanieto", is written over a horizontal line.

Jonathan Salanieto  
(575) 299-7330

P.O. Box 114 Hagerman, NM 88232

Energy.jrs@gmail.com

Representative of American Energy Resources LLC

CERTIFICATE OF SERVICE

I hereby certify that a true a correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via Electronic mail on June 05, 2025:

Holland & Hart LLP

Michael H. Feldewert

Adam G. Rankin

Paula M. Vance

Post Office Box 2208

Santa Fe, New Mexico 87504

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

agrankin@hollandhart.com

pmvance@hollandhart.com

ATTORNEYS FOR MRC PERMIAN COMPANY AND MATADOR PRODUCTION COMPANY

(Exhibit A)

**STATE OF NEW MEXICO  
FIFTH JUDICIAL DISTRICT  
COUNTY OF EDDY**

FILED  
5th JUDICIAL DISTRICT COURT  
Eddy County  
8/12/2024 7:24 PM  
MARTHA HUEREQUE  
CLERK OF THE COURT  
Lasey Garcia

**MARGARET DOWLING,**

**Plaintiff,**

**Case No. D-503-CV-2023-00669**

**v.**

**JOHNATHAN SAMANIEGO, and  
BLACK GOLD DEVELOPERS LLC, and  
AMERICAN ENERGY RESOURCES LLC,**

**Defendants.**

**NOTICE OF APPEAL**

Defendants by and through their undersigned counsel of record hereby submits this  
Notice of Appeal pursuant to Rule 12-201 and Rule 12-202 NMRA and states as follows:

1. Defendants Johnathan Samaniego, Black Gold Developers LLC, and American Energy Resources LLC are the parties taking this appeal.
2. This appeal is being taken against Plaintiff Margaret Dowling.
3. This appeal is taken from the Fifth Judicial District of Eddy County (Hon. Jane Shuler-Gray, presiding) to the New Mexico Court of Appeals.
4. A copy of the District Court's July 12, 2024 Order granting summary judgment in favor of Plaintiff that Defendants appeals is attached hereto.

xc: Appeal Clerk



Respectfully submitted,

**CANDELARIA LAW LLC**

*/s/ Jacob R. Candelaria*

---

Jacob R. Candelaria

*Attorney for all Defendants*

P.O. Box 27437

Albuquerque, New Mexico 87125

Ph: 505-295-5118

[jacob@jacobcandelaria.com](mailto:jacob@jacobcandelaria.com)

**CERTIFICATION**

I hereby certify that I filed a true and correct copy of the foregoing document with the Court's Odyssey Electronic File and Serve System on August 12, 2024 which thereafter caused a true and correct copy of the same to be electronically and promptly served upon all parties entitled to notice of the same.

*/s/ Jacob R. Candelaria*

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Jacob R. Candelaria

**FIFTH JUDICIAL DISTRICT COURT  
COUNTY OF EDDY  
STATE OF NEW MEXICO**

FILED  
5th JUDICIAL DISTRICT COURT  
Eddy County  
7/12/2024 10:35 AM  
MARTHA HUEREQUE  
CLERK OF THE COURT  
Gwyneth Gadbury

**Margaret Dowling,**  
Plaintiff,

vs.

**Jonathan Samaniego and  
BlackGold Developers, LLC and  
American Energy Resources, LLC**  
Defendant.

No. D-503-CV-2023-00669

**FINAL SUMMARY JUDGMENT ENTERED UNDER NMRA 1-056**

**SUBMITTED BY:**

**Martin, Dugan & Martin**  
Kenneth D. Dugan  
W.T. Martin, Jr.  
509 W. Pierce St.  
P.O. Box 2168  
Carlsbad, NM 88221-2168  
(575) 887-3528  
Fax (575) 887-2136  
e-mail: kdugan@lawmdm.com

XC Clerk of the Court

<sup>1</sup>  
**ATTACHMENT A**

**CAME ON**, for hearing on July 8, 2024, Plaintiff's Motion for Summary Judgment ("*Motion*") filed by Plaintiff William Scott Simpson ("*Plaintiff*") on May 1, 2024, against Defendants Jonathan Samaniego ("*Samaniego*"), BlackGold Developers, LLC ("*Blackgold*") and American Energy Resources, LLC ("*AER*") (collectively, "*Defendants*"). Plaintiff and Defendants were represented by counsel and provided opportunity to present all appropriate matters.

After considering all proper matters, the Court finds and hereby **ORDERS** that there are no disputed issues of material fact and judgment as a matter of law should be **GRANTED** to Plaintiff against Defendants as follows.

1. Summary judgment is properly granted when no genuine issues of material fact exist and the movant is entitled to judgment as a matter of law. *Self v. United Parcel Serv., Inc.*, 1998-NMSC-046, ¶ 6, 126 N.M. 396. The movant must make a *prima facie* showing that summary judgment is merited. *Roth v. Thompson*, 1992-NMSC-022, 113 N.M. 331. "By a *prima facie* showing is meant such evidence as is sufficient in law to raise a presumption of fact or establish the fact in question unless rebutted." *Romero v. Philip Morris Inc.*, 2010-NMSC-035, ¶ 10, 148 N.M. 713 (quoting *Goodman v. Brock*, 83 N.M. 789, 792-93, 498 P.2d 676, 679-80 (1972)). Upon such a *prima facie* showing, the burden shifts to the party opposing summary judgment to provide specific admissible evidence that creates "a reasonable doubt as to whether a genuine issue for trial exists." *Koenig v. Perez*, 1986-NMSC-066, ¶ 9, 104 N.M. 664. *Id.* General assertions of a triable issue are insufficient. *Clough v. Adventist Health Sys., Inc.*, 108 N.M. 801, 803, 780 P.2d 627 (1989). "New Mexico law requires that the alleged facts at issue be material to survive summary judgment." *Romero*, 2010-NMSC-035, ¶ 11. The inquiry's focus should be on whether, under substantive law, the fact is necessary to give rise to a claim. *Id.*; *Martin v. Franklin Capital Corp.*, 2008-NMCA-152, ¶ 6, 145 N.M. 179 ("An issue of fact is 'material' if the existence (or non-existence) of the fact is of consequence under the substantive rules of law governing the parties'").

dispute.”). “Mere argument or contention of existence of material issue of fact ... does not make it so.” *Spears v. Canon de Carnue Land Grant*, 1969-NMSC-163, 80 N.M. 766. Rather, “[t]he party opposing the summary judgment motion must adduce evidence to justify a trial on the issues.” *Clough v. Adventist Health Sys., Inc.*, 108 N.M. 801, 803, 780 P.2d 627, 629 (N.M. 1989).

2. Where the facts are undisputed, the rights of the party are determined as a matter of law. *Aktiengesellschaft Der Harlander Buamwollspinnere und Zwirn-Fabrik v. Lawrence Walker Cotton Co.*, 60 N.M. 154, 288 P.2d 691 (N.M. 1955)(granting summary judgment); *Spears v. Canon de Carnue Land Grant*, 80 N.M. 766, 769, 461 P.2d 415, 418 (1969); 23 *Williston on Contracts*, § 63:15 (4th ed.). The construction of a deed and its legal effect is also a matter of law. *Pacheco v. Martinez*, 1981-NMCA-116, ¶ 41, 97 N.M. 37, 45, 636 P.2d 308, 316.
3. Plaintiff met her burden, and Defendants did not meet their burden once the burden shifted.
4. Plaintiff filed suit against Defendants for allegedly, wrongfully taking her real property in Eddy County.
5. As used herein, the term “Property” shall be as defined as follows:

The W1/2 W1/2 of Section 27, Township 22 South, Range 28 East, N.M.P.M. in Eddy County, New Mexico, consisting of 160 acres of fee land and all mineral rights.
6. Plaintiff sought summary judgment on Count One (failure of acknowledgment), Count Four (failure of consideration) and County Five (declaratory judgment).
7. Section II of Plaintiff’s Motion set forth a concise statement of 30 material facts as to which Plaintiff contended there was no genuine issue of material fact.
8. Defendants filed no response to Plaintiff’s Motion.
9. Pursuant to NMRA 1-056(D), as a result of failing to file a response, the 30 material facts set forth in Section II of the Motion “shall be deemed admitted.”

10. Moreover, Plaintiff's 30 material facts were supported by one or both of (a) the Affidavit of Margaret Dowling attached to the Motion and/or (b) the deemed admissions attached to the Motion as Exhibits 2, 3 and 4.
11. The unrefuted, Affidavit of Margaret Dowling proves conclusively (a) Ms. Dowling did not execute the Deed (attached as Exhibit A to the Complaint, the Motion and this Order) and (b) that Deed was not executed in the presence of a notary. (Ex. 1, ¶¶8-9).
12. The unrefuted Affidavit of Ms. Dowling further proves conclusively Ms. Dowling received no consideration for that Deed or transfer of the Property. (Ex. 1, ¶10).
13. Pursuant to NMRA Rule 1-036(A), a matter is deemed admitted if a party fails to serve answers to requests for admission within the required thirty (30) day period. Pursuant to NMRA Rule 1-036(B), the deemed matter is "conclusively established."
14. It is undisputed Defendants failed to answer the Requests for Admission (Exs. 2, 3 and 4) within the required time. Those requests are deemed admitted. Those deemed admissions conclusively establish Plaintiff is entitled to judgment as requested in the Motion.
15. Plaintiff requested in her Complaint a declaration that the deeds at issue are "unenforceable, null, void and/or voidable." (Complaint, ¶104). Among other doctrines, Plaintiff pleaded the deeds are void and/or voidable based on failure of consideration (Complaint, ¶¶100-101) and failure to notarize the Deed in Plaintiff's presence (Complaint, ¶¶ 54-58).
16. Defendants admitted the relevant facts in their deemed admissions. Defendants American Energy and BlackGold admitted the deeds at issue (Exs. A, E and F) are void and voidable. (Exs. 2 and 3, Adm. 23-28). All of the Defendants admitted Defendant Samaniego is the alter ego of the BlackGold and American Energy. (Exs. 2, 3 and 4, Adm. 18). The same counsel represents all Defendants. Accordingly, the admissions of BlackGold and American Energy are binding on Defendant Samaniego herein.

