

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

**IN THE CONSIDERATION OF THE FOLLOWING MATTER
BY THE OIL CONSERVATION COMMISSION:**

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

**OCD Case No. 25166
Order No. 23961
OCC Case No. 25700**

**APPLICATIONS OF ALPHA ENERGY
PARTNERS II, LLC, FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

**OCD Case No. 25496
Order Nos. 23989
OCC Case Nos. 25700**

MOTION FOR SUMMARY JUDGMENT

Alpha Energy Partners II, LLC, an affiliate AEP II Operating, LLC (collectively referred to as “Alpha”) through its undersigned attorneys, submits to the Oil Conservation Commission (“Commission” or “OCC”) this Motion for Summary Judgment (“Motion”) in the above-referenced cases, which should be granted on the basis that Alpha, in good faith, satisfied the negotiation requirements under the New Mexico Oil and Gas Act (“OGA”) and Statewide Rules with respect to its interactions with Warren and Lillie Anderson (“Anderson”), owners of a small 0.275482 net mineral acres in Sections 17 and 18, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (“Subject Lands”). In support of its Motion, Alpha states the following:

1. Summary judgment is proper where no genuine issues of material fact exist, and the movant is entitled to judgment as a matter of law. *Carrillo v. My Way Holdings, LLC*, 2017-NMCA-024, ¶24, 389 P.3d 1087. The movant has the initial burden of making a prima facie case

showing that it is entitled to summary judgment, which constitutes 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.N. 317, 242 P.3d 280. Once the movant establishes this prima facie case, the burden shifts to the non-movant party to demonstrate the existence of specific evidentiary facts which would require a hearing on the merits. *Kreutzer v. Aldo Leopold High Sch.*, 2018-NMCA-005, ¶27, 408 P.3d 930. When attempting to meet this burden, the non-movant cannot rely on allegations or speculation but must present admissible evidence demonstrating the existence of a genuine issue of material fact. *Id.* If the non-movant fails to do so, summary judgment shall be entered against the non-movant party. *Id.*

2. Anderson's Application for a Hearing *De Novo* ("Application") indicates that Anderson did not agree to the offers made by Alpha during the negotiations prior to the filing of an application for compulsory pooling, specifically Anderson was not satisfied with the use of the standard 1989 AAPL form, as amended, referenced in the well proposal sent to Anderson as the basis for entering a voluntary agreement, claiming its terms are not fair as an alternative to being force pooled. See Anderson's Application, pp. 1 and 2. Thus, the basis of Anderson's appeal is that Alpha did not engage in "good faith" negotiations with Anderson prior to filing its application for compulsory pooling in Case Nos. 25166 and 25496 ("Subject Cases").

3. Under the OGA, requesting the Division to use its police powers to force pool uncommitted interests in a unit is predicated on owners not being able to reach an agreement to pool the interests. See NMSA 1978 § 70-2-17.C. Thus, the Division's statewide rules require written evidence of the applicant's attempts to gain voluntary agreement with owners. See 19.15.4.12.A(1)(b)(vi) NMAC.

4. The Oil Conservation Commission (“Commission” or “OCC”) has ruled on what satisfies as a matter of law good-faith negotiations under 19.15.4.12.A(1)(b)(vi) NMAC as a condition for force pooling an owner’s interest. *See* OCC Order No. R-21679-C, at ¶¶ 102-106. To satisfy the requirements, Alpha only needs to provide an owner with a well proposal in which it requests the owner to enter a voluntary agreement, which is the primary requirement, and after that is satisfied, a single follow-up email exchange responding to at least one question, satisfies the negotiation requirement under the OGA. *See id.*

5. In New Mexico, there is no statutory or regulatory requirement to reach an agreement or to offer any particular value or amount for the uncommitted interest, including no requirement to offer or pay fair market value, or to provide any specific form of operating agreement for a voluntary agreement. An applicant or operator is free to offer a party any form of operating agreement it sees fit for operations, and Alpha referenced Anderson reference an amended form of the standard 1989 AAPL operating agreement in the well proposal. At no time during the negotiations did Anderson propose any revised or amended language to the operating agreement for Alpha’s review and consideration. *See* John Coffman’s Self-Affirmed Statement attached hereto as Exhibit 3. Furthermore, Anderson owns a small 0.275482 net acres that is currently unleased, and the OGA provides only a 1/8 royalty to owners and no bonus when their unleased interest is force pooled. *See* § 70-2-17.C. This statutory amount indicates what the state legislature considers to be fair and reasonable compensation.

