

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

**APPLICATION OF SILVERBACK
OPERATING II, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 25417

SILVERBACK'S RESPONSE TO MOTION TO RE-OPEN

American Energy Resources, LLC (“**AER**”) has filed a motion to re-open Case No. 24517, in which case the New Mexico Oil Conservation Division has entered Order No. R-23045 establishing the Roche Horizontal Spacing Unit, and appointing Silverback Operating II, LLC (“**Silverback**”) as operator. The Roche HSU covers the Yeso Formation underlying the S2 S2 of Section 2, and the N2 N2 of Section 11, both located in Township 19 South, Range 25 East, Eddy County (“**Roche HSU**”). AER claims an interest in Roche HSU by way of the Champlin Leases¹ based on an Assignment dated November 18, 2018, recorded in Book 1117, Page 1123, Official Records, Eddy County. The Champlin Leases include lands within the Roche HSU.

As such, AER claims Silverback had a duty to provide it notice in Case No. 24517, and that such failure to notice constitutes the basis to re-open the compulsory pooling matter. Silverback disagrees.

First, as demonstrated below, based on Silverback's extensive title research, AER does not hold an interest in the Champlin Leases. Second, the Champlin Leases, as to all lands in the Roche HSU, are subject to a 1978 Joint Operating Agreement (“**1978 JOA**”), a memorandum of which is recorded in Book 170, Page 693, Miscellaneous Records, Eddy County. Silverback is the current Operator under the 1978 JOA; accordingly, even if AER owned an interest in the Champlin Leases,

¹ See Exhibit A for a list of the Champlin Leases

a claim which Silverback contests, any such interest would be subject to the 1978 JOA. Parties to the 1978 JOA are not subject to the Roche CP Order and are not entitled to notice thereof.

Detailed Explanation

AER Owns No Interest in Champlin Leases

As noted above, the Champlin Leases are subject to the 1978 JOA, which establishes the Rio Penasco Shallow Unit encompassing the lands and depths pooled in the Roche CP Order. According to a Final Decree entered in a Quiet Title Suit, Cause No. CV-10-367, Fifth Judicial District Court, Eddy County (“**2010 QTS**”), a Lis Pendens of which is recorded in Book 819, Page 476, Official Records, Eddy County, Orion-Smith Oil Properties, Argo Energy Partners, Ltd., Dusty Sanderson (and wife), DES Acquisitions, and Floyd W. Prather (“**QTS Plaintiffs**”) were confirmed as the sole owners of the Champlin Leases. The 2010 QTS eliminated all other claims to the Champlin Leases.

Orion-Smith Oil Properties, Argo Energy Partners, Ltd., Dusty Sanderson (and wife), and DES Acquisitions continue to own their interests in Champlin Leases. SEP Permian, LLC has acquired the interest of Floyd W. Prather.

AER's title to the Champlin Leases does not derive from any of the QTS Plaintiffs, thus making their title claim invalid per the 2010 QTS. Rather, AER claims title to an interest in the Champlin Leases by virtue of an Assignment dated November 26, 2018, recorded in Book 1117, Page 1123, Official Records, Eddy County, (“Wildcat Assignment”) from Wildcat Energy, LLC, a stranger to the chain of title. There is no chain of title from the QTS Plaintiffs to Wildcat Energy, LLC. Even if AER could establish a chain of title beyond this Assignment, such interest would nonetheless be invalid as all interests in the Champlin Leases other than those owned by the QTS Plaintiffs were eliminated by virtue of the 2010 QTS.

Champlin Leases Are Subject to 1978 JOA Appointing Silverback Operator

As is evidenced by a Memorandum dated July 1, 1978, recorded in Book 170, Page 693, Miscellaneous Records, Eddy County, Champlin Petroleum Company executed a Joint Operating Agreement ("1978 JOA") committing the Champlin Leases to the Rio Penasco Working Interest Unit ("RPWIU"). The RPWIU includes the lands and depths constituting the Roche HSU. Silverback, successor to Yates Petroleum, is the current Operator under the 1978 JOA.

While Silverback contests the assertion that AER owns any interest in the Champlin Leases, even if AER could establish a valid chain of title from one of the QTS Plaintiffs, any such interest would be subject to the 1978 JOA. It should be noted that the Wildcat Assignment, the instrument under which AER claims title, makes clear that the interests and leases purportedly assigned are subject to the 1978 JOA:

EXHIBIT "A"

Attached to and made a part of that certain ASSIGNMENT, BILL OF SALE AND CONVEYANCE, effective May 1, 2000.