17. Even without such vicarious admissions, however, that is the practical result of the other deemed admissions. All of the Defendants admitted facts sufficient to void the deeds (Exs. A, E and F) for lack of consideration. All of the Defendants admitted the Property is worth over \$1,000,000. (Exs. 2, 3 and 4, Adm. 3). All Defendants admitted no consideration was given for any of the three deeds at issue – Exhibits A, E and F. (Exs. 2, 3 and 4: Adm. 1, 2, 13, 15, 20, and 22). An instrument for which no consideration was given is unenforceable, void and/or voidable and cannot pass title. *Primus v. Clark*, 1944-NMSC-030, ¶ 33, 48 N.M. 240; *Cordova v. World Fin. Corp. of NM*, 2009-NMSC-021, ¶ 14, 146 N.M. 256; *Bencoe v. Bencoe*, 1956-NMSC-126, ¶ 11, 62 N.M. 95, 100; *Morgan v. Thompson*, 1942-NMSC-028, ¶ 14, 46 N.M. 282; *Knoebel v. Chief Pontiac, Inc.*, 1956-NMSC-020, ¶ 8, 61 N.M. 53.
18. Unless a party is a good faith purchaser, he may acquire no greater title than his grantor. *O'Brien v. Chandler*, 1988-NMSC-094, ¶ 13, 107 N.M. 797. A bona fide (good faith) purchaser is a party that has acquired property for valuable consideration in good faith without notice of defects in the chain of title to the property, including adverse rights or claims of other parties. See *Jeffers v. Doel*, 1982-NMSC-116, ¶ 7, 99 N.M. 351. Defendants American Energy and BlackGold could not be good faith purchasers without notice because all Defendants admit Samaniego was the alter ego of Defendants. (Exs. 2, 3 and 4, Adm. 18). Notice by Samaniego is imputed on Defendants American Energy and BlackGold. Moreover, Defendants American Energy and BlackGold both admitted they are not good faith purchasers of the Property. (Exs. 3 and 4, Adm. 19 and 21). Accordingly, their respective deeds are unenforceable and voidable by Plaintiff.
19. Additionally, Defendants Samaniego, American Energy and BlackGold all admitted the Deed under which Samaniego acquired his interest, Exhibit A, was not executed in the presence of a notary. (Ex. 2, 3 and 4, Adm. 7). A deed is unenforceable if it is not notarized in the presence of

the affiant. NMSA § 14-14-1, et seq; NMSA § 14-12-1, et seq. The notarization of the Deed outside of Plaintiff's presence is illegal. NMSA § 14-12A-11. Under N.M.S.A. § 14-8-4, the Deed should not have been recorded and "may not be considered of record" because it was not properly acknowledged in the presence of a notary.

20. Plaintiff is entitled to judgment declaring her the legal owner of the Property. The Affidavit of Margaret Dowling, Exhibit 1, confirms Plaintiff's title in the Property. Mrs. Dowling acquired her interests pursuant to Exhibits B and D attached to the Motion. (Ex. 1, ¶4).
21. Because the deeds at issue are void and voidable, Plaintiff is entitled to a judgment declaring her the rightful owner of the Property. Also, Defendants BlackGold and American Energy admitted Plaintiff is entitled to a judgment herein declaring that Plaintiff is the rightful owner of the Property as against Defendants and all other unknown claimants. (Exs. 3 and 4, Adm. 29, 32-33). Defendants BlackGold and American Energy admitted they have no legal or equitable interest in the Property and that title in the Property should be quieted in Plaintiff. (Exs. 3 and 4, Adm. 30-34).
22. Accordingly, this Court shall enter judgment declaring Plaintiff is the lawful owner of the Property and that title to the Property be established in Plaintiff against Defendants and all other unknown claimants. (Exs. 3 and 4, Adm.31-34).
23. Further, this Court shall enter judgment declaring the deeds attached to the Complaint and hereto as exhibits A, E, and F are unenforceable, void, and voidable, and striking them from the real estate records.

**ACCORDINGLY, IT IS HEREBY ORDERED, ADJUDGED, DECLARED AND DECREED:**

- A. The deeds attached to the Complaint and hereto as Exhibits A, E and F are unenforceable, voidable, void, null, and of no effect, and they are hereby stricken from the real estate records.

B. The Court hereby declares:

- a. Plaintiff is the lawful owner of the Property, both fee and mineral interests, and her title to the Property and mineral interests is hereby established against the Defendants and all other claimants; and
- b. Each Defendant is barred and forever estopped from having or claiming any lien or other interest upon any right or title to the Property or mineral interests; and
- c. Plaintiff is declared 100% owner of the Property and mineral interests; and
- d. Title to the Property and mineral interests is forever quieted and set at rest in Plaintiff's name.

C. It is further hereby declared and judgment is entered that Defendants are ejected from the Property and must immediately vacate the Property, and ownership and possession of the Property shall lie solely and exclusively with Plaintiff; and


D. It is further declared and judgment is entered that this Judgment is entered pursuant to N.M.R.A. 1-070 and has the effect of a conveyance executed in due form of law, dating back to February 21, 2017.

E. This is a final judgment.

IT IS SO ORDERED.

  
HONORABLE JUDGE JANE SCHULER-GRAY

APPROVED AS TO FORM ONLY:

By   
Kenneth D. Dugan  
Attorney for Plaintiff

By \_\_\_/s/ by email 7-10-24 (attached)\_\_\_\_\_  
Jacob Candelaria  
Attorney for Defendants



Wednesday, July 10, 2024 at 14:28:50 Mountain Daylight Time

**Subject:** Re: Notification of Service for Case: D-503-CV-2023-00669, Margaret Dowling v. Jonathan Samaniego, et. al.  
**Date:** Wednesday, July 10, 2024 at 12:21:25 PM Mountain Daylight Time  
**From:** Jacob Candelaria  
**To:** Ken Dugan

Good afternoon-

You may note my approval as to form.

In the event this Order is not overturned on a Motion to Set Aside deemed admissions, a Motion to Reconsider and Set Aside Summary Judgment, or on Appeal, when does your client plan on returning the \$25,000.00 my clients paid her?

Best  
JRC

On Tue, Jul 9, 2024 at 4:15PM Ken Dugan <[kdugan@lawmdm.com](mailto:kdugan@lawmdm.com)> wrote:

Please respond to this e-mail request. Thank you.

Ken

---

**From:** Ken Dugan <[kdugan@lawmdm.com](mailto:kdugan@lawmdm.com)>  
**Date:** Monday, July 8, 2024 at 12:16 PM  
**To:** Jacob Candelaria <[jacob@jacobcandelaria.com](mailto:jacob@jacobcandelaria.com)>  
**Subject:** Re: Notification of Service for Case: D-503-CV-2023-00669, Margaret Dowling v. Jonathan Samaniego, et. al.

Mr. Candaleria:

Attached is the draft Judgment. Please confirm you approve it as to form only. Thank you.


Ken

# QUITCLAIM DEED

**Margaret V. Dowling** a single woman, whose address is 1829 Georgia, NE, Albuquerque, N.M. 87110, for consideration paid, grants to **Jonathan Samaniego**, a single man. The following described real estate in Eddy, County, New Mexico:

W1/2 W1/2 of Section 27, Township 22 South, Range 28 East, N.M.P.M., the following deed dating August 25, 1976.

Witness its hand and seal this 21<sup>st</sup> day of February, 2017.

  
Margaret V. Dowling

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO)

Clerk's Certificate  
 entered this 10<sup>th</sup> day of August  
 2023 as a true and correct copy of the  
 document recorded in this office.  
CABA COOKE  
 Eddy County Clerk, NM  
DeViville Deputy

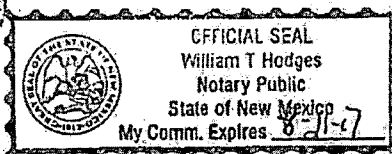
The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of February, by Margaret V. Dowling.

Notary Public  
Walter J. Hoff

### My Commission Expires

8-21-17

Reception: 1702708 Book: 1092 Page: 0727 Pages: 1  
Recorded: 03/09/2017 09:12 AM Fee: \$10.00  
Eddy County, New Mexico - Robin Van Natta, County Clerk



**JONATHAN SAMANIEGO  
WILL PICK UP**



Eddy County, New Mexico

09/07/2021 03:35 PM

2110893

Page 1 of 1

DEED

I, Jonathan Samaniego, as ("GRANTOR"), for Consideration Paid, Grants to **BlackGold Developers, LLC**, as ("GRANTEE") address: P.O. BOX 425 Loving, N.M. 88256, All that Right, the Rights, Title and Interests in that certain real property situated in the County of Eddy, State of New Mexico and described as follows:  
 W1/2 W1/2 of Section 27, Township 22 South, Range 28 East, N.M.P.M., the following deed dating August, 25 1976.

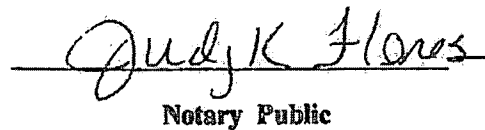
Witness my hand and seal this 7th day of September, 2021.

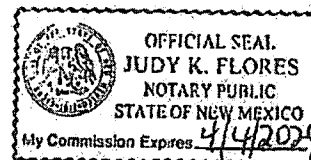
  
 JONATHAN SAMANIEGO

STATE OF NEW MEXICO )  
 ) ss:  
 COUNTY OF EDDY )

This instrument was acknowledged before me on 7th day of September, 2021.  
 By Jonathan Samaniego.

4/4/2024  
 My Commission Expires

  
 Notary Public



Reception: 2110893 Book: 1152 Page: 0416 Pages: 1  
 Recorded: 09/07/2021 03:35 PM Fee: \$25.00  
 Eddy County, New Mexico - Darlene Rosprun, County Clerk



JONATHAN SAMANIEGO  
 WILL PICK UP



**MINERAL DEED**

KNOW ALL MEN BY THESE PRESENTS:

THAT **BLACKGOLD DEVELOPERS LLC.**, WHOSE ADDRESS IS P.O. BOX 114 HAGERMAN, N.M. 88232, HEREINAFTER CALLED GRANTOR, FOR AND IN CONSIDERATION OF THE SUM OF TEN AND MORE DOLLARS (\$10.00) CASH IN HAND PAID AND OTHER GOOD AND VALUABLE CONSIDERATIONS, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, DOES HEREBY GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN AND DELIVER UNTO **AMERICAN ENERGY RESOURCES LLC.**, OF 3103 NATIONAL PARKS HWY, CARLSBAD, N.M. 88220, HEREINAFTER CALLED GRANTEE, ALL OF GRANTOR'S RIGHT, TITLE AND INTEREST IN AND TO ALL DEPTHS, OF ONLY THE OIL, GAS, IN AND UNDER AND THAT MAY BE PRODUCED FROM THE FOLLOWING DESCRIBED OIL AND GAS MINERALS SITUATED IN EDDY COUNTY, STATE OF NEW MEXICO, TO-WIT:

**W1/2 W1/2 OF SECTION 27, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., THE  
FOLLOWING MINERAL DEED DATED AUGUST 25, 1976.  
TOWNSHIP 22 SOUTH, RANGE 28 EAST  
SECTION 27: ALL**

CONTAINING 160 ACRES, MORE OR LESS, TOGETHER WITH THE PURPOSE OF EXPLORING, OPERATING AND DEVELOPING SAID MINERALS OF ONLY THE OIL AND GAS IN AND UNDER TO ALL DEPTHS.

