

Spear Brothers Group



PERMIAN BASIN FEE LEASE RIGHTS – NAPE 2024

T 22S R 27E §20 – Eddy County, New Mexico

Net Mineral Acreage: 20 +/-

Term: 3 Years *

Depth: Various

NRI (Delivered): 75%

Bonus: \$TBD Per Net Mineral Acre

SOLD

This offer is subject to prior sale or withdrawal without prior notice.

Contact: Shane Spear
Shane@SpearBrothersGroup.com
Spear Brothers Group, LLC
PO Box 1684
Midland, Texas 79702
(432) 683-8420 (work)
(432) 559-8097 (cell)



www.SpearBrothersGroup.com



* These are fee minerals available for lease. In order to complete a drilling project, it is probable that lessees will need to obtain permissions from state and federal authorities who have shown hostility to drilling activities. The ability to get government permissions to drill are subject to the whims and fancies of those capricious state and federal governments.



Spear Brothers Group



CARLSBAD

EDDY CO

T22S

R27E

NEW MEXICO

PECOS RIVER

OTIS



Spear Brothers Group



ALPHA ENERGY PARTNERS
AUTHORIZATION FOR EXPENDITURE

Well Name: The Dude 20/19 Fee 203H		Prospect: Wolfcamp XY Sand	
Location: SL: 1,300' FSL & 500' FEL (24, T22S-R26E); BHL: 1,980' FSL & 200' FEL (20)		County: Eddy	ST: NM
Sec. 19/20	Blk:	Survey:	TWP: 22S
RNG: 26/27E		Prop. TVD: 8992	TMD: 19,320

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0190-0100	\$15,000	0190-0200	
Location / Road / Site / Preparation	0190-0104	\$100,000	0190-0204	\$45,000
Location / Restoration	0190-0105	\$200,000	0190-0205	\$90,000
Daywork / Turnkey / Footage Drilling 22 days drlg / 4 days comp @\$30000/d	0190-0111	\$705,000	0190-0211	\$128,200
Fuel	0190-0115	\$160,000	0190-0215	\$250,000
Mud, Chemical & Additives	0190-0121	\$270,000	0190-0221	
Horizontal Drillout Services			0190-0222	\$210,000
Cementing	0190-0126	\$179,500	0190-0226	\$40,000
Logging & Wireline Services	0190-0133	\$35,000	0190-0233	\$315,000
Casing / Tubing / Snubbing Service	0190-0136	\$56,000	0190-0236	\$75,000
Mud Logging	0190-0138	\$25,000		
Stimulation 60 Stg 24 Mmgal/ 24 MMLb			0190-0243	\$3,050,100
Stimulation Rentals & Other			0190-0244	\$325,000
Water & Other @ \$1/bbl FW	0190-0146	\$40,000	0190-0246	\$575,000
Bits	0190-0147	\$100,000	0190-0247	\$8,000
Inspection & Repair Services	0190-0152	\$50,000	0190-0252	\$5,000
Misc. Air & Pumping Services	0190-0157		0190-0257	\$10,000
Testing & Flowback Services	0190-0159	\$15,000	0190-0259	\$30,000
Completion / Workover Rig			0190-0262	\$10,500
Rig Mobilization	0190-0163	\$150,000		
Transportation	0190-0166	\$30,000	0190-0266	\$30,000
Welding Services	0190-0167	\$5,000	0190-0267	\$15,000
Contract Services & Supervision	0190-0173	\$30,000	0190-0273	\$81,000
Directional Services Includes Vertical Control	0190-0177	\$325,000		
Equipment Rental	0190-0182	\$236,000	0190-0282	\$30,000
Well / Lease Legal	0190-0184	\$5,000	0190-0284	
Well / Lease Insurance	0190-0185	\$5,900	0190-0285	
Intangible Supplies	0190-0189	\$20,000	0190-0289	\$10,000
Damages	0190-0192	\$10,000	0190-0292	
ROW & Easements	0190-0193		0190-0293	\$34,000
Pipeline Interconnect			0190-0294	\$88,000
Company Supervision	0190-0195	\$138,000	0190-0295	\$62,800
Overhead Fixed Rate	0190-0196	\$10,000	0190-0296	\$20,000
Well Abandonment	0190-0198		0190-0298	
Contingencies	0190-0199	\$175,000	0190-0299	\$102,000
TOTAL		\$3,090,400		\$5,639,600