STATE: NEW MEXICO
COUNTY: EDDY
WELL NAME: RIO PENASCO KD #3
LOCATION: S11,T19S,R25E

<u>LESSOR</u>	<u>LESSEE</u>	<u>DATE</u>	<u>Recording Data</u>		<u>Footnote</u>
			<u>Book/Page</u>	<u>Description of Property</u>	
Bonnie Morrison	Robert Byron	08-17-77	150/375	SWSW Section 2-19S-25E	1,2
NM Military Institute	Robert Byron	09-28-77	151/591	SWSW Section 2-19S-25E	1,2
Boy Scouts of America	Robert Byron	09-28-77	152/781	NWNE, N/2 NW Section 11 and SW SW Section 2-19S-25E	1,2
New Mexico Univ. Law School	Robert Byron	09-28-77	151/592	NWNE, N/2 NW Section 11 and SW SW Section 2-19S-25E	1,2

FOOTNOTE REFERENCES:

1) Subject to Operating Agreement dated 07-01-78 between Yates Petroleum Corporation (Operator) and Champlin Petroleum Company et al (Non-Operators), called the Rio Penasco WI Unit.

2) Subject to Communitization Agreement dated 12-28-79 between Yates Petroleum Corporation, Champlin Petroleum Company et al (Non-Operators) covering N/2, Section 2.

Accordingly, even if AER could establish a valid chain of title to the Champlin Leases, it would nonetheless be bound by the terms of the JOA. Because AER's purported interest (which Silverback contests) is bound by the terms of the 1978 JOA, AER would not bound by, nor entitled to notice of, the compulsory pooling proceedings in Case No. 24517.

PRAYER

For these reasons, Silverback prays that the AER motion to re-open Case No. 24517 be denied.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday
Benjamin B. Holliday
107 Katherine Court
San Antonio, Texas 78209
Phone: (210) 469-3197
ben@helg.law

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Pre-Hearing Statement was sent to the following representative of record on this 21st day of January, 2025.

Jonathon Samaniego
Energy.jrs@gmail.com
Representative for American Energy Resources, LLC

Exhibit A
Champlin Leases

1. Oil and Gas Lease executed by Bonnie Morrison, as lessor, to Robert Byron, as Lessee, dated August 17, 1977, recorded in Book 150, Page 375, Miscellaneous Records, Eddy County.
2. Oil and Gas Lease executed by New Mexico Military Institute, as lessor, to Robert Byron, as Lessee, dated September 28, 1977, recorded Book 151, Page 591, Miscellaneous Records, Eddy County.
3. Oil and Gas Lease executed by Boy Scouts of America, as lessor, to Robert Byron, as Lessee, dated September 28, 1977, recorded in Book 152, Page 781, Miscellaneous Records, Eddy County.
4. Oil and Gas Lease executed by the University of New Mexico School of Law, as lessor, to Robert Byron, as lessee, dated September 28, 1977, recorded in Book 151, Page 592, Miscellaneous Records, Eddy County.

AMENDED NOTICE OF LIS PENDENS

TO WHOM IT MAY CONCERN:

NOTICE IS HEREBY GIVEN that there is pending in the District Court of Eddy County, State of New Mexico, a civil action, Cause No. CV-10-367, wherein Argo Energy Partners, Ltd.; DES Acquisition, LLC; Orion-Smith Oil Properties, Ltd.; Floyd W. Prather; Dana Sanderson; and Dusty Sanderson are Plaintiffs and Anadarko E&P Co., LP; The Shareholders of Barranca Production Company, Inc. (Hazel Moses, Trustee and Irene P. LaSusa, Trustee); Bristol Resources 1987-1 Acquisition Program; Bristol Resources Corporation; Irene P. LaSusa, individually and as Trustee of the Testamentary M2 Residuary Trust under Section V of the will of Charles Don LaSusa dated June 29, 1994, and as Domiciliary Foreign Personal Representative of the Estate of Charles Don LaSusa, deceased; Dana Sanderson; Dusty Sanderson; Shuco Investments; SL Energy Partners, L.P.; Staghorn Resources, LLC; Stanford Petro, Inc.; Tierra Gas, L.C.; and Toreador Acquisition Corporation; the unknown heirs of the following deceased persons: Charles Don LaSusa, a/k/a C.D. LaSusa; Ellowee McKee Weinschel; and George Weinschel; and all unknown claimants of interest in the premises adverse to Plaintiffs are the Defendants.

The objects and purposes of said suit are to quiet Plaintiffs' interests in and to the contractual working interest and leasehold estate of the following described land situated in Eddy County, New Mexico, to wit:

Township 18 South, Range 25 East, N.M.P.M.

Section 14: W½, SE¼
Section 23: All
Section 34: E½
Section 35: All

Township 19 South, Range 25 East, N.M.P.M.

Section 2: All
 Section 3: NE $\frac{1}{4}$
 Section 11: N $\frac{1}{2}$

(the "Subject Lands") which are located approximately 10 miles south of Artesia, New Mexico, all as more particularly prayed for and set forth in the Complaint for Quiet Title and Affidavit for Constructive Service of Process by Publication on file in said cause.