THIS SALE OF MINERALS OF ONLY THE OIL AND GAS GIVES NO ENTITLMENT TO SURFACE USE.

THIS CONVEYANCE IS MADE SUBJECT TO THE TERMS OF ANY VALID AND SUBSISTING OIL, GAS, AND OTHER MINERAL LEASE OR LEASES ON SAID LAND; AND GRANTOR HAS GRANTED, TRANSFERRED, ASSIGNED, AND CONVEYED, AND BY THESE PRESENTS DOES GRANT, TRANSFER, ASSIGN AND CONVEY UNTO GRANTEE, THEIR HEIRS, SUCCESSORS AND ASSIGNS, THE ABOVE STATED INTEREST OF GRANTOR'S INTEREST IN AND TO THE RIGHTS, RENTALS, ROYALTIES AND OTHER BENEFITS ACCRUING TO SUCH OIL, GAS, AND OTHER MINERALS LEASE OR LEASES FROM AND AFTER THE EFFECTIVE DATE HEREOF.

GRANTOR AGREES TO EXECUTE SUCH FURTHER ASSURANCES AS MAY BE REQUISITE FOR THE FULL AND COMPLETE ENJOYMENT OF THE RIGHTS HERREIN GRANTED.

TO HAVE AND TO HOLD SAID OIL AND GAS ONLY, TOGETHER WITH ALL AND SINGULAR THE RIGHTS AND APPURTENANCES THERETO AND IN ANYWISE BELONGING UNTO GRANTEE, ITS HEIRS, SUCCESSORS AND ASSIGNS FOREVER.

EXECUTED AS OF THE DATE OF THE ACKNOWLEDGED BELOW, BUT EFFECTIVE FOR ALL PURPOSES AS OF THE 14 DAY OF February, 2023.

JOHN SAMANIGO  
SAME DAY PICKUP

Reception: 2301896 Book: 1166 Page: 0524 Pages: 2

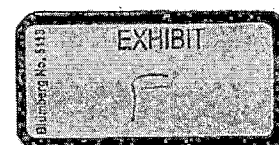
Recorded: 02/23/2023 11:38 AM

Fee: \$25.00

Eddy County, New Mexico - Cara Cooke, County Clerk



AC



WITNESS MY HAND AND SEAL THIS 14 DAY OF FEBRUARY, 2023.

  
JONATHAN SAMANIEGO  
AUTHORIZED REPRESENTATIVE OF  
BLACKGOLD DEVELOPERS LLC

ACKNOWLEDGEMENT

STATE OF NEW MEXICO     )  
  ) ss:  
COUNTY OF Eddy     )

CHERYL A. BARTLETT  
NOTARY PUBLIC  
STATE OF NEW MEXICO  
COMMISSION # 1078290  
COMMISSION EXPIRES: 07-01-2024

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON 14 DAY OF FEBRUARY, 2023. BY  
JONATHAN SAMANIEGO AUTHORIZED REPRESENTATIVE OF BLACKGOLD DEVELOPERS  
LLC.

07-01-2024  
My Commission Expires

Cheryl A Bartlett  
Notary Public

(Exhibit B)

**MINERAL DEED**

KNOW ALL MEN BY THESE PRESENTS:

THAT **BLACKGOLD DEVELOPERS LLC.**, WHOSE ADDRESS IS P.O. BOX 114 HAGERMAN, N.M. 88232, HEREINAFTER CALLED GRANTOR, FOR AND IN CONSIDERATION OF THE SUM OF TEN AND MORE DOLLARS (\$10.00) CASH IN HAND PAID AND OTHER GOOD AND VALUABLE CONSIDERATIONS, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, DOES HEREBY GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN AND DELIVER UNTO **AMERICAN ENERGY RESOURCES LLC.**, OF 3103 NATIONAL PARKS HWY, CARLSBAD, N.M. 88220, HEREINAFTER CALLED GRANTEE, ALL OF GRANTOR'S RIGHT, TITLE AND INTEREST IN AND TO ALL DEPTHS, OF ONLY THE OIL, GAS, IN AND UNDER AND THAT MAY BE PRODUCED FROM THE FOLLOWING DESCRIBED OIL AND GAS MINERALS SITUATED IN EDDY COUNTY, STATE OF NEW MEXICO, TO-WIT:

**W1/2 W1/2 OF SECTION 27, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., THE  
FOLLOWING MINERAL DEED DATED AUGUST 25, 1976.  
TOWNSHIP 22 SOUTH, RANGE 28 EAST  
SECTION 27: ALL**

CONTAINING 160 ACRES, MORE OR LESS, TOGETHER WITH THE PURPOSE OF EXPLORING, OPERATING AND DEVELOPING SAID MINERALS OF ONLY THE OIL AND GAS IN AND UNDER TO ALL DEPTHS.

THIS SALE OF MINERALS OF ONLY THE OIL AND GAS GIVES NO ENTITLMENT TO SURFACE USE.

THIS CONVEYANCE IS MADE SUBJECT TO THE TERMS OF ANY VALID AND SUBSISTING OIL, GAS, AND OTHER MINERAL LEASE OR LEASES ON SAID LAND; AND GRANTOR HAS GRANTED, TRANSFERRED, ASSIGNED, AND CONVEYED, AND BY THESE PRESENTS DOES GRANT, TRANSFER, ASSIGN AND CONVEY UNTO GRANTEE, THEIR HEIRS, SUCCESSORS AND ASSIGNS, THE ABOVE STATED INTEREST OF GRANTOR'S INTEREST IN AND TO THE RIGHTS, RENTALS, ROYALTIES AND OTHER BENEFITS ACCRUING TO SUCH OIL, GAS, AND OTHER MINERALS LEASE OR LEASES FROM AND AFTER THE EFFECTIVE DATE HEREOF.

GRANTOR AGREES TO EXECUTE SUCH FURTHER ASSURANCES AS MAY BE REQUISITE FOR THE FULL AND COMPLETE ENJOYMENT OF THE RIGHTS HERREIN GRANTED.

TO HAVE AND TO HOLD SAID OIL AND GAS ONLY, TOGETHER WITH ALL AND SINGULAR THE RIGHTS AND APPURTENANCES THERETO AND IN ANYWISE BELONGING UNTO GRANTEE, ITS HEIRS, SUCCESSORS AND ASSIGNS FOREVER.

EXECUTED AS OF THE DATE OF THE ACKNOWLEDGED BELOW, BUT EFFECTIVE FOR ALL PURPOSES AS OF THE 14 DAY OF February, 2023.

JOHN SAMANIGO

Released to Imaging: 6/9/2025 10:12:59 AM

Reception: 2301896 Book: 1166 Page: 0524 Pages: 2

Recorded: 02/23/2023 11:38 AM


Fee: \$25.00 *alcho*

Eddy County, New Mexico ~ Cara Cooke, County Clerk



AC

WITNESS MY HAND AND SEAL THIS 14 DAY OF FEBRUARY, 2023.

  
JONATHAN SAMANIEGO  
AUTHORIZED REPRESENTATIVE OF  
BLACKGOLD DEVELOPERS LLC

ACKNOWLEDGEMENT

STATE OF NEW MEXICO     )  
  ) ss:  
COUNTY OF Eddy     )

CHERYL A. BARTLETT NOTARY PUBLIC STATE OF NEW MEXICO COMMISSION # 1078290 COMMISSION EXPIRES: 07-01-2024
--

THIS INSTRUMENT WAS ACKNOWLEDGED BEFOE ME ON 14 DAY OF FEBRUARY, 2023. BY JONATHAN SAMANIEGO AUTHORIZED REPRESENTATIVE OF BLACKGOLD DEVELOPERS LLC.

07-01-2024  
My Commission Expires

  
Notary Public



AFTER RECORDING RETURN TO  
 GUARANTY TITLE COMPANY  
 Producer's 88—1 Producer's Revised 1967 (New Mexico) Form 342-U  
 CARLSBAD, NEW MEXICO 88220

Printed and for sale by Hall-Poorbaugh Press, Inc., Roswell, N. M.

# OIL & GAS LEASE

O. J. Dowling and wife, Frances V. Dowling

P. O. Box 142 of Carlsbad, New Mexico 88220  
(Post Office Address)

1. Lessor, in consideration of the sum of \$100,000, has granted, conveyed, sold, transferred, assigned, released, warranted, confirmed, approved, authorized, licensed, permitted, leased, let, loaned, conveyed, ceded, alienated, and otherwise disposed of TEN AND OTHER DOLLARS in hand paid, receipt of which is hereby acknowledged, and of the royalties herein provided and unto lessor for the purpose of exploring, prospecting, producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe, iron or steel, and other structures and things thereon to produce, save, take care of, treat, process, store, and transport, through the

following described land in Eddy County, New Mexico, to-wit:

**Township 22 South, Range 28 East, N.M.P.M.**

Section 27: W/2 W/2

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 160.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from this date (called "primary term"), and as long thereafter as oil or gas is produced from said land or land with which said land is pooled.

3. The royalty to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, one-eighth of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gas-like substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the time of sale of the well one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sales; and at any time when this lease is not validated by other provisions hereof and there is a gas and or condensate well on said land, or land pooled therewith, but gas and or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased land on a paying quantities, each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which could be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 160.00 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the Carlsbad National Bank

Carlsbad, New Mexico

which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessor shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making payment of such rental acceptable to the bank or other successor bank. Lessee's liability of lessor for the payment of such rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessor shall correct such error within thirty (30) days after lessor has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessor to make proper payment.

1. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it as any part or horizon thereof, with any other land, and also lessor's mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard practice set forth by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in leasehold operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated. This agreement shall remain in full force and effect until terminated by the mutual consent of both parties hereto. If at any time the pooling arrangement made by this lease as to all or any portion of the above defined lands or horizons thereof to any unit agreement for the purpose of conserving the natural resources of any oil or gas pool, field or area covered thereby; provided, such unit agreement contains usual and customary provisions for the allocation of oil and gas produced from the unit area and such unit agreement embraces lands of either the United States or State of New Mexico or both, and the form of unit agreement has been approved by either the United States Geological Survey or Commissioner of Public Lands or both and the New Mexico Oil Conservation Commission, and such unit commitment the provisions of this lease shall be conformed to the unit agreement.