TANGIBLE COSTS 0181				
Casing (19.1" - 30")	0191-0796			
Casing (10.1" - 19.0") 1450' @\$58.21/ft	0191-0797	\$90,200		
Casing (8.1" - 10.0") 1750' @\$46.74/ft	0191-0798	\$87,400		
Casing (6.1" - 8.0") 9000' @\$51.82/ft	0191-0799	\$500,100		
Casing (4.1" - 6.0") 10370' @\$29.55/ft			0191-0797	\$327,300
Tubing 8400' @\$13/ft			0191-0798	\$116,700
Drilling Head	0191-0880	\$50,000		
Tubing Head & Upper Section			0191-0870	\$29,000
Horizontal Completion Tools			0191-0871	\$75,000
Subsurface Equipment			0191-0880	\$10,000
Artificial Lift Systems				\$25,000
Surface Pumps & Prime Movers			0191-0886	\$55,000
Tanks - Oil			0191-0890	\$90,000
Tanks - Water			0191-0891	\$80,000
Separation / Treating Equipment			0191-0895	\$61,000
Heater Treaters, Line Heaters			0191-0897	\$90,000
Metering Equipment			0191-0898	\$60,000
Line Pipe & Valves - Gathering			0191-0900	\$100,000
Fittings / Valves & Accessories			0191-0906	\$75,000
Cathodic Protection			0191-0908	\$45,000
Electrical Installation			0191-0909	\$79,000
Equipment Installation			0191-0910	\$61,000
Pipeline Construction			0191-0920	\$20,000
TOTAL		\$727,700		\$1,399,000
SUBTOTAL		\$3,818,100		\$7,038,600

TOTAL WELL COST	\$10,856,700
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Extra Expense Insurance

☐

I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐

I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: _____ Date: _____

Company Approval: _____ Date: _____

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____

AUTHORIZATION FOR EXPENDITURE

Well Name:		The Dude 20/19 Fee 204H		Prospect:		Wolfcamp XY Sand	
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TOTAL				\$727,700		\$1,399,000	
SUBTOTAL				\$3,818,100		\$7,038,600	
TOTAL WELL COST				\$10,856,700			
Extra Expense Insurance							
<div><input type="checkbox"/> I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium. Operator has secured Extra Expense Insurance covering costs of well control, clean up and redr</div>							

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-	² Pool Code 98220	³ Pool Name PURPLE SAGE; WOLFCAMP GAS POOL
⁴ Property Code	⁵ Property Name THE DUDE 19/20 FEE	⁶ Well Number 203H
⁷ OGRID No. 330859	⁸ Operator Name ALPHA ENERGY PARTNERS, LLC	⁹ Elevation 3074'

¹⁰ Surface Location

UL or lot no. M	Section 21	Township 22	Range 27	Lot Idn	Feet from the 1280	North/South line SOUTH	Feet from the 320	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. 3	Section 19	Township 22	Range 27	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 200	East/West line WEST	County EDDY
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¹² Dedicated Acres 634.36	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ PROPOSED BHL Y= X= LAT.= 32.37580 N LONG.=104.23703 W LTP 1980' FSL, 330' FWL Y= X= LAT.= 32.37581 N LONG.=104.23664 W FTP 1980' FSL, 330' FEL Y= X= LAT.=32.37626 N LONG.=104.20415 W PROPOSED SHL Y= X= LAT.= 32.37431 N LONG.=104.20204 W						¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <u>Riley Morris</u> <u>11/16/23</u> Signature Date	
						RILEY MORRIS Printed Name RILEY@ALPHAPERMIAN.COM E-mail Address	
¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor:						Certificate Number	