6. On April 22, 2025, pursuant to 19.15.4.12.A(1)(a) NMAC, Alpha sent a well proposal to Bobby W. Anderson, the owner of record of the Subject Lands, and then when Alpha discovered that Warren and Lillie Anderson were the direct heirs of Bobby W. Anderson, Alpha sent Warren and Lillie Anderson the well proposal on June 23, 2025. *See* copies of the two well

proposals attached hereto as Exhibit 1. Furthermore, after sending the well proposal, Alpha had approximately twenty-three (23) email exchanges with Anderson during its good-faith efforts to reach a voluntary agreement pursuant to 19.15.4.12.A(1)(b)(vi) NMAC. *See* copies of the emails attached hereto as Exhibit 2. During negotiations, Alpha offered Anderson a 25% royalty to lease their acreage, which is twice as much as the amount provided by the pooling statute. In addition, Alpha offered Anderson a \$5000 signing bonus, which according to Alpha's estimation, is approximately \$850 more than fair market value. Anderson refused this offer which was their prerogative as a party to the negotiations, but an owner not liking an offer or the terms of an operating agreement does not mean the offer or the negotiations leading to the offer and terms were made or conducted in bad faith. Clearly, based on the facts provided herein, Alpha satisfied as a matter of law all the requirements for good faith negotiations established by the Commission in OCC Order No. R-21679-C, at ¶¶ 102-106, which is the OCC's seminal order establishing the requirements for good faith negotiations prior to a compulsory pooling.

7. Thus, based on the established facts taken in light most favorable to Anderson—(1) Alpha sent Anderson a valid well proposal inviting Anderson to enter into voluntary agreement; (2) Alpha sent Anderson an appropriate operating agreement form, a standard 1989 APPL agreement amended to meet the operational needs of Alpha's development plan and invited Anderson to enter into the voluntary agreement; (3) Alpha sent Anderson numerous emails that addressed all of Anderson's questions during the negotiations; and (4) Alpha provided Anderson with a generous offer that exceeded fair market value—Alpha respectfully requests that the Commission find and conclude as a matter of law that Alpha satisfied the negotiation requirements under the OGA and its rules and did so in good faith.

8. Alpha presumes Anderson opposes this Motion.

9. **Conclusion:** For the reasons stated above, Alpha respectfully requests that the Commission grant Alpha's Motion for Summary Judgment on the basis that there is no genuine material fact at issue in the present case, and that Alpha is therefore entitled to judgment as a matter of law.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ *Darin C. Savage*

Darin C. Savage

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William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
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andrew@abadieschill.com
bill@abadieschill.com

***Attorneys for Alpha Energy Partners II, LLC, and
AEP II Operating, LLC***

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record, or designated representative, via electronic mail on October 21, 2025:

Warren Anderson and Lillie Anderson – warzulu91@gmail.com
Self-Represented

Adam G. Rankin – agrankin@hollandhart.com
Paula M. Vance – pmvance@hollandhart.com
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Sarvis Rockmont Permian Land Fund, LLC***

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Attorneys for ConocoPhillips Company

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Earl E. DeBrine, Jr. – earl.debrine@modrall.com
Attorneys for The City of Carlsbad
Attorneys for Magnum Hunter Production and
Coterra Energy, Inc.

Jonathan Samaniego – energy.jrs@gmail.com
Representative for American Energy Resources LLC

/s/ Darin C. Savage
Darin C. Savage

ALPHA

P.O. Box 10701, Midland, Texas 79702

April 22, 2025

Bobby W. Anderson
1301 Forest Ave
Pasadena, CA 91103

Re: Hollywood Star Fee Well Proposals
Hollywood Star 17-18 Fee Com 503H
Hollywood Star 17-18 Fee Com 553H

S2N2 of Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico.

To Whom it May Concern,

Alpha Energy Partners II, LLC ("AEP II"), on behalf of Paloma Permian AssetCo ("Paloma"), as Operator, hereby proposes the drilling of the following wells located within Section 17, Township 22 South, Range 27 East and Section 18, Township 22 South, Range 27 East, to the Bone Spring Formations:

WELL NAME	SHL	BHL	FTP	LTP	TVD	TMD	FORMATION
Hollywood Star Fee 17-18 503H	2,432' FSL & 372' FWL of 16-22S-27E	1,980' FNL & 50' FWL of 18-22S-27E	1,980' FNL & 100' FEL of 17-22S-27E	1,980' FNL & 100' FWL 18-22S-27E	7,140'	17,400'	2 nd Bone Spring
Hollywood Star Fee 17-18 553H	2,394' FSL & 372' FWL of 16-22S- 27E	1,980' FNL & 50' FWL of 18-22S-27E	1,980' FNL & 100' FEL of 17-22S-27E	1,980' FNL & 100' FWL 18-22S-27E	7,860'	18,150'	3 rd Bone Spring

AEP II reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. AEP II will advise you of any such modifications.