OF THE FOREGOING please take notice.

HINKLE, HENSLEY, SHANOR & MARTIN, L.L.P.

By: *Elizabeth A. Ryan*
 Andrew J. Cloutier
 Elizabeth A. Ryan
 P. O. Box 10
 Roswell, New Mexico 88202
 (575) 622-6510
 Fax: (575) 623-9332

ATTORNEYS FOR PLAINTIFFS

STATE OF NEW MEXICO)
) ss.
 COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 6th day of July, 2010, by Elizabeth A. Ryan, one of the attorneys for Plaintiffs.

Juan M. Waugh
 Notary Public



RECEPTION NO: 1006686 STATE OF
 NEW MEXICO, COUNTY OF EDDY
 RECORDED 07/08/2010 8:50 AM
 BOOK 0819 PAGE 0476
 DARLENE ROSPRIM, COUNTY CLERK



BOOK 959 PAGE 0326

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ERIC ELLIS

STATE OF NEW MEXICO
COUNTY OF EDDY
FIFTH JUDICIAL DISTRICT COURT

MLH

ARGO ENERGY PARTNERS, LTD., a Texas
limited partnership, et al.,

Plaintiffs,

vs.

No. CV-10-367

ANADARKO E&P CO., LP, a Delaware limited
partnership, et al.,

Defendants.

AMENDED FINAL DECREE IN SUIT TO QUIET TITLE

THIS CAUSE coming on to be heard before the Court, the Plaintiffs being represented by their attorneys, Hinkle, Hensley, Shanor & Martin, L.L.P. (Andrew J. Cloutier), and it appearing to the Court that each and all of the below named Defendants have been served with process as required by law, but that none of said Defendants have entered their appearance or pled herein, and the Clerk of the District Court has issued a Certificate as to State of the Record and Non-Appearance of Defendants against said Defendants herein.

The Court previously entered its Final Decree in Suit to Quiet Title on or about December 28, 2010. As described in Plaintiffs' Motion for Amended Final Decree Nunc Pro Tunc, that Final Decree: (a) contained certain errors in Finding Paragraph 6 in which certain numbers were transposed; and, (b) the Plaintiffs' percentage ownership in certain oil and gas leases in Finding Paragraph 5 were not set forth with complete clarity. This Amended Final Decree is entered to correct those matters.

IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED that each and all of the following Defendants:

JAKE MARBACH
WILL PICK UP

- As a Shareholder of Barranca Production Company, Inc., a dissolved Oklahoma corporation, Hazel Moses, as Trustee of the Testamentary Trust under Will of George Weinschel dated July 3, 1990;
- Bristol Resources 1987-1 Acquisition Program, an Oklahoma join venture;
- Bristol Resources Corporation, an Oklahoma corporation;
- Shuco Investments, a Texas general partnership;
- SL Energy Partners, L.P., a Delaware limited partnership;
- Stanford Petro, Inc., a Texas corporation; and

The unknown heirs of the following deceased persons:

- Charles Don LaSusa, a/k/a C.D. LaSusa;
- Ellowee McKee Weinschel;
- George Weinschel; and

All unknown claimants of interest in the premises adverse to the Plaintiffs; be and the same hereby are, jointly and severally adjudged to be in default and this proceeding may be heard without further notice to said defaulting Defendants.

The following Defendants have executed Stipulations of Interest disclaiming any interest in the contractual working interests and leasehold interests which are the subject of this quiet title suit, and Plaintiffs have voluntarily dismissed them with prejudice:

- Anadarko E&P Co., LP, a Delaware limited partnership;
- As a Shareholder of Barranca Production Company, Inc., a dissolved Oklahoma corporation, Irene P. LaSusa, as Trustee of the Testamentary M2 Residuary Trust under Section V of the Will of Charles Don LaSusa dated June 29, 1994;
- Irene P. LaSusa, individually, and as the Trustee of the Testamentary M2 Residuary Trust under Section V of the Will of Charles Don LaSusa dated June 29, 1994, and as Domiciliary Foreign Personal Representative of the Estate of Charles Don LaSusa, deceased;
- Staghorn Resources, LLC, a New Jersey limited liability company; and
- Tierra Gas, L.C., a Texas limited liability company.

The following Defendants, by their execution and verification of the Amended Complaint filed in this cause, have disclaimed any interest in the contractual working

interests and leasehold interests which are the subject of this quiet title suit except for those interests claimed by them as Plaintiffs:

Dana Sanderson;
Dusty Sanderson; and

The following Defendant has not executed a disclaimer of interest in the contractual working interests and leasehold interests which are the subject of this quiet title suit, but joins in approval and execution of this Final Decree:

Toreador Acquisition Corporation, a Delaware corporation.

