

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

APPLICATION OF AMERICAN
ENERGY RESOURCES LLC,
FOR DE NOVO HEARING,
EDDY COUNTY, NEW MEXICO

WRITTEN APPLICATION FOR DE NOVO HEARING AND EMERGENCY STAY OF DIVISION

ORDER IN CASE NO 25496 AND ORDER NO R-23989

American Energy Resources LLC (American) hereby submits this written application for de novo hearing and Emergency Stay of division orders in case no R-23989 before the commission, involving Case No. 25496, NMAC 19.15.4.12 D Reopening and Emergency Stay of Division order of Case no. 25166, NMAC 19.15.4.23 A and B, hearing before the commission and Emergency Stay of division orders, and termination of the order for violating the rules of the order.

American is an effected party and contends the Division order is unlawful, unreasonable, arbitrary, erroneous, and capricious, because:

1)The hearing examiner order did not comply with the state statutes regulating the applicant Alpha required obligatory duty to send notice via certified mail to the operator of each existing well, contravening statutory requirements NMAC 19.15.15.12; 19.15.4.12 A(1)(a); 19.15.16.15 B(9)(b)(i); 19.15.16.15 B(9)(b)(ii); NMSA 70-2-17C-17E.

2) The Order given by the hearing examiner did not protect the prevention of waste and the correlative rights of American Saik Unit as required by State Law, NMAC, NMSA, and the Oil and Gas Act, and materially undermines American rights that are protected by State law, NMAC, NMSA, and the Oil and Gas Act.

3) The hearing examiner order basis conclusion of fact were based without substantial evidence and were only based on the false claim of the applicant Alpha who had financial gains in getting its application approved, and the decision made by the examiner is outside of his jurisdiction of the OCD and therefore is in violation of its own State laws.

4) The hearing examiner order basis conclusion of fact for applicant Alpha false claim were based in complete disregard for the Oil and Gas Act NMAC 70-1-5 requirement that a demand for release must precede any action.

5) The hearing examiner order basis of conclusion of fact for applicant Alpha false claim of American only owning a wellbore assignment were based in complete disregard of evidentiary facts presented by American of its chain of title of its ownership in the unsevered Saik Unit, assigning all rights and interests in their entirety of the Saik unit, leases, and well to American, through recorded documents filed at the Eddy County Clerk's Office.

6) The Division and hearing examiner order to allow applicant Alpha to pool, when applicant Alpha is in violation with numerous state laws is "contravening statutory requirements", a violation of state laws, erroneous and arbitrary toward American.

7) The hearing examiner order to allow applicant Alpha to pool American Saik unit when applicant Alpha is in violation 19.15.5.9 and 19.15.25.8 are violations of state law and a clear indication of the favoritism being given to Alpha, and by allowing an applicant Alpha to compulsory pool while applicant Alpha has numerous violations is contravening statutory requirements and a violation of State law and the Oil and Gas Act and obligated duties to protect the public health and the environment 19.15.5.8 NMAC.

American is an effected party, and 7 elements exist in the hearing examiners order to be erroneous and arbitrary toward the protection of American correlative rights.

American ownership through chain of title are all filed and recorded documents, recorded in good faith efforts by all Assignees that obtained and assigned ownership in the Saik #001.

American by the burden of proof, has provided to the Division the chain of title of American ownership in the Saik Unit and lands that are all recorded at the Eddy County Clerk's Office.

American is an effected party, and the applicant Alpha claims are without standing or merit:

1) The Applicant Alpha claim in their pooling proceedings is that American Saik lease has expired.

American, under the Oil and Gas Act 70-1-5 (Demand for release must precede action). Alpha claim of an expired lease is unjust and unethical without the burden of proof of release that precedes any action.

2) The Applicant Alpha complaint in their proceeding that American Saik well is a wellbore Assignment.

American has presented chain of title of its ownership in the Saik unit, leases, interests, rights, title, and well that have all never been severed from the estate and were all assigned to American in their entirety.

Apache Corporation and MW Petroleum Corporation assigned all leases, unit, minerals, interests, rights, title, and the well of the Saik #001 to Bristal Resources Corporation on December 19, 1996, in Book: 272 Page: 183, recorded at the Eddy County Clerk's office.