AEP II is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement which will promptly be provided upon request. The Operating Agreement dated May 1, 2024, by and between Paloma Permian AssetCo, as Operator and covers Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico, and has the following general provisions: (JOA will be supplied upon request/participation)

- 100/300/300 Non-consenting penalty
- \$10,000/\$1,000 Drilling and Producing rate
- Paloma Permian AssetCo, LLC named as Operator

If you do not wish to participate in the Operation, AEP would like to discuss the Leasing or Purchase of your mineral interest to AEP under the following terms:

Lease:

- \$6,000/acre lease bonus;
- 1/4th royalty rate;
- 3 year primary term, with 2 year option to extend, Paid Up;

EXHIBIT
1

In the interest of time, if we do not reach an agreement within 30 days of the date of this letter, AEP II will apply to the New Mexico Oil Conservations Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

If you do not wish to lease or sell your mineral interest, please indicate your participation elections in the spaces provided below, sign, and return (1) copy of this letter along with a signed copy of the enclosed AFEs and a copy of your geologic requirements to my attention at the letterhead address or by email at john@alphapermian.com. Thank you for your time and consideration, feel free to reach out if you have any questions.

Respectfully,

John Coffman
Alpha Energy Partners II, LLC
Office: 508 W. Wall St., 12th Floor, Midland, Texas 79701
Mailing: P.O. Box 10701, Midland, Texas 79702
(O) 432-219-8853 (email) john@alphapermian.com

[Elections on page to follow]

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____ I/We hereby elect **not** to participate in **Hollywood Star 17-18 Fee 503H**

____ I/We hereby elect to participate in **Hollywood Star 17-18 Fee 553H**
____ I/We hereby elect **not** to participate in **Hollywood Star 17-18 Fee 553H**

Name/Company: _____

By: _____

Title: _____

Date: _____

ALPHA

P.O. Box 10701, Midland, Texas 79702

June 23, 2025

Lillie and Warren Anderson
1301 Forest Ave
Pasadena, CA 91103

Re: Hollywood Star Fee Well Proposals
Hollywood Star 17-18 Fee Com 503H
Hollywood Star 17-18 Fee Com 553H

S2N2 of Section 17 and Section 18 of Township 22 South, Range 27 East, Eddy County, New Mexico.

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- 100/300/300 Non-consenting penalty
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If you do not wish to participate in the Operation, AEP would like to discuss the Leasing or Purchase of your mineral interest to AEP under the following terms:

Lease:

- \$6,000/acre lease bonus;
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In the interest of time, if we do not reach an agreement within 30 days of the date of this letter, AEP II will apply to the New Mexico Oil Conservations Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

If you do not wish to lease or sell your mineral interest, please indicate your participation elections in the spaces provided below, sign, and return (1) copy of this letter along with a signed copy of the enclosed AFEs and a copy of your geologic requirements to my attention at the letterhead address or by email at john@alphapermian.com. Thank you for your time and consideration, feel free to reach out if you have any questions.

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Office: 508 W. Wall St., 12th Floor, Midland, Texas 79701
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____ I/We hereby elect **not** to participate in **Hollywood Star 17-18 Fee 553H**

Name/Company: _____

By: _____

Title: _____

Date: _____

AUTHORITY FOR EXPENDITURE
WELL COST ESTIMATE

		AFE #		0		0		DATE		5/15/2025	
WELL NAME & NUMBER		PROPOSED DEPTH (ft)		PROJECT						PROSPECT	
Hollywood Star 17-18 Fee 503H		17,800		Alpha						2BSS	
OPERATOR		COUNTY OR PARISH		STATE		LEGAL LOCATION (SEC / TOWNSHIP / RANGE)					
Paloma Permian, LLC		Eddy		NM		17 & 18-22S-32E					
OBJECTIVE: 10000' Lateral - 8 well pad											
REMARKS: Drilling Wolfcamp 8:(X/Y) &4:(A) - 6 well pads & 1 Facility Pad Completions 60 Stages - Plug & Perf Production 2 3/8 in Tubing with Gas Lift Valves											