4. If prior to the discovery of oil or gas hereunder, Lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lease shall not terminate if Lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecutes the same, or if it be within the primary term commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental proration date next occurring after the expiration of the term of abandonment of said operations. If the primary term of this lease shall terminate for any cause, the primary term of gas shall not begin prior to but shall be the term for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, Lessee loses or junk the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations Lessee may commence another well and drill the same and the term of this lease shall be the term of drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessor on said land, including the right to draw and remove all casing. When required by lessor, lessor will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however assigned, shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of the other. And no such change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however assigned, shall operate to enlarge the obligations or diminish the rights of lessee; and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should Lessee be prevented from: complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

19. Lessee hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge anytax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalty, shut-in royalty, rental, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as

11. Lessee, at his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Examined the day and year first above written.

0. J. Dowling - S.S.# 52J-01-1004 Frances V. Dowling, his wife



(Exhibit D1)

February 15, 2023

Matador Production Company  
5700 LBJ Freeway, Suite 1500  
Dallas, T.X.75240

Re: Mineral interest of:  
Jonathan Samaniego/ BlackGold Developers LLC/ American Energy Resources LLC.

Unit F, Section 27, Township 22 South, Range 28 East, Eddy County New Mexico  
Unit N, Section 27, Township 22 South, Range 28 East, Eddy County New Mexico

Dear Sirs:

Please be advised that American Energy Resources LLC who owns approximately 160 acres more or less of mineral interest in oil and gas production previously leased to Union Oil Company of California and held by production by operation of the Little Squaw Com #001 and Little Squaw Com #002 wells located as described above is formally Terminating the leased interest of lessee including all successors in interest, including Matador Production Company, as a result of non payment and failed bona fide attempt of proper payment of the interests claimed, breach of the oil & gas lease, and the #001 well non payment of shut in royalty payments for Feb, Mar, of 2023, and the #002 well not producing in paying quantities and non payment of shut in royalty payments for Feb, Mar, Aug, Sep, Oct, Nov, Dec, of 2022.

Any funds held in suspense from previous operations of these wells and owed to the interest claimed by Jonathan Samaniego/ BlackGold Developers LLC/ American Energy Resources LLC. Should be forwarded to the law firm of Candelaria law in Albuquerque, N.M. 87102

Thank you for your help.

Very truly yours.  
Jonathan Samaniego  
BlackGold Developers LLC.  
American Energy Resources LLC.

(Exhibit D2)

**SECOND NOTICE OF TERMINATION OF LEASE**

February 15, 2023  
September 1, 2023

Matador Production Company  
5700 LBJ Freeway, Suite 1500  
Dallas, T.X.75240

Re: Mineral interest of:  
Jonathan Samaniego/ BlackGold Developers LLC/ American Energy Resources LLC.

Unit F, Section 27, Township 22 South, Range 28 East, Eddy County New Mexico  
Unit N, Section 27, Township 22 South, Range 28 East, Eddy County New Mexico

Dear Sirs:

Please be advised that American Energy Resources LLC who owns approximately 160 acres more or less of mineral interest in oil and gas production previously leased to Union Oil Company of California and held by production by operation of the Little Squaw Com #001 and Little Squaw Com #002 wells located as described above is formally Terminating the leased interest of lessee including all successors in interest, including Matador Production Company, as a result of non payment and failed bona fide attempt of proper payment of the interests claimed, breach of the oil & gas lease, and the #001 well not producing in paying quantities and non payment of shut in royalty payments for Feb, Mar, of 2023, Jun, Jul, Aug, Sep, of 2023 and the #002 well not producing in paying quantities and non payment of shut in royalty payments for Feb, Mar, Aug, Sep, Oct, Nov, Dec, of 2022, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, of 2023.

Any funds held in suspense from previous operations of these wells and owed to the interest claimed by Jonathan Samaniego/ BlackGold Developers LLC/ American Energy Resources LLC. Should be forwarded to the law firm of Candelaria law in Albuquerque, N.M. 87102

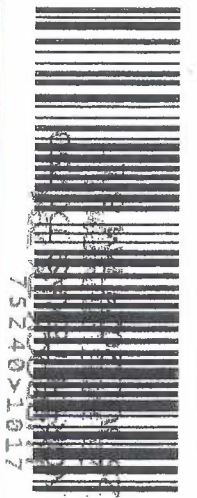
Thank you for your help.

Very truly yours.  
Jonathan Samaniego  
BlackGold Developers LLC.  
American Energy Resources LLC.

(Exhibit E)

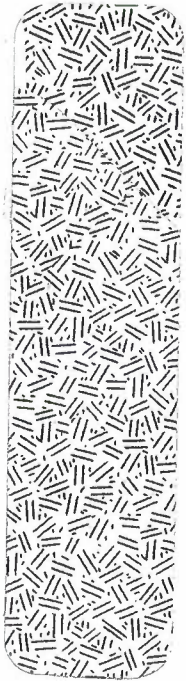


Label 890-PB, Oct. 2015  
Pitney Bowes



9489 0090 0027 6648 5306 46

US POSTAGE PITNEY BOWES  
FIRST-CLASS  
ZIP 75240 \$ 009.64<sup>0</sup>  
02 7H  
0006021094 JUL 25 2024



750 DE 1  
TURN TO SENDER'S  
RETURN TO FORWARD  
RECEIVED \*2382-01683-16-04  
NIXIE  
75240101773  
BC:

*Handwritten signature*

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

American Energy Resources  
511 Leavelle Drive  
Carlsbad, NM 88220



9590 9402 8882 4005 1329 88

2. Article Number (Transfer from service label)

9489 0090 0027 6648 5306 46

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                         | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery     | <input type="checkbox"/> Registered Mail™                           |
| <input type="checkbox"/> Certified Mail®                         | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery      | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery                     | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery |   |

3811, July 2020 PSN 7530-02-000-398907

Domestic Return Receipt

# MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240  
Telephone 972.371.5430  
[ccarleton@matadorresources.com](mailto:ccarleton@matadorresources.com)

---

**Chris Carleton**  
**Vice President – Land Operations**

July 24, 2024

Via Certified Mail/RRR

American Energy Resources LLC  
511 Leavel Drive  
Carlsbad, New Mexico 88220

Re: Oil & Gas Lease between O. J. Dowling and wife, Frances V. Dowling, and Union Oil Company of California, dated March 29, 1973, and covering the W/2 W/2 of Section 27, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico (the "Lease").

Dear Mr. Samaniego,

As previously mentioned, Matador is aware of the title dispute regarding the Lease between Ms. Margaret V. Dowling and you, which is the subject of Ms. Dowling's lawsuit filed on August 11, 2023, styled Plaintiff's Original Complaint for Damages, Rescission, Declaratory Judgment, Quiet Title and Ejectment, Cause No. D-503-CV-2023-00669. Based on that title dispute, Matador has placed all revenues associated with the Lease in suspense until the title dispute has been resolved.

On or about June 19, 2023, Matador lost its third-party gas gathering connection to both wells on the Lease (the Little Squaw Com #001 and Little Squaw Com #002) due to a compressor issue on the third-party's gathering line. As a result, Matador shut-in both wells, which remain shut-in because the compressor issue has not been resolved. Out of an abundance of caution, and notwithstanding the title dispute referenced above, enclosed please also find a check in the amount of \$160.00 as shut-in royalties under the Lease.

If you have any questions, please give me a call at your convenience.

With kind regards,

  
Chris Carleton

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

Matador Production Company  
5400 LBJ Freeway Ste 1500  
Dallas TX 75240  
972 371 5200

Comerica Bank

11-24  
1210

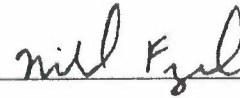
Check No	Check Date	Check Amount
0010077144	7/17/2024	*****\$160.00

PAY *One Hundred Sixty Dollars and Zero Cents*

Void After 90 Days

TO  
THE  
ORDER  
OF

Jonathan Samaniego  
601 Juarez St  
Carlsbad NM 88220



⑈0010077144⑈

\*PLEASE DETACH AT PERFORATION ABOVE\*

\*PLEASE DETACH AT PERFORATION ABOVE\*

## Matador Production Company

5400 LBJ Freeway Ste 1500  
Dallas TX 75240

Check Number: 0010077144

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
07122024-49	7/12/2024	Shut In Payment	\$160.00	\$0.00	\$160.00

Vendor: 035030	Check Date: 7/17/2024	Check Amount:	160.00
----------------	-----------------------	---------------	--------



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

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

Form C-101  
August 1, 2011

Permit 340006

(Exhibit F1)

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address American Energy Resources LLC P.O. BOX 114 Hagerman, NM 88232		2. OGRID Number 372991
		3. API Number 30-015-53883
4. Property Code 334108	5. Property Name American Fee	6. Well No. 001

**7. Surface Location**

UL - Lot D	Section 27	Township 22S	Range 28E	Lot Idn	Feet From 860	N/S Line N	Feet From 660	E/W Line W	County Eddy
---------------	---------------	-----------------	--------------	---------	------------------	---------------	------------------	---------------	----------------

**8. Proposed Bottom Hole Location**

UL - Lot D	Section 27	Township 22S	Range 28E	Lot Idn D	Feet From 860	N/S Line N	Feet From 660	E/W Line W	County Eddy
---------------	---------------	-----------------	--------------	--------------	------------------	---------------	------------------	---------------	----------------

**9. Pool Information**

CULEBRA BLUFF;BONE SPRING, SOUTH	15011
PURPLE SAGE;WOLFCAMP (GAS)	98220

**Additional Well Information**

11. Work Type New Well	12. Well Type GAS	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3073
16. Multiple Y	17. Proposed Depth 11100	18. Formation Wolfcamp	19. Contractor	20. Spud Date 5/18/2023
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	360	350	0
Int1	12.25	9.625	36	2875	960	0
Prod	7.875	5.5	17	11100	2150	0

**Casing/Cement Program: Additional Comments**

--

**22. Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	4000	Schaffer
Double Ram	5000	4000	Schaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable.	<b>OIL CONSERVATION DIVISION</b>	
Signature:		
Printed Name: Electronically filed by Jonathan Samaniego	Approved By: Ward Rikala	
Title: Owner	Title:	
Email Address: energy.jrs@gmail.com	Approved Date: 6/15/2023	Expiration Date: 6/15/2025
Date: 6/1/2023	Phone: 575-499-7330	Conditions of Approval Attached