THIS MATTER COMING ON FURTHER TO BE HEARD, and the Court having examined the pleadings on file herein and being otherwise fully advised in the premises,

FINDS:

1. The lands involved herein are situated wholly in Eddy County, New Mexico, being more properly described in Paragraphs 3, 4, 7, and 8 below (hereinafter "Subject Properties").
2. The above named Defendants, and each of them, have been duly served with process in accordance with law and by order entered in this case; the time for answering has expired; and none of the above named Defendants have filed an answer, motion, or other responsive pleading herein.

THE RIO PENASCO WORKING INTEREST UNIT

3. The Rio Penasco Working Interest Unit Operating Agreement (hereinafter the "Rio Penasco Agreement") is dated July 1, 1978, recorded in Eddy County Miscellaneous Records Book 170, page 693, between Yates Petroleum Corporation, as operator, and Champlin Petroleum Company, et al., as non-operators, and currently

covers a Shallow Unit Area and a Deep Unit Area in Eddy County, New Mexico, as follows:

Shallow Unit Area: Covering only the oil and gas rights from the surface to a depth of 5,500 feet below the surface of the following lands:

Township 18 South, Range 25 East, N.M.P.M.

Section 34: SE $\frac{1}{4}$

Section 35: E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$

Township 19 South, Range 25 East, N.M.P.M.

Section 2: All

Section 3: NE $\frac{1}{4}$

Section 11: N $\frac{1}{2}$

Containing 1,720 acres, more or less;

Deep Unit Area: Covering the oil and gas rights from a depth of 5,500 feet below the surface to the top of the Mississippian Chester Limestone of the following lands:

Township 18 South, Range 25 East, N.M.P.M.

Section 34: E $\frac{1}{2}$

Section 35: All

Township 19 South, Range 25 East, N.M.P.M.

Section 2: All

Section 3: NE $\frac{1}{4}$

Section 11: N $\frac{1}{2}$

Containing 2,080 acres, more or less.

4. The Rio Penasco Agreement currently embraces certain oil and gas leasehold interests originally owned by Champlin Petroleum Company (and now by the Plaintiffs as to their respective percentages of ownership) and other leasehold interests which are not the subject of this Complaint, limited to oil and gas rights from the above described depths, in and under the following lands and interests in Eddy County, New Mexico:

(a) Lease dated August 18, 1977, recorded in Eddy County Records Book 150, page 373, with Bonnie Morrison, as lessor, and Robert Byron, as lessee, covering an undivided one-half mineral interest in the following lands in Eddy County, New Mexico:

Township 18 South, Range 25 East, N.M.P.M.
Section 35: N $\frac{1}{2}$ NE $\frac{1}{4}$

Containing 80 acres, more or less.

(b) Lease dated August 17, 1977, recorded in Eddy County Records Book 150, page 375, with Bonnie Morrison, as lessor, and Robert Byron, as lessee, covering an undivided 12.5% mineral interest the following described lands in Eddy County, New Mexico:

Township 19 South, Range 25 East, N.M.P.M.
Section 2: SW $\frac{1}{4}$ SW $\frac{1}{4}$

Containing 40 acres, more or less.

(c) Lease dated September 28, 1977, recorded in Eddy County Records Book 151, page 591, with the New Mexico Military Institute, as lessor, and Robert Byron, as lessor, covering an undivided 3.75% mineral interest in the following described lands in Eddy County New Mexico:

Township 19 South, Range 25 East, N.M.P.M.
Section 2: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 11: NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

Containing 160 acres, more or less.

(d) Lease dated September 28, 1977, recorded in Eddy County Records Book 152, page 781, with the Boy Scouts of America, as lessor, and Robert Byron, as lessee, covering an undivided 1.25% mineral interest in the following described lands in Eddy County, New Mexico:

Township 19 South, Range 25 East, N.M.P.M.

Section 2: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 11: NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

Containing 160 acres, more or less.

(e) Lease dated September 28, 1977, recorded in Eddy County Records Book 151, page 592, with New Mexico University Law School, as lessor, and Robert Byron, as lessee, covering an undivided 20% mineral interest in the following described lands in Eddy County, New Mexico:

Township 19 South, Range 25 East, N.M.P.M.

Section 2: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 11: NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

Containing 160 acres, more or less.

