

**FILE NO. 22-129557
APPRAISAL REPORT**

**114.50 ACRES LAND & MULTIPLE IMPROVEMENTS
2604 W. PINSON
LEA COUNTY, NEW MEXICO**

**OWNER OF RECORD:
MARY CAP & GREG CREAGER**

PREPARED FOR

**MARY CAP
2604 W. PINSON
LEA COUNTY, NM**

DATE OF APPRAISAL: DECEMBER 8, 2022

PREPARED BY

**SMS APPRAISAL/ENVIRONMENTAL SERVICES, INC.
STEVEN M. SPARKS, MAI, CEI
5109 82ND STREET, SUITE 7 PMB: #210
LUBBOCK, TEXAS 79424**

SMS APPRAISAL/ENVIRONMENTAL SERVICES, INC.

REAL ESTATE APPRAISING & CONSULTING

Steven M. Sparks, MAI, CEI

December 19, 2022

Mary Cap
2604 W. Pinson
Lea County, New Mexico

Re: Appraisal - 114.50 Acres Land &
Multiple Improvements @ 2604 W.
Pinson Road, Hobbs, New Mexico.

I have inspected and appraised the property as described herein. Conditions pertinent to or indicative of the value of the property were investigated. The subject of this report is 114.50 Acres of land plus extensive improvements to include a single-family home, numerous horse stalls, barns, and arenas. The subject is located on the north side of Pinson Road, east of N. Bensing Road in Lea County, New Mexico.

This appraisal report sets forth my findings and conclusions derived therefrom, together with plats, maps, photographs, etc., as are considered essential to explain the processes followed in preparing the appraisal. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification. Steven M. Sparks is currently certified under this program. The appraisal has been made in compliance with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. To the best of my knowledge, this appraisal conforms to the FDIC Rules and Regulations codified in 12 C.F.R. 323, and with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and FIRREA.

The "As Is" estimate of market value (fee simple) of the subject property, as of December 8, 2022, was: **\$1,400,000.**

PURPOSE OF THE APPRAISAL: The purpose of this appraisal is to provide the appraiser's best estimate of the market value of the subject real property as of the effective date, being the fee simple interest. Market value is defined as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what they consider their own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)

INTENDED USER & USE OF REPORT: For the sole purpose of assisting Mary Cap in estimating the market value of the subject property for decision making purposes.

INTEREST VALUED: **Fee Simple Interest** - Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), as: "Absolute ownership unencumbered by any other interest or estate subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

EFFECTIVE DATE OF VALUE: December 8, 2022

DATE OF REPORT: December 19, 2022

APPRAISAL DEVELOPMENT AND REPORTING PROCESS:

In preparing this appraisal, the appraiser...

- inspected the subject site and site improvements.
- gathered information on comparable land sales, costs and any accrued depreciation, which are necessary in the appraisal process.
- confirmed and analyzed the data, and applied the sales comparison approach, employing the price per acre methodology to estimate the land value. Determined the contributory value of site improvements via cost and any accrued depreciation.

This Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's files.

SALES HISTORY: The property is owned by Mary Cap & Greg Creager, who has owned the subject over the past three years (12/8/19-12/8/22). The appraiser is not aware of any current contract, listing, or option associated with the subject property.

DESCRIPTION OF REAL ESTATE APPRAISED:

Regional Area Analysis - The subject is located in Lea County, being north of Hobbs. Hobbs and Lea County are geographically located in the east central quadrant of New Mexico and occupies an area of approximately 3,830 square miles, with Hobbs being the largest community in the county. Lea County is also situated on the Texas and New Mexico border. Lubbock, plus Midland/Odessa, Texas are the closest metropolitan areas, being 90 miles northeast and southeast, respectively.

These factors include climate, topography, transportation, utilities and other influences as they affect real estate.

Hobbs has a generally mild climate, characteristic of high altitude, dry continental climates. The average annual temperature is 62 degrees, with average annual rainfall of 14.6", average annual snowfall of less than 5", average relative humidity at 33%, plus sunshine 97% of the time.

The area has an average elevation of 3,615 feet above sea level. The topography of the area is typically level in nature with limited wooded areas. There are various lakes located throughout the region.

The primary mode of transportation for Hobbs and Lea County is via automobile or truck with the area being well served by several state highways. U.S. 62/180 bisects the city in an east/west direction and allows passage to Seminole, Texas, and from this point access to Lubbock and I.H. 27 is available or Midland/Odessa and I.H. 20. New Mexico Highway 18 bisects the city in a north/south direction, allowing passage to areas of northern and southern New Mexico.