**DISTRICT I**  
1625 N. FRENCH DR., HOBBS, NM 88240  
Phone: (575) 393-6181 Fax: (575) 393-0720

DISTRICT II  
811 S. FIRST ST., ARTESIA, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**DISTRICT III**  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**DISTRICT IV**  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015- 53883		Pool Code 15011	Pool Name CULEBRA BLUFF; BONE SPRING, SOUTH
Property Code 334108	Property Name AMERICAN FEE		Well Number 1
OGRID No. 327991	Operator Name AMERICAN ENERGY RESOURCES LLC		Elevation 3073.2'

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	27	22-S	28-E		860	NORTH	660	WEST	EDDY

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40.00			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

[illegible]



**District I**

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

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

Form C-102  
August 1, 2011

Permit 340006

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-53883	2. Pool Code 98220	3. Pool Name PURPLE SAGE;WOLFCAMP (GAS)
4. Property Code 334108	5. Property Name American Fee	6. Well No. 001
7. OGRID No. 372991	8. Operator Name American Energy Resources LLC	9. Elevation 3073

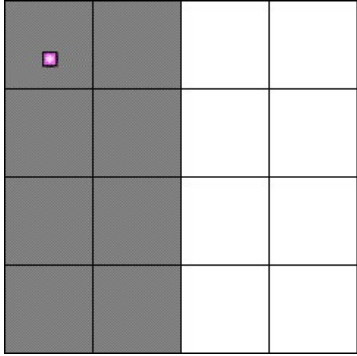
**10. Surface Location**

UL - Lot D	Section 27	Township 22S	Range 28E	Lot Idn	Feet From 860	N/S Line N	Feet From 660	E/W Line W	County Eddy
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By:        Jonathan Samaniego Title:                 Owner Date:                  6/1/2023</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By:        Chad Harcrow Date of Survey:     5/2/2023 Certificate Number: 17777</p>
---	--

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
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**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
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**District IV**  
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Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form APD Comments  
  
Permit 340006

PERMIT COMMENTS

Operator Name and Address: American Energy Resources LLC [372991] P.O. BOX 114 Hagerman, NM 88232		API Number: 30-015-53883
		Well: American Fee #001
Created By	Comment	Comment Date
bwood	Will downhole commingle.. APD in spacing unit has expired.	5/10/2023

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**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form APD Conditions  
  
Permit 340006

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: American Energy Resources LLC [372991] P.O. BOX 114 Hagerman, NM 88232		API Number: 30-015-53883
		Well: American Fee #001

OCD Reviewer	Condition
ward.rikala	Notify OCD 24 hours prior to casing & cement
ward.rikala	Will require a File As Drilled C-102 and a Directional Survey with the C-104
ward.rikala	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
ward.rikala	Cement is required to circulate on both surface and intermediate1 strings of casing
ward.rikala	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system
ward.rikala	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud
ward.rikala	Prior to being placed on production, downhole commingling will have to be approved of if this is to be a dual completion in the Bone Spring and Wolfcamp formations.

State of New Mexico  
Energy, Minerals and Natural Resources Department

Submit Electronically  
Via E-permitting

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description

Effective May 25, 2021

**I. Operator:** AMERICAN ENERGY RESOURCES LLC **OGRID:** 327991 **Date:** 05 / 09 / 23

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
AMERICAN FEE 1	30-015-	D-27-22S-28E	860 FNL 660 FWL	25	150	175

**IV. Central Delivery Point Name:** ENTERPRISE FIELD SERVICES @ RANA SALADA [See 19.15.27.9(D)(1) NMAC]  
IN P-6-23S-29E

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
AMERICAN FEE 001	30-015-	5-18-23	5-31-23	7-1-23	7-31-23	9815-23

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

**Section 2 – Enhanced Plan****EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

**IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

**X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.



### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

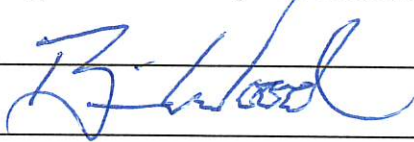
(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:



Printed Name:

BRIAN WOOD

Title:

CONSULTANT

E-mail Address:

brian@permitswest.com

Date:

5-9-23

Phone:

505 466-8120

**OIL CONSERVATION DIVISION****(Only applicable when submitted as a standalone form)**

Approved By:

Title:

Approval Date:

Conditions of Approval:

## VI. SEPARATION EQUIPMENT

American Energy Resources LLC (American) tentatively plans to install a separator, heater-treater, oil and water tanks, vapor recovery tower and piping among tanks, gas scrubber, and fuel safety shut-off valve depending on volumes.

## VII. Operational Practices

### NMAC 19.15.27.8 (A) Venting & Flaring of Natural Gas

1. American will comply NMAC 19.15.27.8 – venting and flaring of gas during drilling, completion, or production that constitutes waste as defined in 19.15.2 is banned.

### NMAC 19.15.27.8 (B) Venting & Flaring During Drilling

1. American will capture or combust gas if technically feasible during drilling operations using best industry practices.
2. A flare stack with a 100% capacity for expected volume will be set on the pad  $\geq 100$  feet from the nearest well head and storage tank.
3. In an emergency, AMERICAN will vent gas in order to avoid substantial impact. AMERICAN will report vented or flared gas to the NMOCD.

### NMAC 19.15.27.8 (C) Venting & Flaring During Completion or Recompletion

1. Facilities will be built and ready from the first day of flowback
2. Test separator will be properly separate gas and liquids. Temporary test separator will be used initially to process volumes. In addition, separator will be tied into flowback tanks which will be tied into the gas processing equipment for sale down a pipeline.
3. Should the facility not be ready to process gas, or the gas does not meet quality standards, then storage tanks will be set that are tied into gas busters or a temporary flare to manage all gas. This flare would meet the following requirements:
  - a) An appropriately sized flare stack with an automatic igniter
  - b) American analyzes gas samples twice a week
  - c) American flows the gas into a gathering line as soon as the pipeline specifications are met
  - d) American provides the NMOCD with pipeline specifications and natural gas data.

### NMAC 19.15.27.8 (D) Venting & Flaring During Production

American will not vent or flare natural gas except:

1. During an emergency or malfunction



2. To unload or clean-up liquid holdup in a well to atmospheric pressure, provided
  - a) American does not vent after the well achieves a stabilized rate and pressure
  - b) American will be on-site while unloading liquids by manual purging and take all reasonable actions to achieve a stabilized rate and pressure as soon as possible
  - c) American will optimize the system to minimize gas venting if the well is equipped with a plunger lift or auto control system
  - d) Best management practices will be used during downhole well maintenance.
3. During the first year of production from an exploratory well provided
  - a) American receives approval from the NMOCD
  - b) American stays in compliance with NMOCD gas capture requirements
  - c) American submits an updated C-129 form to the NMOCD
4. During the following activities unless prohibited
  - a) Gauging or sampling a storage tank or low-pressure production vessel
  - b) Loading out liquids from a storage tank
  - c) Repair and maintenance
  - d) Normal operation of a gas-activated pneumatic controller or pump
  - e) Normal operation of a storage tank but not including venting from a thief hatch
  - f) Normal operation of dehydration units
  - g) Normal operations of compressors, engines, turbines, valves, flanges, & connectors
  - h) During a Braden head, packer leak test, or production test lasting <24 hours
  - i) When natural gas does not meet the gathering line specifications
  - j) Commissioning of lines, equipment, or facilities only for as long as necessary to purge introduced impurities.

#### NMAC 19.15.27.8 (E) Performance Standards

1. American used a safety factor to design the separation and storage equipment. The equipment will be routed to a vapor recovery system and uses a flare as back up for startup, shutdown, maintenance, or malfunction of the VRU system.
2. American will install a flare that will handle the full facility vapor volume in case the VRU fails. It will have an auto-ignition system.
3. Flare stacks will be appropriately sized and designed to ensure proper combustion efficiency
  - a) Flare stacks installed or replaced will be equipped with an automatic ignitor or continuous pilot.
  - b) Previously installed flare stacks will be retrofitted within 18 months of May 25, 2021 with an automatic ignitor, continuous pilot, or technology that alerts AMERICAN to flare malfunction.
  - c) Flare stacks replaced after May 25, 2021 will be equipped with an automatic ignitor or continuous pilot if at a well or facility with an average production of  $\leq 60$  Mcfd of natural gas.

- d) Flare stacks will be located >100 feet from well head and storage tanks and securely anchored.
- 4. American will conduct an audio/visual/olfactory inspection on all components for leaks and defects every week.
- 5. American will make and keep records of AVO inspections available to the NMOCD for at least 5 years.
- 6. American may use a remote or automated monitoring technology to detect leaks and releases in lieu of AVO inspections with prior NMOCD approval.
- 7. Facilities will be designed to minimize waste.
- 8. American will resolve emergencies as promptly as possible.

#### NMAC 19.15.27.8 (F) Measuring or Estimating Vented & Flared Natural Gas

- 1. American will have meters on both the low pressure and high-pressure sides of the flares. Volumes will be recorded in the SCADA system.
- 2. American will install equipment to measure the volume of flared natural gas that has an average production of  $\geq 60$  Mcfd.
- 3. American's measuring equipment will conform to industry standards.
- 4. Measurement system will be designed such that it cannot be bypassed except for inspections and servicing the meters.
- 5. American will estimate the volume of vented or flared gas using a methodology that can be independently verified if metering is not practicable due to low flow rate or pressure.
- 6. American will estimate the volume of vented and flared gas based on the results of an annual GOR test for wells that do not require measuring equipment reported on form C-116.
- 7. American will install measuring equipment whenever the NMOCD determines that metering is necessary.

### **VIII. Best Management Practices**

American will minimize venting during maintenance by:

- 1. Designing and operating system to route storage tank and process equipment emissions to the VRU. If the VRU is not operable, then vapors will be routed to the flare.
- 2. Scheduling maintenance for multiple tasks to minimize the need for blowdowns.
- 3. After completion of maintenance, gas will be flared until it meets pipeline specifications.