INTANGIBLES	CODE	DRILLING	CODE	COMPLETION	CODE	FACILITIES	TOTAL
		\$		\$		\$	
DRILLING RIG - TURNKEY	310/1	-					-
DRILLING RIG - DAY WORK	310/3	615,000					615,000
COMPLETION RIG / WORKOVER / CTU / SNUBBING			410/1	200,000			200,000
RIG MOBILIZATION & DEMOBILIZATION	310/4	87,500					87,500
LAND & LEGAL (Land Brokerage, Title, Etc.)	310/5	285,714	410/6	5,000			290,714
SURFACE USE AGREEMENT (SUA Payment)	310/5.5	165,000					165,000
PERMITS	310/6	50,000	410/6	5,000			55,000
SITE COSTS	310/7	12,500	410/8	-			12,500
DRILLING FLUID (Mud, Water, Completion Fluid & Equipment Rentals)	310/11	171,500	410/10	-			171,500
FUEL & POWER	310/15	206,250	410/11	-			206,250
CEMENTING (Cement, Cementing Services & Cementing Equipment)	310/17	260,000	410/13	-			260,000
DRILL BITS	310/20	91,000					91,000
DOWNHOLE RENTALS	310/22	163,250	410/18	66,300			229,550
SURFACE RENTALS	310/23	66,750	410/19	128,525	510/6	15,000	210,275
FLOWBACK RENTALS			410/20	41,800			41,800
GEOLOGIC EVALUATION	310/26	15,600					15,600
CASED HOLE LOGGING & PERFORATING			410/21	310,000			310,000
FORMATION STIMULATION			411/1	2,400,000			2,400,000
WATER	310/12	11,700	411/2	456,000			467,700
TRANSPORTATION	310/16	14,500	410/25	20,000			34,500
DIRECTIONAL DRILLING SERVICES	310/35	310,050					310,050
CASING (OR TUBING) CREWS & EQUIPMENT	310/38	55,000	410/27	15,000			70,000
TUBULAR SERVICES (Cleaning, Inspection & Testing)	310/39	28,000	410/28	7,500			35,500
LABOR & MISCELLANEOUS SERVICES	310/40	74,000	410/30	15,000	510/1	30,000	119,000
INSURANCE	310/21	7,120					7,120
OFFICE SUPERVISION	310/43	10,000	410/34	-			10,000
FIELD SUPERVISION / CONTRACT ENGINEERING	310/44	110,500	410/35	125,600	510/3	63,000	299,100
INSTALL PRODUCTION FACILITY			410/43	-	510/2	50,000	50,000
ADMINISTRATIVE OVERHEAD	310/45	10,000	410/36	-			10,000
ABANDONMENT EXPENSE	310/46	-	410/37	-			-
FLUID DISPOSAL	310/32	88,699	410/44	50,000			138,699
MISCELLANEOUS COSTS & CONTINGENCIES (5%)	310/47	436,445	410/38	576,109	510/9	7,900	1,020,454
TOTAL INTANGIBLES		\$ 3,346,078		\$ 4,421,834		\$ 165,900	\$ 7,933,811

TANGIBLES	CODE	DRILLING	CODE	COMPLETION	CODE	FACILITIES	TOTAL
		\$		\$		\$	
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	THREAD	\$/FT	
DRIVE PIPE	-	-	-	-	-	-	312/1
CONDUCTOR	80	20	-	-	-	250	312/2
SURFACE	670	13	55	J55	BTC	40	312/3
INTERMEDIATE	3,200	10	40	P110ICY	BTC	35	312/4
DRILLING LINER	-	-	-	-	-	-	312/5
PRODUCTION	17,800	5 1/2	20	P110ICY	TXP	30	312/9
PRODUCTION LINER	-	-	-	-	-	-	312/10
TUBING	7,600	2 3/8	4.70	L-80	8rd EUE	\$ 5	
WELLHEAD EQUIPMENT							312/6
SUBSURFACE EQUIPMENT (Packers, Tubing Anchors, Etc.)							412/43
PRODUCTION EQUIPMENT (Tanks, Separators, Heaters, Dehydrators, Meters, Etc.)							412/45
ARTIFICIAL LIFT EQUIPMENT (Pumping Unit, Rods, Rod Pump, Etc.)							312/8
FLOWLINES & PIPELINES & UTILITY (Including Rights-Of-Way)							412/52
MISCELLANEOUS WELL EQUIPMENT							412/53
TOTAL TANGIBLES							412/57
		\$ 732,800		\$ 73,000		\$ 259,000	\$ 1,064,800