The Texas-New Mexico Railroad provides rail service, being a division of the Austin-Northwestern Railroad. This railroad interchanges rail traffic with Union Pacific providing service to the east, and Southern Pacific, Atchison, Topeka and Santa Fe providing service to the west. Bus service is provided by Texas, New Mexico and Oklahoma bus lines.

Major freight carriers, both intrastate and interstate, are numerous in the City of Hobbs. The primary carriers include Apex, ICX, Merchants, Perry Motor Freight, Tex Pack, UPS, Beaver Express and Sun Freightways.

The Lea County Airport (Hobbs) is currently served by United Airlines, certified air carrier that offer several flights daily to and from Houston (United). Total arrival and departure numbers were 16,047 (2020) and 23,224 (2021) for arrivals; and 16,110 (2020) and 22,827 (2021) for departures. Commercial air service is available in Lubbock (90 miles northeast), with the top three airlines being Southwest, Continental and American, with the same airlines available in Midland/Odessa, being 90 miles southeast.

Public utilities are adequate with all forms (water, sanitary sewer, natural gas, electricity and telephone) available. Hobbs Gas Company and Southwestern Public Service provide natural gas and electricity, respectively, while telephone service is provided by Valor/LEACO. Water and sanitary sewer services are supplied by the City of Hobbs.

This includes a study of the population trends, and sociological factors such as housing, education, recreation and health care.

The City of Hobbs and Lea County have experienced a significant population increase over recent years, as revealed by the following chart. The overall Hobbs population increase from 1990 to 2020 was 3.03%/year (compounded annually). The

following is a summary of population estimates for Hobbs and Lea County.

POPULATION GROWTH TRENDS				
Year	City of Hobbs	% Change From Previous Period	Lea County	% Change From Previous Period
1990	29,115	Base	55,765	Base
2000	28,657	(0.16%)	55,511	(0.05%)
2010	29,292	0.22%	64,727	1.55%
2020	51,736	76.68%	74,445	+ 15.01%

Based on MLS provided data, existing homes maintained an average list price of \$209,958, while the median list price is \$203,839; while closed sales maintain median sales price is \$233,023.

The following chart reveals MLS statistics for 2018, 2019, 2020 and 2021,

Year	# of Listings	Ave. Days on Market	Median Price	Average Price
2018	323	124	\$172,000	\$182,638
2019	408	96	\$181,000	\$204,313
2020	495	137	\$170,000	\$222,312
2021	749	93	\$203,839	\$209,958

Based on the 2020 Census, Lea County maintains a total of 27,950 housing units, plus 22,523 households and an average household size of 3.00 persons. The City of Hobbs maintains a total of 27,028 housing units, plus 12,028 households with an average household size of 3.02 persons. The homeowner vacancy rate in Hobbs is 10.4%, while the rental vacancy rate is 4.7%.

Health care services are ample in the area with one hospital that maintains 180 beds, with 45 doctors and 15 dentists. There are also three clinics and 14 rest homes.

The Hobbs Independent School District is large with 12 elementary schools, three middle schools, one high school and four private schools, with an average annual enrollment of 8,900.

Secondary educational opportunities in Hobbs include the New Mexico Jr. College and College of the Southwest. Educational opportunities beyond high school are also available in Clovis through the Clovis Community College, being a two-year institution offering associate degrees in 27 areas of study. Eastern New Mexico University is located in Portales and offers more than 80 degree programs in the colleges of Business, Education, Technology, Fine Arts, Liberal Arts and Sciences, plus offering a variety of graduate programs.

Entertainment in the area is abundant with numerous parks, one municipal and one country club golf course, lighted tennis courts, racquetball courts, a swimming pool, jogging and bicycle trails. Residents of Hobbs also enjoy many annual events such as the Lea County Fair And Rodeo, Arts and Crafts Festival, Gus Macker Three-on-Three Tournaments, Frontier Days, Hoedown Days, Annual Christmas Parade and the Hobbs Holiday Basketball Tournament. The Center of Recreational Excellence (CORE) was recently completed and includes a fitness area, turf area (soccer, flag football, frisbee and batting cages), indoor gym (combo of two basketball courts, four Jr. courts, twelve goals, four volleyball courts, and six pickleball courts), indoor pool with extensive system of slides, plus a therapy pool.