(SEE EXHIBIT A)

Bristal Resources Corporation, Bristal Resources 1994 Acquisition Limited Partnership, Bristal Resources Production Company assigned all leases, unit, minerals, interests, rights, title,

and the well of the Saik #001 to Staghorn Resources LLC on June 17, 1998, in Book: 321 Page: 1005, recorded at the Eddy County Clerk's office. (SEE EXHIBIT B)

Staghorn Resources LLC assigned all leases, unit, minerals, interests, rights, title, and the well of the Saik #001 to Texona Petroleum Corporation on November 24, 1998, in Book: 338 Page: 995, recorded at the Eddy County Clerk's office. (SEE EXHIBIT C)

Texona Petroleum Corporation assigned all leases, unit, minerals, interests, rights, title and the well of the Saik #001 to Wildcat Energy L.L.C. on May 3, 2000, in Book: 384 Page: 0179, recorded at the Eddy County Clerk's office. (SEE EXHIBIT D)

Wildcat Energy L.L.C. assigned all leases, unit, minerals, interests, rights, title, and the well of the Saik #001 to American Energy Resources LLC on November 26, 2018, in Book: 1117 Page: 1122, recorded at the Eddy County Clerk's office. (SEE EXHIBIT E)

3) The Applicant Alpha complaint in their proceeding that American Saik well is abandoned and under rule 19.15.5.9. and 19.15.25.8 and the Division must force American to abandon and plug the Saik well.

American, under Oil and Gas Act 70-2-14 Financial assurances and NMAC 19.15.5.9 A (1) adequate financials assurances, (See Exhibits F and G)

Therefore, American is in compliance, American is not an abandoned owner, American has provided adequate financials to operate and has submitted C-101, C-102, C-103, C-104, C-115, work description, well diagram to work over the Saik well and proceed with the development plan of the Saik #001 well, re-complete the existing producing Wolfcamp formation with new technology, and further test and develop the Wolfcamp and Bonespring formations, allowing American it's just right to produce and develop its just and fair share.

American has filed production reports on the American Saik Unit well for January, February, March, April, May, June, July, August, and September 2025 up to present.

Furthermore, American has lease ownership in the Saik Unit and lands and with American ownership in the Saik Unit and lands it operates the (API: 30-015- 20971) Saik #001. By State law and the protection of correlative rights, American Saik unit is protected

regardless of applicant Alpha false claims. American is required notice and under existing units and wells in Spacing Units statutes and laws are required as follows:

1) Existing wells in spacing units, horizontal or otherwise, that are wholly or partially included in a new horizontal spacing unit remain dedicated to their existing spacing units.

19.15.16.15 B(9)(A)

American Operates a dedicated existing spacing unit with its operations in the Saik #001.

2) A horizontal well that will have a completed interval partially in an existing well's spacing unit, and in the same pool or formation, may be drilled only with the approval of, or, in the absence of approval, after notice too, all operators and working interest owners of record or known to the applicant in the existing and new well's spacing units. 19.15.16.15 B(9)(b)(i)

American produces from the Wolfcamp formation in its operations in the Saik #001.

3) Any subsequent well, horizontal or otherwise, with a completed interval located wholly within an existing well's horizontal spacing unit, and in the same pool or formation, if not designated as an infill horizontal well, may be drilled only with the approval of, or, in the absence of approval, after notice to, 19.15.16.15 B(9)(b)(ii)

American is not an absence operator, and Applicant Alpha proposed wells may not be drilled for American does not give approval.

4) The applicant shall give notice to each owner of an interest in the mineral estate of any portion of the lands proposed to be pooled 19.15.4.12 A(1)(a) NMAC, regardless of any notice and publication of any adjudicatory hearing published by the Division in the

State of New Mexico, in no way satisfies the obligated duties of the compulsory pooling applicants' duty to give notice 19.15.4.12 A(1)(a), and regardless of the Division satisfying its duty to publication of an adjudicatory hearing in no way satisfies the compulsory pooling applicants obligated duties to New Mexico State law notice requirements.

American did not receive notice. Applicant Alpha efforts were rather used toward its numerous attempts to change the narrative of the matter and attempt to discredit American ownership through false claims without standing or merit in an attempt to further satisfy the applicants Alpha failed efforts toward their obligated duty to notify under rule 19.15.4.12 A(1)(a) NMAC and 19.15.4.12 A(1)(a).

American is an effected party, and 4 additional elements exist to be erroneous and arbitrary toward the protection of American correlative rights.

American is an Operator and Interest Owner in the Applicants Alpha proposed pool. Applicant Alpha made no good faith efforts to give notice to American.

CONCLUSION

Therefore, The Oil and Gas Act is very clear under rule 70-1-3 through 70-1-5, and for the Applicant Alpha or anyone to attempt to change the narrative of the law without a valid forfeiture claim, a notice that precedes any action, and is not the valid owner of the leased premises to bring forth action in a court of competent jurisdiction is in fact acting malicious, overreaching, abuse or process, and abuse of the Oil and Gas Act, and is guilty to perjury under Rule 70-2-10.

Under the Oil and Gas Act the Division has jurisdiction over matters related to conservation of oil and gas, but the basis of its powers is founded on the duty to prevent waste and to protect correlative rights.

Hearing examiner Gregory Chakilian to allow the applicant Alpha to pool American

correlative rights, Saik unit, Interests through applicant Alpha's numerous false claims, of an abandoned well, of an expired lease, of a wellbore assignment is arbitrary and erroneous for the fact that the pooling party applicant Alpha has not satisfied burden of proof for their claims and has an intent and motive to make financial gains in their willful attempt to creatively change the narrative of the matter to benefit applicant Alpha's pooling application getting approved.