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

Form C-101

August 1, 2011

Permit 340008

**(Exhibit F2)****APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address American Energy Resources LLC P.O. BOX 114 Hagerman, NM 88232		2. OGRID Number 372991
		3. API Number 30-015-53885
4. Property Code 334108	5. Property Name American Fee	6. Well No. 002

**7. Surface Location**

UL - Lot E	Section 27	Township 22S	Range 28E	Lot Idn	Feet From 1980	N/S Line N	Feet From 660	E/W Line W	County Eddy
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**8. Proposed Bottom Hole Location**

UL - Lot E	Section 27	Township 22S	Range 28E	Lot Idn D	Feet From 1980	N/S Line N	Feet From 660	E/W Line W	County Eddy
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**9. Pool Information**

CULEBRA BLUFF;BONE SPRING, SOUTH	15011
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**Additional Well Information**

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3068
16. Multiple N	17. Proposed Depth 9630	18. Formation Bone Spring	19. Contractor	20. Spud Date 6/15/2023
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	360	350	0
Int1	12.25	9.625	36	2875	960	0
Prod	7.875	5.5	17	9630	1875	0

**Casing/Cement Program: Additional Comments**

--

**22. Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	4000	Schaffer
Double Ram	5000	4000	Schaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable.		<b>OIL CONSERVATION DIVISION</b>	
Signature:			
Printed Name:	Electronically filed by Jonathan Samaniego	Approved By:	Ward Rikala
Title:	Owner	Title:	
Email Address:	energy.jrs@gmail.com	Approved Date:	6/15/2023
Date:	6/1/2023	Expiration Date:	6/15/2025
Phone:	575-499-7330	Conditions of Approval Attached	

DISTRICT I  
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DISTRICT IV  
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-015- 53885</b>	Pool Code <b>15011</b>	Pool Name <b>CULEBRA BLUFF; BONE SPRING, SOUTH</b>
Property Code <b>334108</b>	Property Name <b>AMERICAN FEE</b>	Well Number <b>2</b>
OGRID No. <b>327991</b>	Operator Name <b>AMERICAN ENERGY RESOURCES LLC</b>	Elevation <b>3068.7'</b>

**372991**

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	27	22-S	28-E		1980	NORTH	660	WEST	EDDY

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>40.00</b>	Joint or Infill	Consolidation Code	Order No.
---------------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>NAD 83 NME SURFACE LOCATION Y=496814.3 N X=618969.3 E LAT.=32.365562° N LONG.=104.081896° W</p>	<b>OPERATOR CERTIFICATION</b> I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  <b>5-9-23</b> Signature Date <b>BRIAN WOOD</b> Printed Name <b>brian@permitswest.com</b> E-mail Address	
	<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. <b>MAY 2, 2023</b> Date of Survey Signature & Seal of Professional Surveyor   <b>5/5/23</b> Certificate No. CHAD HARCROW 17777 W.O. # 23-336 DRAWN BY: WN	

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**State of New Mexico**  
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**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form APD Conditions

Permit 340008

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: American Energy Resources LLC [372991] P.O. BOX 114 Hagerman, NM 88232		API Number: 30-015-53885
		Well: American Fee #002

OCD Reviewer	Condition
ward.rikala	Notify OCD 24 hours prior to casing & cement
ward.rikala	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
ward.rikala	Cement is required to circulate on both surface and intermediate1 strings of casing
ward.rikala	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system
ward.rikala	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud



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

Submit Electronically  
Via E-permitting

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description

Effective May 25, 2021

**I. Operator:** AMERICAN ENERGY RESOURCES LLC OGRID: 327991 **Date:** 05 / 09 / 23

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
AMERICAN FEE 2	30-015-	E-27-22S-28E	1980 FNL 660 FWL	24	149	112

**IV. Central Delivery Point Name:** ENTERPRISE FIELD SERVICES @ RANA SALADA [See 19.15.27.9(D)(1) NMAC]  
IN P-6-23S-29E

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
AMERICAN FEE 2	30-015-	5-18-23	5-31-23	7-1-23	7-31-23	8-15-23

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

## **Section 2 – Enhanced Plan**

### **EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

#### **IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

#### **X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.



### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

*If Operator checks this box, Operator will select one of the following:*

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

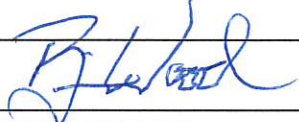
(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.



I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	BRIAN WOOD
Title:	CONSULTANT
E-mail Address:	brian@permitswest.com
Date:	5-9-23
Phone:	505 466-8120

**OIL CONSERVATION DIVISION**  
**(Only applicable when submitted as a standalone form)**

Approved By:
Title:
Approval Date:
Conditions of Approval:

## VI. SEPARATION EQUIPMENT

American Energy Resources LLC (American) tentatively plans to install a separator, heater-treater, oil and water tanks, vapor recovery tower and piping among tanks, gas scrubber, and fuel safety shut-off valve depending on volumes.

## VII. Operational Practices

### NMAC 19.15.27.8 (A) Venting & Flaring of Natural Gas

1. American will comply NMAC 19.15.27.8 – venting and flaring of gas during drilling, completion, or production that constitutes waste as defined in 19.15.2 is banned.

### NMAC 19.15.27.8 (B) Venting & Flaring During Drilling

1. American will capture or combust gas if technically feasible during drilling operations using best industry practices.
2. A flare stack with a 100% capacity for expected volume will be set on the pad  $\geq 100$  feet from the nearest well head and storage tank.
3. In an emergency, AMERICAN will vent gas in order to avoid substantial impact. AMERICAN will report vented or flared gas to the NMOCD.

### NMAC 19.15.27.8 (C) Venting & Flaring During Completion or Recompletion

1. Facilities will be built and ready from the first day of flowback
2. Test separator will be properly separate gas and liquids. Temporary test separator will be used initially to process volumes. In addition, separator will be tied into flowback tanks which will be tied into the gas processing equipment for sale down a pipeline.
3. Should the facility not be ready to process gas, or the gas does not meet quality standards, then storage tanks will be set that are tied into gas busters or a temporary flare to manage all gas. This flare would meet the following requirements:
  - a) An appropriately sized flare stack with an automatic igniter
  - b) American analyzes gas samples twice a week
  - c) American flows the gas into a gathering line as soon as the pipeline specifications are met
  - d) American provides the NMOCD with pipeline specifications and natural gas data.

### NMAC 19.15.27.8 (D) Venting & Flaring During Production

American will not vent or flare natural gas except:

1. During an emergency or malfunction

2. To unload or clean-up liquid holdup in a well to atmospheric pressure, provided
  - a) American does not vent after the well achieves a stabilized rate and pressure
  - b) American will be on-site while unloading liquids by manual purging and take all reasonable actions to achieve a stabilized rate and pressure as soon as possible
  - c) American will optimize the system to minimize gas venting if the well is equipped with a plunger lift or auto control system
  - d) Best management practices will be used during downhole well maintenance.
3. During the first year of production from an exploratory well provided
  - a) American receives approval from the NMOCD
  - b) American stays in compliance with NMOCD gas capture requirements
  - c) American submits an updated C-129 form to the NMOCD
4. During the following activities unless prohibited
  - a) Gauging or sampling a storage tank or low-pressure production vessel
  - b) Loading out liquids from a storage tank
  - c) Repair and maintenance
  - d) Normal operation of a gas-activated pneumatic controller or pump
  - e) Normal operation of a storage tank but not including venting from a thief hatch
  - f) Normal operation of dehydration units
  - g) Normal operations of compressors, engines, turbines, valves, flanges, & connectors
  - h) During a Braden head, packer leak test, or production test lasting <24 hours
  - i) When natural gas does not meet the gathering line specifications
  - j) Commissioning of lines, equipment, or facilities only for as long as necessary to purge introduced impurities.

#### NMAC 19.15.27.8 (E) Performance Standards

1. American used a safety factor to design the separation and storage equipment. The equipment will be routed to a vapor recovery system and uses a flare as back up for startup, shutdown, maintenance, or malfunction of the VRU system.
2. American will install a flare that will handle the full facility vapor volume in case the VRU fails. It will have an auto-ignition system.
3. Flare stacks will be appropriately sized and designed to ensure proper combustion efficiency
  - a) Flare stacks installed or replaced will be equipped with an automatic ignitor or continuous pilot.
  - b) Previously installed flare stacks will be retrofitted within 18 months of May 25, 2021 with an automatic ignitor, continuous pilot, or technology that alerts AMERICAN to flare malfunction.
  - c) Flare stacks replaced after May 25, 2021 will be equipped with an automatic ignitor or continuous pilot if at a well or facility with an average production of  $\leq 60$  Mcfd of natural gas.

- d) Flare stacks will be located >100 feet from well head and storage tanks and securely anchored.
- 4. American will conduct an audio/visual/olfactory inspection on all components for leaks and defects every week.
- 5. American will make and keep records of AVO inspections available to the NMOCD for at least 5 years.
- 6. American may use a remote or automated monitoring technology to detect leaks and releases in lieu of AVO inspections with prior NMOCD approval.
- 7. Facilities will be designed to minimize waste.
- 8. American will resolve emergencies as promptly as possible.

#### NMAC 19.15.27.8 (F) Measuring or Estimating Vented & Flared Natural Gas

- 1. American will have meters on both the low pressure and high-pressure sides of the flares. Volumes will be recorded in the SCADA system.
- 2. American will install equipment to measure the volume of flared natural gas that has an average production of  $\geq 60$  Mcfd.
- 3. American's measuring equipment will conform to industry standards.
- 4. Measurement system will be designed such that it cannot be bypassed except for inspections and servicing the meters.
- 5. American will estimate the volume of vented or flared gas using a methodology that can be independently verified if metering is not practicable due to low flow rate or pressure.
- 6. American will estimate the volume of vented and flared gas based on the results of an annual GOR test for wells that do not require measuring equipment reported on form C-116.
- 7. American will install measuring equipment whenever the NMOCD determines that metering is necessary.

### **VIII. Best Management Practices**

American will minimize venting during maintenance by:

- 1. Designing and operating system to route storage tank and process equipment emissions to the VRU. If the VRU is not operable, then vapors will be routed to the flare.
- 2. Scheduling maintenance for multiple tasks to minimize the need for blowdowns.
- 3. After completion of maintenance, gas will be flared until it meets pipeline specifications.