TOTAL WELL COSTS	DRILLING	COMPLETION	FACILITIES	TOTAL
	\$ 4,078,878	\$ 4,494,834	\$ 424,900	\$ 8,998,611

Prepared by:	Ross Hayes	VP - Drilling and Completions
Approved by:	Ross Hayes	VP - Operations

AUTHORITY FOR EXPENDITURE
WELL COST ESTIMATE

		AFE #		0		0		DATE		5/15/2025	
WELL NAME & NUMBER		PROPOSED DEPTH (ft)		PROJECT						PROSPECT	
Hollywood Star 17-18 Fee 553H		18,550		Alpha						Harkey	
OPERATOR		COUNTY OR PARISH		STATE		LEGAL LOCATION (SEC / TOWNSHIP / RANGE)					
Paloma Permain, LLC		Eddy		NM		17 & 18-22S-27E					
OBJECTIVE: 10000' Lateral - 8 well pad											
REMARKS: <u>Drilling</u> Wolfcamp 8:(X/Y) &4:(A) - 6 well pads & 1 Facility Pad <u>Completions</u> 60 Stages - Plug & Perf <u>Production</u> 2 3/8 in Tubing with Gas Lift Valves											

INTANGIBLES		DRILLING		COMPLETION		FACILITIES		TOTAL
		CODE	\$	CODE	\$	CODE	\$	
DRILLING RIG - TURNKEY		310/1	-					-
DRILLING RIG - DAY WORK	#REF! days	310/3	645,000					645,000
COMPLETION RIG / WORKOVER / CTU / SNUBBING				410/1	200,000			200,000
RIG MOBILIZATION & DEMOBILIZATION		310/4	87,500					87,500
LAND & LEGAL (Land Brokerage, Title, Etc.)		310/5	285,714	410/6	5,000			290,714
SURFACE USE AGREEMENT (SUA Payment)		310/5.5	165,000					165,000
PERMITS		310/6	50,000	410/6	5,000			55,000
SITE COSTS		310/7	12,500	410/8	-			12,500
DRILLING FLUID (Mud, Water, Completion Fluid & Equipment Rentals)		310/11	181,500	410/10	-			181,500
FUEL & POWER		310/15	216,750	410/11	-			216,750
CEMENTING (Cement, Cementing Services & Cementing Equipment)		310/17	260,000	410/13	-			260,000
DRILL BITS		310/20	91,000					91,000
DOWNHOLE RENTALS		310/22	173,250	410/18	66,300			239,550
SURFACE RENTALS		310/23	69,750	410/19	128,525	510/6	15,000	213,275
FLOWBACK RENTALS				410/20	41,800			41,800
GEOLOGIC EVALUATION		310/26	16,800					16,800
CASED HOLE LOGGING & PERFORATING				410/21	310,000			310,000
FORMATION STIMULATION				411/1	2,400,000			2,400,000
WATER		310/12	12,200	411/2	456,000			468,200
TRANSPORTATION		310/16	14,500	410/25	20,000			34,500
DIRECTIONAL DRILLING SERVICES		310/35	327,650					327,650
CASING (OR TUBING) CREWS & EQUIPMENT		310/38	55,000	410/27	15,000			70,000
TUBULAR SERVICES (Cleaning, Inspection & Testing)		310/39	28,000	410/28	7,500			35,500
LABOR & MISCELLANEOUS SERVICES		310/40	76,000	410/30	15,000	510/1	30,000	121,000
INSURANCE		310/21	7,420					7,420
OFFICE SUPERVISION		310/43	10,000	410/34	-			10,000
FIELD SUPERVISION / CONTRACT ENGINEERING		310/44	116,500	410/35	125,600	510/3	63,000	305,100
INSTALL PRODUCTION FACILITY				410/43	-	510/2	50,000	50,000
ADMINISTRATIVE OVERHEAD		310/45	10,000	410/36	-			10,000
ABANDONMENT EXPENSE		310/46	-	410/37	-			-
FLUID DISPOSAL		310/32	93,949	410/44	50,000			143,949
MISCELLANEOUS COSTS & CONTINGENCIES (5%)		310/47	450,897	410/38	576,109	510/9	7,900	1,034,906
TOTAL INTANGIBLES			\$ 3,456,880		\$ 4,421,834		\$ 165,900	\$ 8,044,614