5. The leases described in Subparagraphs 4(a) –(e) above are owned by the Plaintiffs in their respective percentages of undivided ownership as follows:

(a) As to the lease described in Subparagraph 4(a) only:

Owner	Undivided Interest
Orion-Smith Oil Properties, Ltd	22.7128750%
Argo Energy Partners, Ltd.	30.2747500%
Dusty Sanderson and his wife Dana Sanderson	7.5686875%
Floyd W. Prather, as his separate property	7.5686875%
DES Acquisition, LLC	31.8750000%

(b) As to the leases described in Subparagraph 4(b)-4(e):

Owner	Undivided Interest
Orion-Smith Oil Properties, Ltd	33.3333334%
Argo Energy Partners, Ltd.	44.4444444%
Dusty Sanderson and his wife Dana Sanderson	11.1111111%
Floyd W. Prather, as his separate property	11.1111111%

6. The Rio Penasco Agreement is a beneficial interest unit operating agreement under which Champlin Petroleum Company originally owned a contractual working interest whereby it bore as to the Shallow Unit, 5.1454% of costs incurred in operations thereunder and was entitled to 5.0859% beneficial percentage of production, and as to the Deep Unit, whereby it bore 4.2406% of costs incurred in operations thereunder and was entitled to 4.2266% beneficial percentage of production. The Plaintiffs are now the owners of 100% of the contractual working interest of Champlin Petroleum Company under the Rio Penasco Agreement, which includes interest in the Gushwa DR #3 well, Rio Penasco OJ Com #1 well, Rio Penasco KD Com #1 well, Rio Penasco KD Com #2 well, Rio Penasco KD Com #3 well, Rio Penasco JX Com #1 well, Rio Penasco JX Com #2 well, Rio Penasco RT Com #1 well, Rio Penasco MF Fed Com #1, Rio Penasco MF Com #2 well, Scout EH Fed #3 well, and the Scout EH Fed #6 well in the following percentage interests:

DEEP UNIT:

<i>Interest Owner</i>	<i>Percentage of Costs</i>	<i>Beneficial Percentage of Production</i>
Orion-Smith Oil Properties, Ltd.	1.201383%	1.197417%
Argo Energy Partners, Ltd.	1.602205%	1.596915%
Dusty Sanderson, and his wife Dana Sanderson	0.400461%	0.399139%
Floyd W. Prather, as his separate property	0.400461%	0.399139%
DES Acquisition, LLC*	0.636090%*	0.633990%*

SHALLOW UNIT:

<i>Interest Owner</i>	<i>Percentage of Costs</i>	<i>Beneficial Percentage of Production</i>
Orion-Smith Oil Properties, Ltd.	1.457718%	1.440861%
Argo Energy Partners, Ltd.	1.944061%	1.921580%
Dusty Sanderson, and his wife Dana Sanderson	0.485906%	0.480287%
Floyd W. Prather, as his separate property	0.485905%	0.480287%
DES Acquisition, LLC*	0.771810%*	0.762885%*

*This owner does not own a contractual working interest in the following wells: Rio Penasco KD #3 well, Rio Penasco KD Com #2 well, and the Rio Penasco OJ Com #1 well.

THE NORTH PENASCO WORKING INTEREST UNIT

7. The North Penasco Working Interest Unit Operating Agreement (hereinafter the "North Penasco Agreement") is dated January 12, 1979, recorded in the Miscellaneous Records of Eddy County, New Mexico, Book 180, page 167, between Yates Petroleum Corporation, as operator, and Champlin Petroleum Company, et al., as non-operators, and covered a Shallow Unit Area and a Deep Unit Area in Eddy County, New Mexico, on the following lands and depths:

Township 18 South, Range 25 East, N.M.P.M.

Section 14: W $\frac{1}{2}$, SE $\frac{1}{4}$

Section 23: All

Containing 1,120 acres, more or less;

Shallow Unit Area: Covering the oil and gas rights from the surface to a depth of 5,500 feet below the surface.

Deep Unit Area: Covering the oil and gas rights from a depth of 5,500 feet below the surface to the top of the Mississippian Chester Limestone.

8. The North Penasco Agreement currently embraces certain oil and gas leasehold interests originally owned by Champlin Petroleum Company (and now by the Plaintiffs as to their respective percentages of ownership) and other leasehold interests

which are not the subject of this Complaint, limited to oil and gas rights from the above described depths, in and under the following lands and interests in Eddy County, New Mexico:

(a) Lease dated June 10, 1977, recorded in Eddy County Records Book 148, page 346, with Dorothy Smith, as lessor, and Robert P. Byron, as lessee, covering an undivided one-half mineral interest in the following described lands in Eddy County, New Mexico:

Township 18 South, Range 25 East, N.M.P.M.
Section 23: SW¼

Containing 160 acres, more or less.

(b) Lease dated June 10, 1977, recorded in Eddy County Records Book 148, page 348, with Wilma Conner, as lessor, and Robert P. Byron, as lessee, covering an undivided one-half mineral interest in the following described lands in Eddy County, New Mexico:

Township 18 South, Range 25 East, N.M.P.M.
Section 23: SW¼

Containing 160 acres, more or less.