Hearing examiner Gregory Chakilian to allow the applicant Alpha to pool American correlative rights, while applicant Alpha is in fact out of compliance with NMAC 19.15.5.9 A (1-4) and A (a) and NMAC 19.15.25.8. is arbitrary and proof of favoritism toward one party, Alpha. Applicant Alpha is in violation and under bonded with its \$50,000 surety bond on 4 wells. 3 of applicant Alpha's wells have been inactive for over 15 months. Kodiak #002 Bond due: \$48,980 Bond in place \$48,980, and has not produced since 2/2014, the remaining 2 wells, the Colonia A Com #001, and has not produced since 3/2023, the Tracy B Com #001, and has not produced since 7/2022 do not have adequate financial assurances and are in violation with NMAC 19.15.5.9, NMAC 19.15.25.8, Oil and Gas Act 70-2-14. (See Exhibits H, I, J, K, L, and M)

Applicant Alpha has not made good faith efforts to provide adequate financial assurances or to attempt workovers its 3 inactive wells.

Applicant Alpha is the wellbore owner with its assignments that are recorded at the Eddy County Clerk's Office and as follows,

Mewbourne Oil Co assigned a wellbore assignment for the Kodiak #002 to Tap Rock Operating LLC on March 21, 2023, in Book: 1169 Page: 659, recorded at the Eddy Count Clerk's office.

(See Exhibit N)

OXY USA WTP Limited Partnership assigned a wellbore assignment for the Colonia A Com #001 to Tap Rock Operating LLC on July 1, 2021, in Book: 1150 Page: 857, recorded at the Eddy County Clerk's office. (See Exhibit O)

OXY USA WTP Limited Partnership assigned a wellbore assignment for the Tracy B Com #001 to Tap Rock Operating LLC on July 1, 2021, in Book: 1150 Page:858, recorded at the Eddy County Clerk's office. (See Exhibit P)

Tap Rock Operating LLC merged with Civitas Permian Operating LLC on June 23, 2023.

Civitas DE Basin Resources LLC assigned wellbores of the Kodiak #002, Colonia A Com #001, and Tracy B Com #001 to Alpha Energy Partners II LLC on February 29, 2024, in Book: 1184 Page: 568, recorded at the Eddy County Clerk's office.

(See Exhibit Q)

American is in fact over bonded with its \$125,000 blanket Cash bond and its Rio Penasco KD Com #003 Bond due: \$43,720 with Cash Bond in place \$50,000, Saik #001 Bond due: \$48,380 with Cash Bone in place \$48,380, Shipp 27 #001 Bond due: \$49,804 with Cash Bond in place: \$50,000.

American has made good faith efforts by providing adequate financial assurances to operate and has made good faith efforts to work over its 3 wells.

Applicant Alpha further attempts to navigate around the notification statutes process with numerous false claims of an abandoned well, of an expired lease, of a wellbore assignment as their justification for their failed obligated duty to in fact notify all effected parties and found it upon themselves to creatively change the narrative of the matter as to their justification to encroachment, trespass, invasion, theft, and hostile takeover of American Saik Unit, lease, rights, title, and interests. Applicant Alpha application 25496 comes with unclean hands and is unjust, unethical, and a clear violation of NMAC, NMAS, Oil and Gas Act, and serious disregard to the pooling proceedings and obligated duties entrusted to operators to proper notification to affected parties. An Emergency Stay must be granted to Protect American Saik Unit and American Correlative rights and prevent waste.

Tenneco Oil Co. v. New Mexico Water Quality Control Com'n, 1986-NMCA-033, ¶ 10, 736 P.2d 986, 988

American has provided more than sufficient evidence with standing and merit for a de novo hearing before the commission, an Emergency Stay, and further standing and merit for the Termination of applicant Alpha pooling application Case no. 25496 and order no R-23989 in its entirety, for the order rule;

#28) This order shall Terminate Automatically if the applicant fails to comply with ...
19.15.4.12B and 19.15.4.12C NMAC. (See Exhibit R)

The hearing examiner Gregory Chakilian erroneous arbitrary acts will have a great irreversible future harm to an effected party such as American correlative rights, Interests, Leases, Saik #001 Unit, and will create great waste of its Saik #001 Unit and its well.

Hearing Examiner Gregory Chakilian was not acting in a judicial capacity when he approved Alpha proposed pooling application, American correlative rights were not protected creating waste, the Hearing Examiner Gregory Chakilina arbitrary decision was therefore not entitled.

American is an effected party and has provided more than sufficient evidence through the burden of proof withstanding to be granted a de novo hearing before the commission, an Emergency Stay, and Termination of Division order in applicant Alpha Case no. 25496 and Order no. R-23989 in its entirety.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true correct copy of the foregoing was filed with the Commission Clerk and was served on counsel of record via electronic mail on October 2, 2025:

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