TANGIBLES							DRILLING		COMPLETION		FACILITIES		TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	THREAD	\$/FT	CODE	\$	CODE	\$	CODE	\$	
DRIVE PIPE	-	-	-	-	-	-	312/1	-					-
CONDUCTOR	80	20	-	-	-	250	312/2	20,000					20,000
SURFACE	670	13	55	J55	BTC	40	312/3	26,800					26,800
INTERMEDIATE	3,200	10	40	P110ICY	BTC	35	312/4	112,000					112,000
DRILLING LINER	-	-	-	-	-	-	312/5	-					-
PRODUCTION	18,550	5 1/2	20	P110ICY	TXP	30	312/9	556,500					556,500
PRODUCTION LINER	-	-	-	-	-	-	312/10	-					-
TUBING	8,350	2 3/8	4.70	L-80	8rd EUE	\$ 5			312/11	41,750			41,750
WELLHEAD EQUIPMENT							312/6	40,000	412/43	30,000			70,000
SUBSURFACE EQUIPMENT (Packers, Tubing Anchors, Etc.)									412/45	-			-
PRODUCTION EQUIPMENT (Tanks, Separators, Heaters, Dehydrators, Meters, Etc.)									312/8	-	512/4	255,000	255,000
ARTIFICIAL LIFT EQUIPMENT (Pumping Unit, Rods, Rod Pump, Etc.)									412/52	5,000			5,000
FLOWLINES & PIPELINES & UTILITY (Including Rights-Of-Way)									412/53	-	512/5	4,000	4,000
MISCELLANEOUS WELL EQUIPMENT									412/57	-	512/7	-	-
TOTAL TANGIBLES								\$ 755,300		\$ 76,750		\$ 259,000	\$ 1,091,050

TOTAL WELL COSTS		DRILLING	COMPLETION	FACILITIES	TOTAL
		\$ 4,212,180	\$ 4,498,584	\$ 424,900	\$ 9,135,664

Prepared by:	Ross Hayes	VP - Drilling and Completions
Approved by:	Ross Hayes	VP - Operations

From: John Coffman John@alphapermian.com
Subject: Re: Lease
Date: August 21, 2025 at 8:38 AM
To: warzulu24 warzulu24@gmail.com

JC

Thank you Warren.

\$1.50 per barrel is still \$1,620,000 for both of the wells. In addition to the monthly and yearly rental being a total of \$74,400. We are still a ways off on the value of the acreage.

\$1,694,400 in total compensation for your comes out to \$6,150,674.09/per acre.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Thursday, August 21, 2025 9:28 AM
To: John Coffman <John@alphapermian.com>
Subject: Lease

Sent from my T-Mobile 5G Device

EXHIBIT
2

From: John Coffman John@alphapermian.com
Subject: Re: Re:
Date: August 20, 2025 at 8:55 AM
To: warzulu24 warzulu24@gmail.com

JC

Warren,

If we take your interest specifically and we assume for this example that the 2 wells will pay out 300% (which means it produces enough oil to pay for the cost of drilling three times over throughout the life of the well). That means that for your share, if you were to participate, the revenue from the well would pay back \$63,052 minus your original investment of \$15,763 would leave you with \$47,289 of profit. The current amount you are looking for would be close to double that amount, meaning that the wells would have to pay out 600%, which in this current price environment, is not possible and I have yet to see a well pay out to that extent.

In the scenario we lease you, Alpha would be taking on that \$15,763 investment in the 2 wells. Using the same example that the wells pay out 300%, you would receive 25% royalty of the 300% which comes out to be \$15,763 worth of royalties paid to you over the life of the 2 wells as well as the \$5,000 flat bonus for the lease.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 3:39 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

John how is that a feasible agreement for both parties

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/19/25 12:47 PM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

That would be the initial estimate costs due by you, for your proportionate share of the Drilling and Completion of the well. You would be a partner in those 2 wells and receive your share of the revenue when they are producing but you would also be liable for the costs of any workovers (usually minimal payments after the Drilling and Completion costs) in the future.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 2:43 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

John would that 15,763.00 be a monthly payment from us or a one time payment asking us to put up that amount to participate or would we be receiving that 15,763.00 on monthly or quarterly payment arrangement

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/19/25 11:55 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Thank you Warren, I'm not sure on the engineering side if these wells will make 540,000 barrels but an \$8 per barrel payment is somewhere in the neighborhood of \$8,640,000 (\$4,320,000 for the 2 wells you own in). Is that correct?