9. The leases described in Subparagraphs 8(a) –(b) above are owned by the Plaintiffs in their respective percentages of undivided ownership as follows:

<u>Leasehold Interest Owner</u>	<u>Undivided Ownership Interest</u>
Orion-Smith Oil Properties, Ltd.	28.3390%
Argo Energy Partners, Ltd.	37.7740%
Dusty Sanderson, and his wife Dana Sanderson	9.4435%
Floyd W. Prather, as his separate property	9.4435%

10. The North Penasco Agreement is a working interest unit operating agreement under which Champlin Petroleum originally owned a contractual working

interest whereby it bore 18.8051% of costs incurred in operations thereunder and was entitled to 18.8051% percentage of production in both the Shallow and Deep Units and both before and after payout of initial wells and subsequent wells. The Plaintiffs are now the owners of 85% of the contractual working interest of Champlin Petroleum Company under the North Penasco Agreement, which includes Interest in the Upham KN #1 well and the Connor RR #1 well in the following percentage of interests:

<i>Interest Owner</i>	<i>Percentage of Costs</i>	<i>Percentage of Production</i>
Orion-Smith Oil Properties, Ltd.	5.328112%	5.328112%
Argo Energy Partners, Ltd.	7.104149%	7.104149%
Dusty Sanderson, and his wife Dana Sanderson	1.776037%	1.776037%
Floyd W. Prather, as his separate property	1.776037%	1.776037%

**BASED UPON THE ABOVE FINDINGS OF FACT, THE COURT CONCLUDES
AS A MATTER OF LAW:**

1. The Court has jurisdiction of the parties and the subject matter hereof.
2. Plaintiffs are entitled to a decree quieting title to their respective interests and estates in and to the undivided interests in leaseholds and contractual interests in the oil, gas, and other minerals in, under, and that may be produced from the Subject Properties, as described in Paragraphs 3, 4, 7, and 8 above, against the above named Defendants effective as of December 28, 2010.

THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED that the respective interests and estates of Plaintiffs in and to the undivided interests in leaseholds and contractual interests in the oil, gas, and other minerals in, under, and that may be produced from the Subject Properties, as described in Paragraphs 3, 4, 7, and 8 above, be established against the adverse claims of the above named

BOOK 759 PAGE 0330

Defendants, and each of them; and that said Defendants, and each of them, and all persons claiming by, through or under them, are forever barred and estopped from having or claiming any lien upon, right to, or title to the respective interests of Plaintiffs in and to said undivided leasehold and contractual interests be, and the same hereby are, forever quieted and set at rest.


HONORABLE RAY ROMERO,
FIFTH JUDICIAL DISTRICT JUDGE

SUBMITTED BY:

HINKLE, HENSLEY, SHANOR & MARTIN, LLP

By:


Andrew J. Cloutier
P.O. Box 10
Roswell, New Mexico 88202
(575) 622-6510 - Telephone
(575) 623-9332 - Facsimile

Attorneys for Plaintiffs

APPROVED BY:

TOREADOR ACQUISITION CORPORATION

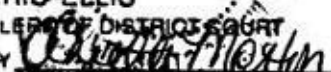
By:

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John S. Nelson
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Roswell, New Mexico 88202
(575) 622-6221 - Telephone
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Attorney for Defendant Toreador Acquisition Corporation

Amended Final Decree to Quiet Title

11

I HEREBY CERTIFY THE
ABOVE IS A TRUE AND CORRECT
COPY OF THE ORIGINAL FILED
ON November 18, 2013
WITH ME AND SEAL THIS
November 20, 2013
ERIC ELLIS
CLERK OF DISTRICT COURT
BY  DEPUTY



RECEPTION NO: 1312809 STATE OF
NEW MEXICO, COUNTY OF EDDY
RECORDED 11/20/2013 3:41 PM
BOOK 0959 PAGE 0326
DARLENE ROSPRIM, COUNTY CLERK

ASSIGNMENT, BILL OF SALE, AND CONVEYANCE

STATE OF NEW MEXICO }
 }
 COUNTY OF EDDY }

THIS Assignment, Bill of sale and Conveyance, Effective Date as of 7:00 a.m. Local time, the 26th day of November, 2018, is by and between **Wildcat Energy LLC** a Texas corporation, with its principal office at P.O. BOX 13323, ODESSA, T.X. 79768, (hereinafter referred to as "Assignor"), and **American Energy Resources LLC** a New Mexico Company (hereinafter referred to as "Assignee").