The population trends have affected the economic picture of the Lea County and City of Hobbs reporting areas. 2021 reflected a total of 27,893 people employed in Lea County as compared to 21,472 in 2000. The most recent unemployment rate (10/22) is 4.8% for Lea County. Current unemployment levels are decreasing primarily due to improving conditions in the oil and gas industry, plus the limited impact of the Coronavirus. Overall, the Lea County Labor force increased by 20% from 2000 to 2020.

The New Mexico Department of Labor, Economic Research and Analysis Bureau compiles information for the state, county and metropolitan statistical area (MSA). The New Mexico Employment Commission reports that the Lea County 3rd Quarter 2022 (latest available) average employed work force was 33,261 people, with a majority or approximately 8,849 (27%) employed in the mining sector, 3,315 employed in the retail trade sector (10%), 2,915 in the construction sector (9%), 2,544 (8%) employed in the health care and social assistance sector, and 2,522 (8%) employed in the accommodation and food services sector. Thus, the Lea County economic base is diverse. The unemployment rate in Lea County since 2000 was at its lowest point in 2007 (2.4%), and has been up and down over this time period, as indicated by the following chart.

LEA COUNTY LABOR FORCE CHARACTERISTICS				
Year	Civilian Labor Force	Aver. Ann'l Growth %	Unemployment %	Increase/Decrease from Prior Year
2000	24,634	Base	4.8%	Base
2001	25,260	+ 2.54%	3.3%	-1.5%
2002	24,350	-3.6%	4.8%	+ 1.5%
2003	24,688	+ 1.4%	4.8%	-0-
2004	24,899	+ 0.9%	5.0%	+ 0.2%
2005	26,315	+ 5.7%	4.4%	-0.6%
2006	26,796	+ 1.8%	3.2%	-1.2%
2007	27,897	+ 4.1%	2.4%	-0.8%
2008	29,658	+ 6.3%	2.5%	+ 0.1%
2009	28,381	-4.3%	7.4%	+ 4.9%
2010	28,275	-0.4%	7.7%	+ 0.3%
2011	29,039	+ 2.7%	5.2%	-2.5%
2012	30,822	+ 6.1%	4.3%	-0.9%
2013	29,227	-5.2%	4.5%	+ 0.2%
2014	30,192	+ 3.3%	4.3%	-0.2%
2015	29,428	-2.5%	6.2%	+ 1.9%
2016	27,206	-7.6%	9.5%	+ 3.3%
2017	27,554	+ 1.3%	6.6%	-2.9%
2018	29,873	+ 8.4%	4.1%	-2.5%
2019	29,873	+ 8.4%	4.1%	-2.5%
2020	29,545	-0.8%	11.0%	+ 6.9%
2021	27,893	-5.6%	13.1%	+ 2.1%

As indicated by the following chart, Lea County is reporting a higher unemployment rate than the State of New Mexico. Typically metropolitan areas indicate a higher unemployment rate due to the concentration of manufacturing, mining and defense related jobs in these areas. The following chart reflects the civilian labor force (CLF) and unemployment rate relative to Lea County in comparison to the State of New Mexico.

UNEMPLOYMENT DATA				
Region	September 2021		September 2022	
	Rate	CLF	Rate	CLF
State of New Mexico	5.8%	943,509	4.0%	941,610
Lea County	8.0%	27,840	4.8%	27,607

It should be noted that the price of oil has increased significantly from previous low levels; however, the impact this will have on the local economy is not known at this time. WTI Crude Oil is currently trading for around \$73/bbl. The expected recovery is also dependent upon current inflation and recession worries, plus the war in Ukraine and increased interest rates. At this time, one can only speculate as to what the impact "may" be; however time will be the final arbiter. At this point, there have been no noticeable indicators that point to declining values or market rental levels in the real estate sector.

The ten largest employers include Hobbs Municipal Schools (1,498), Nor-Lea Hospital (530), City of Hobbs (451), McVay Drilling Co. (406), Constructors, Inc. (398), Walmart SuperCenter (366), Lea Regional Medical Center (350), Ferguson Construction Company (350), Lea County (329), NMJC (250) and McDonald's Restaurant (250). As of February 2022, Hobbs reported an average household income of \$84,037, with a median household income of \$66,704, and per capita income of \$25,191. The following chart reveals the latest available information in regard to the City of Hobbs building permits.

City of Hobbs Building Permits (2021)		
	# Permits	Total Value Permits
New Residential	159	\$45,566,914
Residential (Manufactured Home)	41	\$ 3,287,202
Residential (All Other)	2,174	\$14,032,151
Total Residential	2,374	\$62,936,267
New Commercial	12	\$ 9,616,705
Commercial (All Other)	562	\$15,583,442
Total Permits	574	\$25,200,147

Political factors as they affect real estate are considered to include zoning regulations, building codes and taxes.