I think even at \$15,000 per year, \$900 per month for the first 3 years, and the \$8 per barrel figure, we are still too far off on value. And just to clarify, you are more than able to participate in these wells and receive your proportionate share of the production, those figures are below.

.275482 net acres/ 316.92 contract area = .000869247 Working interest and Net Revenue Interest.

.000869247 x (\$8,998,611 (being the 503H AFE cost) + \$9,135,664 (being the 553H AFE cost) = **\$15,763.16** would be the estimated cost to participate in the 503H and 553H wells you own in.

Thank you sir,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 1:37 PM
To: John Coffman <John@alphapermian.com>; warzulu24@gmail.com <warzulu24@gmail.com>
Subject: Re: Re:

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/19/25 10:54 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Thank you Warren, is that separate from the monthly \$1,000? Essentially \$30,000 per year for 3 years?

Also, is the \$10 per barrel proportionately reduced or is that a flat \$10 per barrel from both wells per barrel?

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Tuesday, August 19, 2025 12:46 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

Good morning John the 18,000.00 thousand is a flat one time payment per year that's it , it's not per acre
Thank for asking

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/18/25 7:47 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Good Morning Warren,

Just wanted to follow up and see if you had time to look at the questions below.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 3:04 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

Ok John let me get back to you in a couple of days thank you for your response

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/11/25 12:28 PM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Yes sir that would be great just the following would be helpful:

res on that would be great, just the following would be helpful.

- Is the \$18,000 payment per acre or a flat fee for the 0.275482 net mineral acres?
- We are agreeable to a 25% royalty however, does the \$10 per barrel minimum price mean that our marketing of the crude needs to be above \$10 per barrel or are you requesting that we pay you \$10 per barrel under the agreement? Is this proportionately reduced or would this be a flat \$10 per barrel for every barrel produced from the lands?

The way that I read your letter is that the total consideration for your interest would be:

- \$18,000 per year for 3 years
- \$1,000 per month for a total of 36 months
- 25% royalty
- \$10 per barrel

Total cash consideration being \$90,000 (\$326,700 per acre)?

If we cannot come to an agreement you are always welcome to participate in the project with your interest. That cost breakdown is below:

.275482 net acres/ 316.92 contract area = .000869247 Working interest and Net Revenue Interest.

.000869247 x (\$8,998,611 (being the 503H AFE cost) + \$9,135,664 (being the 553H AFE cost) = **\$15,763.16** would be the estimated cost to participate in the 503H and 553H wells you own in.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 2:18 PM
To: John Coffman <John@alphapermian.com>
Subject: Re: Re:

John Coffman the attachment is the answers to your previous questions from last week before the OCD hearing .
 If you need a break down I will send a break down

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/11/25 12:05 PM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Re:

Warren,

I just received the attachment only, did you mean to send a response in the email as well?

Thank you sir,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 2:04 PM
To: John Coffman <John@alphapermian.com>
Subject: Re:

Good afternoon Mr Coffman

Hopefully I answered your questions

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/11/25 11:45 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re:

Good Afternoon Warren,

Do you mind breaking down the changes from the first agreement and this agreement? All of the terms look the same.

Thank you sir,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 11, 2025 1:36 PM
To: John Coffman <John@alphapermian.com>
Subject:

Sent from my T-Mobile 5G Device

From: John Coffman John@alphapermian.com
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...
Date: August 5, 2025 at 3:26 PM
To: warzulu24 warzulu24@gmail.com

JC

Warren,

Just to follow up from our call. The tract we are discussing is located in the S2N2 which would be case 25496, cases 25495, 25497, and 25498 that you have filed objections to do not have any tracts that you own an interest in.

Thank you sir,

John Coffman

From: John Coffman <John@alphapermian.com>
Sent: Tuesday, August 5, 2025 1:29 PM
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Warren,

I see your objection to the Hollywood Star cases. Have you had a chance to look over my comments below?

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>
Sent: Monday, August 4, 2025 10:18 AM
To: John Coffman <John@alphapermian.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Mr. Coffman I'm still looking over the the agreement / Lease 🙏 thank you for your patience

Sent from my T-Mobile 5G Device

----- Original message -----

From: John Coffman <John@alphapermian.com>
Date: 8/1/25 9:32 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Yes sir take your time.