KNOW ALL MEN BY THESE PRESENTS:

THAT, ASSIGNOR, is now the owner of certain undivided interests in the oil, gas and mineral leasehold interests and other property and interests described in Exhibit "A" attached hereto, and made a part hereof (said leasehold interests and other property and interests described in Exhibit "A" hereto being sometimes collectively referred to herein as the "Properties");and,

THAT, ASSIGNOR, for and in consideration of the sum of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby TRANSFER, GRANT, BARGAIN, SELL, and CONVEY unto ASSIGNEE, all of ASSIGNOR'S right, title and interest in and to the leasehold interests described in Exhibit "A", together with all of ASSIGNOR'S property and rights incident thereto, and included all of ASSIGNOR'S rights in, to and under all agreements, leases, permits, easements, licenses and orders in any way related thereto, and included pooled and unitized areas, and other interests and lands to which they pertain; and all ASSIGNOR'S undivided interests in and to all of the personal property, fixtures, equipment, wells, machinery, tubular goods, supplies, pumps, compressors, pumping units, engines, meters, appliances, gathering lines, field gathering systems, and all other improvements now thereon, appurtenant thereto or used or obtained in connection therewith or with production, treating, sale or transportation of hydrocarbons and other minerals produced therefrom or attributable thereto, and all appurtenances thereunto belonging and all severed crude oil, natural gas, casing head gas, drip gasoline, natural gasoline, petroleum, natural gas liquids, condensate, products, liquids and other hydrocarbons and other minerals or materials of every kind and description produced from the property described in Exhibit "A" and sold on or after the Effective Date (collectively, the "Hydrocarbons").

TO HAVE AND TO HOLD the interests assigned hereby (the " interests") unto said ASSIGNEE, its successors and assigns forever, subject to the exceptions and reservations herein contained and subject to and in accordance with the provisions and covenants of this and other instruments as provided herein.

ASSIGNOR hereby agrees to warrant and defend the Interests assigned hereby unto said ASSIGNEE, its successors and assigns, against lawful claims and demands of all persons whomsoever claiming, or to claim, by, through or under ASSIGNOR only, but not otherwise.

ASSIGNOR warrants that, at the time of closing, to the best of ASSIGNOR'S knowledge and belief, the Interests will be free and clear of all liens, encumbrances and debts and are not now subject to any litigation or adverse claim, except for (i) operators' and working interest owners' liens and security interests created under operating agreements and (ii) undetermined or inchoate liens and charges constituting and securing the payment or costs incident to the development, production or operation of the Properties.

To the extent the Interests assigned hereby constitute personal property, equipment or fixtures, such property is assigned to ASSIGNEE "AS IS", WHERE IS" and without any warranty or representation of any kind or character, either express implied. WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES ANY WARRANTY AS TO MOVABLE OR PERSONAL PROPERTY AND FIXTURES AND ASSIGNEE HEREBY WAIVES ALL WARRANTIES, IMPLIED OR EXPRESS, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, CONDITION, OR OF CONFORMITY TO MODELS OR SAMPLES OF MATERIAL. This Assignment is made with full substitution and subrogation in and to any and all rights or actions or warranty which ASSIGNOR may now or hereinafter have or hold.

This Assignment, Bill of Sale and Conveyance is made and accepted subject to the following defined "Permitted Encumbrances", which shall mean any of the following matters:

- (I) the terms, conditions, restrictions, exceptions, reservations, limitations and other matters contained in the agreements, instruments and documents (A) that create or reserve to ASSIGNOR its interests in any of the Properties or (B) that are listed in this Assignment or in any schedule or exhibit to this Assignment;
- (ii) any (A) undetermined or inchoate liens or charges constituting or securing the payment of expenses that were incurred incidental to maintenance, development, production, or operation of the Properties for the purpose of developing, producing or processing Hydrocarbons therefrom or therein and (B) materialman's,



mechanic's, repairman's, employees', contractors', operator' or similar liens or charges for liquidated amounts arising in the ordinary course of business;