There are no zoning regulations within the City of Hobbs. Typically, within individual additions, land use contracts are employed. Recent trends do not reflect oversupply in any area of real estate, and new construction has not declined, but has remained relatively stable.

Hobbs has a mayor-commission-manager form of government. The mayor is elected at large to a four-year term and may succeed himself once. The five-member, non-partisan council is elected from geographic districts to four-year terms.

Real estate taxes and gross receipts (sales) taxes are two major sources of revenue for area governments. Property is classified as residential or non-residential and the value is determined on real property by appraisal. The New Mexico Constitution limits property tax rates to twenty mills for general government operating purposes. Levies outside this limitation must be approved by the voters of the taxing district. In order to mitigate the effects of mandatory reappraisal, a yield control formula limits the growth in revenues from operating levies on existing property to 5% per year.

2022 mill rates are \$34.109/\$1000 (Non-Residential Inside) and \$28.554/\$1000 (Non-Residential Outside).

Hobbs and Lea County are subject to a 6.8125% of total gross receipts tax rate, which includes both state/city and state/county taxes. Exemptions under the Gross Receipts and Compensating Tax Act include: wages, vehicles (subject to 3% excise

tax), oil, gas or mineral interest, dividends on interest, sales of goods and services for resale, transactions in interstate commerce, certain nonprofit activities, rentals from real property and sales of real estate other than by builders.

Another major source of revenue is the tax (4-6%) imposed on the net income of every resident individual and every nonresident individual employed or engaged in the transaction of business in, into, or from the state, or deriving any income from any property or employment within this state.

The overall backbone of the Hobbs economy remains the oil and gas industry, farming, and ranching. Wholesale and retail distribution also play an important role in the city's economy. In addition, the food processing industry has shown recent growth in the region with an increase in the dairy industry. Being centrally located in the Eastern New Mexico plains, plus being in proximity to several large communities should continue to enhance the overall growth and economic outlook for the region.

Neighborhood Analysis - For purposes of this report, as determined by economics, demographics, land uses, and natural barriers, the subject's immediate neighborhood can be defined as being bound by SR 133 to the north, Dal Paso Street (NM 132) to the east, W. Kansas Street to the south and the Lovington Highway to the west. The subject property is located in the central portion of this defined neighborhood.

The subject neighborhood is afforded accessibility via two primary north/south thoroughfares (Lovington Hwy. and Dal Paso), and three secondary east/west thoroughfares (College Lane, Kansas Street & Alabama Street). The Lovington Highway extends along the west boundary of the subject neighborhood in a north/south direction, and is a primary commercial roadway in the City of Hobbs. This roadway allows passage to Lovington (north) and Kermit (south). Dal Paso Street extends along the east boundary of the subject neighborhood, however, it also bisects the City of Hobbs providing good access to all major north/south roadways that traverse the city. This overall access is considered to be one of the most positive influences for the neighborhood. Other interior secondary roadways also traverse the neighborhood and typically extend from these primary thoroughfares providing interior access to residential areas. Overall, the subject neighborhood maintains an adequate transportation system, and each of these roadways have been well maintained and are in good condition.

The neighborhood is estimated to be approximately 30% developed with the uses being a mix of office, commercial/retail, light industrial and residential type

development, plus a vast amount of land in agricultural production. The subject neighborhood is considered to be in a growth stage, with an extensive amount of new construction over the past several years. As previously discussed, the Lovington Highway is the most heavily developed commercial/retail corridor in the neighborhood, and perhaps the most desirable commercial/retail location in the city. Commercial/retail and office type improvements are concentrated along this roadway, while residential development exists within the interior or core of the neighborhood. Development and uses along the Lovington Highway are typical of most primary transportation routes in small communities. Development consists of light industrial uses, generally being oil field service and related development, plus numerous lodging facilities. Primary uses include the Lea County Events Center, plus the Zia Park Race Track and Black Gold Casino are just south of the Lea County Events Center.

The primary residential developments in the area are within its core. Single-family homes in this district are a mix of old and new construction, which are generally in average to good condition. The newer and better quality homes are located in the eastern section of the defined neighborhood.

There is an extensive amount of vacant land within the interior areas, which would allow for a significant amount of growth potential. New construction has increased over the past several years, and is expected to continue due to the improving economy.

The subject property is located on the north side of Pinson Road, east of N. Bensing Road. The immediate area includes land in agricultural production, plus scattered single-family homes.