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

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

Form C-101  
August 1, 2011

Permit 340010

(Exhibit F3)

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address American Energy Resources LLC P.O. BOX 114 Hagerman, NM 88232		2. OGRID Number 372991
		3. API Number 30-015-53886
4. Property Code 334108	5. Property Name American Fee	6. Well No. 003

**7. Surface Location**

UL - Lot L	Section 27	Township 22S	Range 28E	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County Eddy
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**8. Proposed Bottom Hole Location**

UL - Lot L	Section 27	Township 22S	Range 28E	Lot Idn L	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County Eddy
---------------	---------------	-----------------	--------------	--------------	-------------------	---------------	------------------	---------------	----------------

**9. Pool Information**

CULEBRA BLUFF;BONE SPRING, SOUTH	15011
PURPLE SAGE;WOLFCAMP (GAS)	98220

**Additional Well Information**

11. Work Type New Well	12. Well Type GAS	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3064
16. Multiple Y	17. Proposed Depth 11100	18. Formation Wolfcamp	19. Contractor	20. Spud Date 6/15/2023
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	360	350	0
Int1	12.25	9.625	36	2875	960	0
Prod	7.875	5.5	17	11100	2150	0

**Casing/Cement Program: Additional Comments**

--

**22. Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	4000	Schaffer
Double Ram	5000	4000	Schaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable.	<b>OIL CONSERVATION DIVISION</b>	
Signature:		
Printed Name: Electronically filed by Jonathan Samaniego	Approved By: Ward Rikala	
Title: Owner	Title:	
Email Address: energy.jrs@gmail.com	Approved Date: 6/15/2023	Expiration Date: 6/15/2025
Date: 6/1/2023	Phone: 575-499-7330	Conditions of Approval Attached

### District I

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

Form C-102

August 1, 2011

Permit 340010

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-53886	2. Pool Code 15011	3. Pool Name CULEBRA BLUFF;BONE SPRING, SOUTH
4. Property Code 334108	5. Property Name American Fee	6. Well No. 003
7. OGRID No. 372991	8. Operator Name American Energy Resources LLC	9. Elevation 3064


## 10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	27	22S	28E		1980	S	660	W	Eddy

### 11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00			13. Joint or Infill		14. Consolidation Code			15. Order No.	

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

E-Signed By:                      Jonathan Samaniego

Title:                                      Owner

Date:                                      6/1/2023

---

**SURVEYOR CERTIFICATION**

*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

Surveyed By:                      Chad Harcrow

Date of Survey:                      5/2/2023

Certificate Number:              17777



**District I**

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

Form C-102  
August 1, 2011

Permit 340010

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-53886	2. Pool Code 98220	3. Pool Name PURPLE SAGE;WOLFCAMP (GAS)
4. Property Code 334108	5. Property Name American Fee	6. Well No. 003
7. OGRID No. 372991	8. Operator Name American Energy Resources LLC	9. Elevation 3064

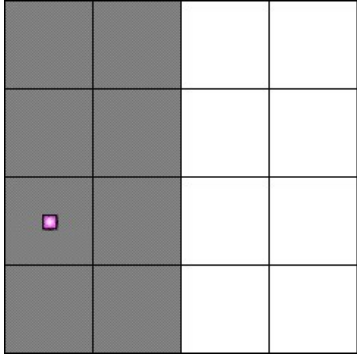
**10. Surface Location**

UL - Lot L	Section 27	Township 22S	Range 28E	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County Eddy
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	------------------	---------------	----------------

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By:        Jonathan Samaniego Title:                Owner Date:                6/1/2023</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By:        Chad Harcrow Date of Survey:     5/2/2023 Certificate Number: 17777</p>
---	---

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

Form APD Comments

Permit 340010

PERMIT COMMENTS

Operator Name and Address: American Energy Resources LLC [372991] P.O. BOX 114 Hagerman, NM 88232		API Number: 30-015-53886
		Well: American Fee #003
Created By	Comment	Comment Date
bwood	Will downhole commingle.	5/10/2023
bwood	APD in spacing unit has expired.	6/1/2023

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

Form APD Conditions  
Permit 340010

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: American Energy Resources LLC [372991] P.O. BOX 114 Hagerman, NM 88232		API Number: 30-015-53886
		Well: American Fee #003
OCD Reviewer	Condition	
ward.rikala	Notify OCD 24 hours prior to casing & cement	
ward.rikala	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string	
ward.rikala	Cement is required to circulate on both surface and intermediate1 strings of casing	
ward.rikala	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system	
ward.rikala	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud	
ward.rikala	Prior to placing this well on production, downhole commingling must be approved.	

State of New Mexico  
Energy, Minerals and Natural Resources Department

Submit Electronically  
Via E-permitting

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description

Effective May 25, 2021

**I. Operator:** AMERICAN ENERGY RESOURCES LLC **OGRID:** 327991 **Date:** 05 / 09 / 23

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
AMERICAN FEE 3	30-015-	L-27-22S-28E	1980 FSL 660 FWL	25	150	175

**IV. Central Delivery Point Name:** ENTERPRISE FIELD SERVICES @ RANA SALADA [See 19.15.27.9(D)(1) NMAC]  
IN P-6-23S-29E

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
AMERICAN FEE 003	30-015-	5-18-23	5-31-23	7-1-23	7-31-23	9815-23

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

## **Section 2 – Enhanced Plan**

### **EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

#### **IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

#### **X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.



### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

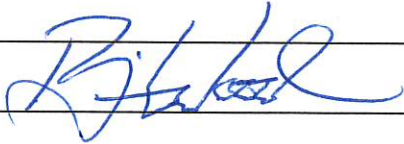
(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.



I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	BRIAN WOOD
Title:	CONSULTANT
E-mail Address:	brian@permitswest.com
Date:	5-9-23
Phone:	505 466-8120
<b>OIL CONSERVATION DIVISION</b> (Only applicable when submitted as a standalone form)	
Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

## VI. SEPARATION EQUIPMENT

American Energy Resources LLC (American) tentatively plans to install a separator, heater-treater, oil and water tanks, vapor recovery tower and piping among tanks, gas scrubber, and fuel safety shut-off valve depending on volumes.

## VII. Operational Practices

### NMAC 19.15.27.8 (A) Venting & Flaring of Natural Gas

1. American will comply NMAC 19.15.27.8 – venting and flaring of gas during drilling, completion, or production that constitutes waste as defined in 19.15.2 is banned.

### NMAC 19.15.27.8 (B) Venting & Flaring During Drilling

1. American will capture or combust gas if technically feasible during drilling operations using best industry practices.
2. A flare stack with a 100% capacity for expected volume will be set on the pad  $\geq 100$  feet from the nearest well head and storage tank.
3. In an emergency, AMERICAN will vent gas in order to avoid substantial impact. AMERICAN will report vented or flared gas to the NMOCD.

### NMAC 19.15.27.8 (C) Venting & Flaring During Completion or Recompletion

1. Facilities will be built and ready from the first day of flowback
2. Test separator will be properly separate gas and liquids. Temporary test separator will be used initially to process volumes. In addition, separator will be tied into flowback tanks which will be tied into the gas processing equipment for sale down a pipeline.
3. Should the facility not be ready to process gas, or the gas does not meet quality standards, then storage tanks will be set that are tied into gas busters or a temporary flare to manage all gas. This flare would meet the following requirements:
  - a) An appropriately sized flare stack with an automatic igniter
  - b) American analyzes gas samples twice a week
  - c) American flows the gas into a gathering line as soon as the pipeline specifications are met
  - d) American provides the NMOCD with pipeline specifications and natural gas data.

### NMAC 19.15.27.8 (D) Venting & Flaring During Production

American will not vent or flare natural gas except:

1. During an emergency or malfunction

2. To unload or clean-up liquid holdup in a well to atmospheric pressure, provided
  - a) American does not vent after the well achieves a stabilized rate and pressure
  - b) American will be on-site while unloading liquids by manual purging and take all reasonable actions to achieve a stabilized rate and pressure as soon as possible
  - c) American will optimize the system to minimize gas venting if the well is equipped with a plunger lift or auto control system
  - d) Best management practices will be used during downhole well maintenance.
3. During the first year of production from an exploratory well provided
  - a) American receives approval from the NMOCD
  - b) American stays in compliance with NMOCD gas capture requirements
  - c) American submits an updated C-129 form to the NMOCD
4. During the following activities unless prohibited
  - a) Gauging or sampling a storage tank or low-pressure production vessel
  - b) Loading out liquids from a storage tank
  - c) Repair and maintenance
  - d) Normal operation of a gas-activated pneumatic controller or pump
  - e) Normal operation of a storage tank but not including venting from a thief hatch
  - f) Normal operation of dehydration units
  - g) Normal operations of compressors, engines, turbines, valves, flanges, & connectors
  - h) During a Braden head, packer leak test, or production test lasting <24 hours
  - i) When natural gas does not meet the gathering line specifications
  - j) Commissioning of lines, equipment, or facilities only for as long as necessary to purge introduced impurities.

#### NMAC 19.15.27.8 (E) Performance Standards

1. American used a safety factor to design the separation and storage equipment. The equipment will be routed to a vapor recovery system and uses a flare as back up for startup, shutdown, maintenance, or malfunction of the VRU system.
2. American will install a flare that will handle the full facility vapor volume in case the VRU fails. It will have an auto-ignition system.
3. Flare stacks will be appropriately sized and designed to ensure proper combustion efficiency
  - a) Flare stacks installed or replaced will be equipped with an automatic ignitor or continuous pilot.
  - b) Previously installed flare stacks will be retrofitted within 18 months of May 25, 2021 with an automatic ignitor, continuous pilot, or technology that alerts AMERICAN to flare malfunction.
  - c) Flare stacks replaced after May 25, 2021 will be equipped with an automatic ignitor or continuous pilot if at a well or facility with an average production of  $\leq 60$  Mcfd of natural gas.

- d) Flare stacks will be located >100 feet from well head and storage tanks and securely anchored.
- 4. American will conduct an audio/visual/olfactory inspection on all components for leaks and defects every week.
- 5. American will make and keep records of AVO inspections available to the NMOCD for at least 5 years.
- 6. American may use a remote or automated monitoring technology to detect leaks and releases in lieu of AVO inspections with prior NMOCD approval.
- 7. Facilities will be designed to minimize waste.
- 8. American will resolve emergencies as promptly as possible.

#### NMAC 19.15.27.8 (F) Measuring or Estimating Vented & Flared Natural Gas

- 1. American will have meters on both the low pressure and high-pressure sides of the flares. Volumes will be recorded in the SCADA system.
- 2. American will install equipment to measure the volume of flared natural gas that has an average production of  $\geq 60$  Mcfd.
- 3. American's measuring equipment will conform to industry standards.
- 4. Measurement system will be designed such that it cannot be bypassed except for inspections and servicing the meters.
- 5. American will estimate the volume of vented or flared gas using a methodology that can be independently verified if metering is not practicable due to low flow rate or pressure.
- 6. American will estimate the volume of vented and flared gas based on the results of an annual GOR test for wells that do not require measuring equipment reported on form C-116.
- 7. American will install measuring equipment whenever the NMOCD determines that metering is necessary.

### **VIII. Best Management Practices**

American will minimize venting during maintenance by:

- 1. Designing and operating system to route storage tank and process equipment emissions to the VRU. If the VRU is not operable, then vapors will be routed to the flare.
- 2. Scheduling maintenance for multiple tasks to minimize the need for blowdowns.
- 3. After completion of maintenance, gas will be flared until it meets pipeline specifications.