- (iii) any liens for taxes and assessments not yet delinquent or, if delinquent, that are being contested in good faith in the normal course of business;
- (iv) any liens or security interests created by law or reserved in oil and gas leases for royalty, bonus or rental or for compliance with the terms of the Interests;
- (v) any obligations or duties affecting the Interests to any municipality or public authority with respect to any franchise, grant, license, or permit, and applicable laws, rules and orders of governmental authority;
- (vi) (A) easements, rights-of-way, servitudes, permits, surface leases and other rights in respect of surface operations, pipelines, grazing, hunting, fishing, logging, canals, ditches, reservoirs, or the like, or (B) easements for streets, alleys, highways, pipelines, telephone lines, power lines, railways and other similar rights-of-ways, on, over, or in respect of property owned or leased by ASSIGNOR or over which ASSIGNOR owns right-of-ways, easements, permits, or licenses, to the extent such matters, individually or in the aggregate, do not interfere materially with oil and gas operations on the Interests;
- (vii) all lessors' royalties, overriding royalties, net profits interests, carried interests, reversionary interests and other burdens;
- (viii) preferential rights to purchase and required third party consents to assignments and similar agreements (A) that are not applicable to the sale provided by this Assignment or (B) with respect to which waivers or consents have been obtained from the appropriate parties with respect to the sale provided by this Assignment;
- (ix) all rights to consent by, required notices to, filings with, or other actions by governmental entities in connection with the sale or conveyance of oil and gas leases or interests therein if the same are customarily obtained contemporaneously with or subsequent to such sale or conveyance;
- (x) production sales contracts, division orders contracts for sale, purchase, exchange, refining, or processing of hydrocarbons, unitization and pooling designations, declaration, orders and agreements, operating agreements, agreements of development, area of mutual interest agreements, gas balancing or deferred production agreements, processing agreements, plant agreements, pipeline, gathering and transportation agreements, injection, repressuring and recycling agreements, carbon dioxide purchase or sale agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, and other agreements which are customary in the oil, gas and other mineral exploration, development or extraction business or in the business or processing of gas and gas condensate production for the extraction of products therefrom.

By ASSIGNEE'S acceptance of this Assignment, ASSIGNEE assumes and agrees to keep and perform the obligations of ASSIGNOR (to the extent the same are binding upon ASSIGNOR) under the Permitted Encumbrances which accrue from and after this Effective Date.

ASSIGNEE assumes the sole obligation, to the extent of all of ASSIGNOR'S interest only, to plug and abandon the wells located on said property and leases, and to restore all surface locations, in compliance with the rules and regulations now and hereafter effective in the County and State in which the property is located and hereby agrees to indemnify and hold ASSIGNOR harmless from any and all liabilities, cost and expense incurred in such operations.

All of the provisions hereof shall insure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

This Assignment may be executed in any number of duplicate originals, and each duplicate original hereof shall be deemed to be an original instrument, but all such duplicate originals shall constitute but one assignment.

EXECUTED this 26th day of November, 2018, Effective Date as of 7:00 a.m. Local time on the date above first written.

ASSIGNOR:
Wildcat Energy LLC

Witness: 

By: 

Title: President

EXHIBIT "A"

Attached to and made a part of that certain ASSIGNMENT, BILL OF
SALE AND CONVEYANCE, effective May 1, 2000.

STATE: NEW MEXICO
COUNTY: EDDY
WELL NAME: RIO PENASCO KD #3
LOCATION: S11,T19S,R25E

<u>LESSOR</u>	<u>LESSEE</u>	<u>DATE</u>	<u>Recording Data</u>		<u>Description of Property</u>	<u>Footnote</u>
			<u>Book/Page</u>			
Bonnie Morrison	Robert Byron	08-17-77	150/375		SWSW Section 2-19S-25E	1,2
NM Military Institute	Robert Byron	09-28-77	151/591		SWSW Section 2-19S-25E	1,2
Boy Scouts of America	Robert Byron	09-28-77	152/781		NWNE, N/2 NW Section 11 and SW SW Section 2-19S-25E	1,2
New Mexico Univ. Law School	Robert Byron	09-28-77	151/592		NWNE, N/2 NW Section 11 and SW SW Section 2-19S-25E	1,2

FOOTNOTE REFERENCES:

- 1) Subject to Operating Agreement dated 07-01-78 between Yates Petroleum Corporation (Operator) and Champlin Petroleum Company et al (Non-Operators), called the Rio Penasco WI Unit.
- 2) Subject to Communitization Agreement dated 12-28-79 between Yates Petroleum Corporation, Champlin Petroleum Company et al (Non-Operators) covering N/2, Section 2.

ASSIGNEE:

American Energy Resources LLC

Witness: JP Samaniego

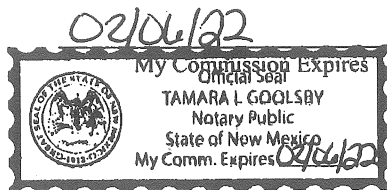
President _____

By: [Signature]
Title: Owner

ACKNOWLEDGMENTS

STATE OF New Mexico
COUNTY OF Lea

This instrument was acknowledged before me on November 26th, 2018,
By Roger Becker President of Wildcat Energy LLC



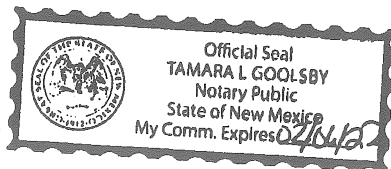
[Signature]
Notary Public

ACKNOWLEDGMENTS

STATE OF New Mexico
COUNTY OF Lea

This instrument was acknowledged before me on November 26th, 2018,
By Jonathan Samaniego President of American Energy Resources LLC

02/06/22
My Commission Expires



[Signature]
Notary Public