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From: warzulu24 <warzulu24@gmail.com>
Sent: Friday, August 1, 2025 11:31:16 AM
To: John Coffman <John@alphapermian.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Thank you Mr. John Coffman for your response.
Can I get back to you @ the end of today & I will answer your questions thank you in advance.

Sent from my T-Mobile 5G Device

----- Original message -----
From: John Coffman <John@alphapermian.com>
Date: 8/1/25 8:20 AM (GMT-08:00)
To: warzulu24 <warzulu24@gmail.com>
Subject: Re: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it'...

Warren,

I have a few questions on this agreement.

-Is the \$18,000 payment per acre or a flat fee for the 0.275482 net mineral acres?
-We are agreeable to a 25% royalty however, does the \$10 per barrel minimum price mean that our marketing of the crude needs to be above \$10 per barrel or are you requesting that we pay you \$10 per barrel under the agreement? Is this proportionately reduced or would this be a flat \$10 per barrel for every barrel produced from the lands?

I can discuss with our team paying a flat fee of \$5,000 for your interest which would come out to be \$18,150 per acre. This figure is above market price.

The way that I read your letter is that the total consideration for your interest would be:

- \$18,000 per year for 3 years
- \$1,000 per month for a total of 36 months
- 25% royalty
- \$10 per barrel

Total cash consideration being \$90,000 (\$326,700 per acre)

Please let me know if I am misinterpreting any of the above.

Thank you,

John Coffman

From: warzulu24 <warzulu24@gmail.com>

FROM: war201247 <war201247@gmail.com>

Sent: Wednesday, July 30, 2025 1:02 PM

To: John Coffman <John@alphapermian.com>

Subject: Lease that was sent out in late June or early July of 2025 for Lillie Anderson & Warren Anderson. This is what we would like Alpha Energy Partners II LLC to take a look at. This Lessor lease that was created for Alpha Energy Partners II LLC & it's As...

Sent from my T-Mobile 5G Device

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

**IN THE CONSIDERATION OF THE FOLLOWING MATTER
BY THE OIL CONSERVATION COMMISSION:**

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

**OCD Case No. 25166
Order No. 23961
OCC Case No. 225694**

**APPLICATIONS OF ALPHA ENERGY
PARTNERS II, LLC, FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

**OCD Case Nos. 25496 & 25495
Order Nos. 23989 & 23977
OCC Case Nos. 25695 & 25696**

SELF-AFFIRMED STATEMENT OF JOHN COFFMAN

I, John Coffman, affirm and state that following as true and accurate to the best of my knowledge.

I am over 18 years of age, have personal knowledge of the matters in this statement, and am competent to address these matters.

I have testified previously before the Oil Conservation Division ("Division") and have been accepted by the Division as an expert witness in petroleum land matters. I am a senior landman with Alpha Energy Partners II, LLC, ("Alpha") and have been the main landman on the Hollywood Star project for developing Sections 17 and 18, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico ("Subject Lands"), which are the subject of the above-referenced cases.

Since October of 2023, I have been negotiating and working with mineral owners in the Subject Lands in a good faith effort to reach a voluntary agreement regarding their interests.

**EXHIBIT
3**

Through my efforts I have been able to reach voluntary agreements, including leases with owners of more than 70% of the working interest.

On August 26, 2024, I sent a well proposal to Bobby W. Anderson, an owner of record in the Subject Lands, and then when we discovered that Warren and Lillie Anderson ("Anderson") were the direct heirs of Bobby W. Anderson, I sent Warren and Lillie Anderson the well proposal on June 23, 2025. I followed up with Anderson by sending them a copy of the proposed Operating Agreement and had approximately twenty-three (23) email exchanges with Anderson over 12 months during our negotiations.

Although Anderson received reference to our proposed Operating Agreement terms, as laid out in our proposal, they never proposed any revisions or edits to the language for Alpha to review and consider during the negotiations. The focus of Anderson's negotiations was on obtaining money and revenue for their small 0.275482 net acres. In good faith, Alpha offered Anderson a 25% royalty to lease their acreage and a \$5000 signing bonus, which by every indication of the going rates in the area, is more than fair market value. However, Anderson refused the offer.

I understand that this Self-Affirmed Statement will be used as written testimony before the Commission in OCC Case Nos. 25694, 25695, and 25696, and affirm that my testimony herein is true and correct, to the best of my knowledge, belief and intent, and made under penalty of perjury under the laws of the State of New Mexico.



John Coffman

Date signed: 10-20-2025