**District I**

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

**District II**

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Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**

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

**District IV**

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

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

Form C-101

August 1, 2011

Permit 340013

**(Exhibit F4)****APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address American Energy Resources LLC P.O. BOX 114 Hagerman, NM 88232		2. OGRID Number 372991
		3. API Number 30-015-53887
4. Property Code 334108	5. Property Name American Fee	6. Well No. 004

**7. Surface Location**

UL - Lot M	Section 27	Township 22S	Range 28E	Lot Idn	Feet From 525	N/S Line S	Feet From 525	E/W Line W	County Eddy
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**8. Proposed Bottom Hole Location**

UL - Lot M	Section 27	Township 22S	Range 28E	Lot Idn M	Feet From 525	N/S Line S	Feet From 525	E/W Line W	County Eddy
---------------	---------------	-----------------	--------------	--------------	------------------	---------------	------------------	---------------	----------------

**9. Pool Information**

CULEBRA BLUFF;BONE SPRING, SOUTH	15011
----------------------------------	-------

**Additional Well Information**

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3061
16. Multiple N	17. Proposed Depth 9630	18. Formation Bone Spring	19. Contractor	20. Spud Date 6/15/2023
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	360	350	0
Int1	12.25	9.625	36	2875	960	0
Prod	7.875	5.5	17	9630	1875	0

**Casing/Cement Program: Additional Comments**

--

**22. Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	4000	Schaffer
Double Ram	5000	4000	Schaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable.	<b>OIL CONSERVATION DIVISION</b>	
Signature:		
Printed Name: Electronically filed by Jonathan Samaniego	Approved By: Ward Rikala	
Title: Owner	Title:	
Email Address: energy.jrs@gmail.com	Approved Date: 6/15/2023	Expiration Date: 6/15/2025
Date: 6/1/2023	Phone: 575-499-7330	Conditions of Approval Attached

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
811 S. FIRST ST., ARTESIA, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-0720

DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-53887</b>	Pool Code <b>15011</b>	Pool Name <b>CULEBRA BLUFF; BONE SPRING, SOUTH</b>
Property Code <b>334108</b>	Property Name <b>AMERICAN FEE</b>	Well Number <b>4</b>
OGRID No. <del>327991</del> <b>372991</b>	Operator Name <b>AMERICAN ENERGY</b>	Elevation <b>3061.0'</b>

Surface Location									
UL or lot No. <b>M</b>	Section <b>27</b>	Township <b>22-S</b>	Range <b>28-E</b>	Lot Idn	Feet from the <b>525</b>	North/South line <b>SOUTH</b>	Feet from the <b>525</b>	East/West line <b>WEST</b>	County <b>EDDY</b>

Bottom Hole Location If Different From Surface													
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County				
<table border="1"> <tr> <td>Dedicated Acres <b>40.00</b></td> <td>Joint or Infill</td> <td>Consolidation Code</td> <td>Order No.</td> </tr> </table>										Dedicated Acres <b>40.00</b>	Joint or Infill	Consolidation Code	Order No.
Dedicated Acres <b>40.00</b>	Joint or Infill	Consolidation Code	Order No.										

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>NAD 83 NME SURFACE LOCATION Y=494018.1 N X=618847.5 E LAT.=32.357876° N LONG.=104.082312° W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> <b>5-9-23</b> Signature Date <b>BRIAN WOOD</b> Printed Name <b>brian@permitswest.com</b> E-mail Address</p>	
		<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>MAY 2, 2023</b> Date of Survey</p>	
		<p>Signature &amp; Seal of Professional Surveyor</p> <p><i>[Signature]</i> <b>5/5/23</b> Certificate No. <b>CHAD HARCROW 17777</b> W.O. # <b>23-338</b> DRAWN BY: <b>WN</b></p>	



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

Form APD Conditions  
Permit 340013

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: American Energy Resources LLC [372991] P.O. BOX 114 Hagerman, NM 88232		API Number: 30-015-53887
		Well: American Fee #004
OCD Reviewer	Condition	
ward.rikala	Notify OCD 24 hours prior to casing & cement	
ward.rikala	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string	
ward.rikala	Cement is required to circulate on both surface and intermediate1 strings of casing	
ward.rikala	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system	
ward.rikala	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud	

State of New Mexico  
Energy, Minerals and Natural Resources Department

Submit Electronically  
Via E-permitting

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description

Effective May 25, 2021

**I. Operator:** AMERICAN ENERGY RESOURCES LLC OGRID: 327991 **Date:** 05 / 09 / 23

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
AMERICAN FEE 4	30-015-	M-27-22S-28E	525 FSL	24	149	112
			525 FWL			

**IV. Central Delivery Point Name:** ENTERPRISE FIELD SERVICES @ RANA SALADA [See 19.15.27.9(D)(1) NMAC]  
IN P-6-23S-29E

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
AMERICAN FEE 4	30-015-	5-18-23	5-31-23	7-1-23	7-31-23	8-15-23

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

## **Section 2 – Enhanced Plan**

### **EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

#### **IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

#### **X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.



### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

*If Operator checks this box, Operator will select one of the following:*

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
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- (g) reinjection for enhanced oil recovery;
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### **Section 4 - Notices**

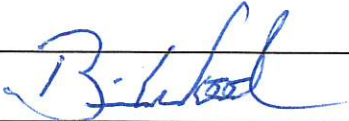
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2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	BRIAN WOOD
Title:	CONSULTANT
E-mail Address:	brian@permitswest.com
Date:	5-9-23
Phone:	505 466-8120

**OIL CONSERVATION DIVISION**  
**(Only applicable when submitted as a standalone form)**

Approved By:
Title:
Approval Date:
Conditions of Approval:



## VI. SEPARATION EQUIPMENT

American Energy Resources LLC (American) tentatively plans to install a separator, heater-treater, oil and water tanks, vapor recovery tower and piping among tanks, gas scrubber, and fuel safety shut-off valve depending on volumes.

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2. Test separator will be properly separate gas and liquids. Temporary test separator will be used initially to process volumes. In addition, separator will be tied into flowback tanks which will be tied into the gas processing equipment for sale down a pipeline.
3. Should the facility not be ready to process gas, or the gas does not meet quality standards, then storage tanks will be set that are tied into gas busters or a temporary flare to manage all gas. This flare would meet the following requirements:
  - a) An appropriately sized flare stack with an automatic igniter
  - b) American analyzes gas samples twice a week
  - c) American flows the gas into a gathering line as soon as the pipeline specifications are met
  - d) American provides the NMOCD with pipeline specifications and natural gas data.

### NMAC 19.15.27.8 (D) Venting & Flaring During Production

American will not vent or flare natural gas except:

1. During an emergency or malfunction

2. To unload or clean-up liquid holdup in a well to atmospheric pressure, provided
  - a) American does not vent after the well achieves a stabilized rate and pressure
  - b) American will be on-site while unloading liquids by manual purging and take all reasonable actions to achieve a stabilized rate and pressure as soon as possible
  - c) American will optimize the system to minimize gas venting if the well is equipped with a plunger lift or auto control system
  - d) Best management practices will be used during downhole well maintenance.
3. During the first year of production from an exploratory well provided
  - a) American receives approval from the NMOCD
  - b) American stays in compliance with NMOCD gas capture requirements
  - c) American submits an updated C-129 form to the NMOCD
4. During the following activities unless prohibited
  - a) Gauging or sampling a storage tank or low-pressure production vessel
  - b) Loading out liquids from a storage tank
  - c) Repair and maintenance
  - d) Normal operation of a gas-activated pneumatic controller or pump
  - e) Normal operation of a storage tank but not including venting from a thief hatch
  - f) Normal operation of dehydration units
  - g) Normal operations of compressors, engines, turbines, valves, flanges, & connectors
  - h) During a Braden head, packer leak test, or production test lasting <24 hours
  - i) When natural gas does not meet the gathering line specifications
  - j) Commissioning of lines, equipment, or facilities only for as long as necessary to purge introduced impurities.

#### NMAC 19.15.27.8 (E) Performance Standards

1. American used a safety factor to design the separation and storage equipment. The equipment will be routed to a vapor recovery system and uses a flare as back up for startup, shutdown, maintenance, or malfunction of the VRU system.
2. American will install a flare that will handle the full facility vapor volume in case the VRU fails. It will have an auto-ignition system.
3. Flare stacks will be appropriately sized and designed to ensure proper combustion efficiency
  - a) Flare stacks installed or replaced will be equipped with an automatic ignitor or continuous pilot.
  - b) Previously installed flare stacks will be retrofitted within 18 months of May 25, 2021 with an automatic ignitor, continuous pilot, or technology that alerts AMERICAN to flare malfunction.
  - c) Flare stacks replaced after May 25, 2021 will be equipped with an automatic ignitor or continuous pilot if at a well or facility with an average production of  $\leq 60$  Mcfd of natural gas.

- d) Flare stacks will be located >100 feet from well head and storage tanks and securely anchored.
- 4. American will conduct an audio/visual/olfactory inspection on all components for leaks and defects every week.
- 5. American will make and keep records of AVO inspections available to the NMOCD for at least 5 years.
- 6. American may use a remote or automated monitoring technology to detect leaks and releases in lieu of AVO inspections with prior NMOCD approval.
- 7. Facilities will be designed to minimize waste.
- 8. American will resolve emergencies as promptly as possible.

#### NMAC 19.15.27.8 (F) Measuring or Estimating Vented & Flared Natural Gas

- 1. American will have meters on both the low pressure and high-pressure sides of the flares. Volumes will be recorded in the SCADA system.
- 2. American will install equipment to measure the volume of flared natural gas that has an average production of  $\geq 60$  Mcfd.
- 3. American's measuring equipment will conform to industry standards.
- 4. Measurement system will be designed such that it cannot be bypassed except for inspections and servicing the meters.
- 5. American will estimate the volume of vented or flared gas using a methodology that can be independently verified if metering is not practicable due to low flow rate or pressure.
- 6. American will estimate the volume of vented and flared gas based on the results of an annual GOR test for wells that do not require measuring equipment reported on form C-116.
- 7. American will install measuring equipment whenever the NMOCD determines that metering is necessary.

### **VIII. Best Management Practices**

American will minimize venting during maintenance by:

- 1. Designing and operating system to route storage tank and process equipment emissions to the VRU. If the VRU is not operable, then vapors will be routed to the flare.
- 2. Scheduling maintenance for multiple tasks to minimize the need for blowdowns.
- 3. After completion of maintenance, gas will be flared until it meets pipeline specifications.