Alpha Energy Partners, LLC
Case No. 22172
Amended Exhibit A-2

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¹⁰ Surface Location


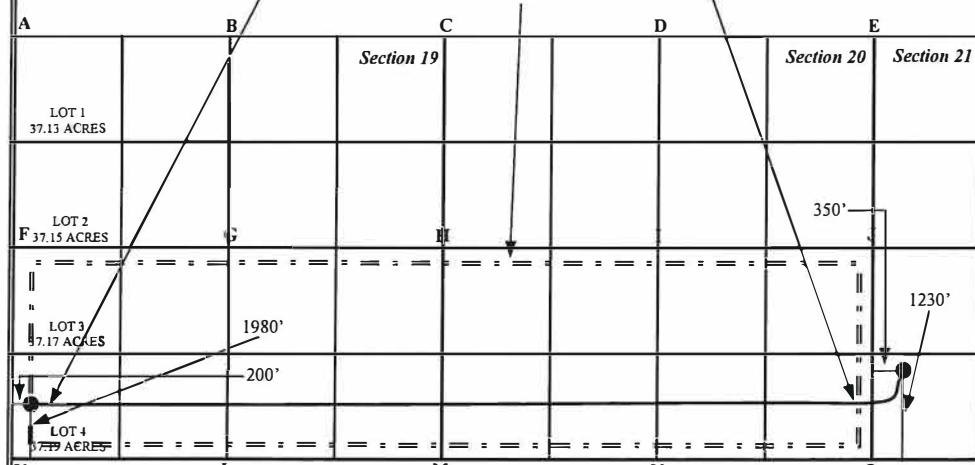
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	21	22	27		1230	SOUTH	350	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	19	22	27		660	SOUTH	200	WEST	EDDY

¹² Dedicated Acres 634.36	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ PROPOSED BHL Y= X= LAT.= 32.37217 N LONG.=104.23702 W LTP 660' FSL, 330' FWL Y= X= LAT.= 32.37218 N LONG.=104.23660 W FTP 660' FSL, 330' FEL Y= X= LAT.=32.37261 N LONG.=104.20412 W PROPOSED SHL Y= X= LAT.= 32.37416 N LONG.=104.20205 W						¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  <u>11/16/23</u> Signature Date RILEY MORRIS Printed Name RILEY@ALPHAPERMIAN.COM E-mail Address																																																				
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State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Dylan M. Fuge
Deputy Secretary (Acting)

Dylan M. Fuge, Division Director
Oil Conservation Division



November 13, 2023

**Amended Notice of Resumption of Drilling and Completion Activity in Proximity to the
Carlsbad Brine Well**

Dear Operators:


You are receiving this notice because you are the registered Operator of well(s) affected by temporary restrictions on drilling and completion activities planned within five miles of the Carlsbad Brine Well ("backfilled void"). These include activities at proposed wells encroaching within 1-mile of the backfilled void affected by Division Orders R-21888, R-22063, R-21100-B, R-21104-C, and R-21123-C, restricted by Conditions of Approval ("COAs") attached to Applications for Permits to Drill ("APDs") approved after July 2, 2021, and the OCD's first Notice of Resumption of Certain Drilling and Completion Activity in Proximity to the Carlsbad Brine Well. This Notice announces that such activities may resume regardless of their distance to the backfilled void, subject to the conditions detailed below.

Effective January 1, 2024 the Director has determined that drilling and completion activities associated with oil and gas production may resume *within a one-mile radius* of the backfilled void. Wells, or any portion of wells, or any activity, planned within one mile of the backfilled void may resume subject to the Conditions stated below:

- Operator shall provide written notice to OCD at least 14 days prior to the start of any drilling or completion activities occurring within five miles of the backfilled void. The notice shall be filed with OCD.Engineer@state.nm.us.
- Vertical portions of wells may not advance within ¼-mile of the backfilled void.
- Lateral portions of wells occurring within 1-mile of the backfilled void may not occur at depths less than 5,000 feet.
- Completion activities (hydraulic fracturing) may not occur simultaneously.
 - OCD may require operators to modify their completion schedules if multiple completions are planned to occur simultaneously based on the written notice required above. .
- OCD may require additional safeguards for drilling operations progressing through the shallow Salado Formation.

This Notice is effective immediately. Please contact Jesse Tremaine at JesseK.Tremaine@emnrd.nm.gov or (505) 231-9312 with any questions about this Notice, affected Division Orders, COAs, or individual activities.

Sincerely,

A handwritten signature in black ink, appearing to be "Dylan Fuge", written over a horizontal line.

Dylan Fuge

Director