Site Description - A complete metes and bounds legal description was not provided to the appraiser in this instance. A brief legal description of the subject property is as follows:

"114.50 acres in the SE/4 of Section 8, T17S, R38E,
N.M.P.M., Lea County, New Mexico."

The subject contains 114.50 acres and is slightly irregular in shape, with 3,127.52' of frontage along Pinson Road, while the depth is 2,652.38' at the east boundary. Pinson Road is asphalt paved and two lanes, allowing passage to Catchings Road (west) and Dal Paso (east).

No adverse easements were noted based on my physical inspection and the available assessors plat. A survey or title policy was not provided to the appraiser, thus, it must be assumed that no adverse easements impact the subject.

The subject site is level and at grade with the bordering roadways and surrounding development. Based upon maps obtained from the United States Department of Agriculture, Soil Conservation Service, there appears to be eight soil types located within the confines of the subject property. Soil types include Portales fine sandy loam, dry, 0 to 1 percent slopes (25.0%); Portales loam, 0 to 1 percent slopes (19.9%); Lea loam (17.4%); Kimbrough loam, 0 to 1 percent slopes (13.3%); Lea fine sandy loam (9.7%); Simona fine sandy loam, 0 to 1 percent slopes (8.1%); Stegall loam, 0 to 1 percent slopes (4.0%); and Slaughter loam (2.6%). Soil types that cover greater than 10% of the site will be described as follows:

The primary (25.0%) soil type is Portales fine sandy loam, dry, 0 to 1 percent slopes. The landform is playa rims and plains, while the parent material is calcareous loamy eolian deposits and/or lucustrine deposits. The general profile for this soil type is fine sandy loam from 0-14 inches; clay loam from 14-35 and 43-80 inches, and loam from 35-43 inches. The depth to a restrictive feature and the water table is more than 80 inches. This soil is well drained, maintains a negligible runoff class, with a moderate water storage profile. The frequency of flooding and ponding is none.

The second (19.9%) soil type is Portales loam, 0 to 1 percent slopes. The landform is playa steps, interdunes and plains; while the parent material is calcareous loamy eolian deposits and/or lucustrine deposits. The general profile for this soil type is loam from 0-15 and 35-43 inches; and clay loam from 15-35 and 43-80 inches. The depth to a restrictive feature and the water table is more than 80 inches. This soil is well drained, maintains a negligible runoff class, with a moderate water storage profile. The frequency of flooding and ponding is none.

The third (17.4%) soil type is Lea loam. The landform is plains; while the parent material is loamy alluvium derived from sedimentary rock. The general profile for this soil type is loam from 0-26 inches; and cemented material from 26-36 inches. The depth to a restrictive feature (petrocalcic) is 20 to 40 inches, while the water table depth is more than 80 inches. This soil is well drained, maintains a medium runoff class, with a low water storage profile. The frequency of flooding and ponding is none.

The fourth (13.3%) soil type is Kimbrough loam, 0 to 1 percent slopes. The landform is plains; while the parent material is loamy eolian deposits derived from sedimentary rock. The general profile for this soil type is loam from 0-10 inches; and

cemented material from 10-80 inches. The depth to a restrictive feature (petrocalcic) is 4 to 18 inches, while the water table depth is more than 80 inches. This soil is well drained, maintains a high runoff class, with a very low water storage profile. The frequency of flooding and ponding is none.

The subject is located outside the Hobbs city limits. Based on the latest available flood insurance rate map (Panel No. 35025C1175D, dated 12/16/08), the subject site is located in Zone D, described as being outside the 100 year flood. The appraiser does not warrant this statement, and suggests that flood certification is obtained.

The subject is located outside the City of Hobbs, and city water and sanitary sewer are not available at this time. Sewer services are provided by two septic systems that serve the residence and red barn. However, water rights associated with 114 acres are available, with the diversion amount not known, with the purpose of use being domestic and irrigation. The subject is served by one domestic water well, one irrigation well, and one stock well; while all remaining utilities (electricity, gas and telephone) are available to the subject parcel.

Although the subject is outside the city limits, there is no zoning ordinance in the City of Hobbs. In addition, in this instance no known land-use contracts impact the subject.

Improvement Description - Structural improvements include a single-family home (3,882 SF), red horse barn (6,171 SF), white barn (2,940 SF), large (24 stall) horse paddock (4,526 SF), small (20 stall) horse paddock (3,904 SF), small horse enclosure (1,880 SF), hay barn (5,841 SF), and pens and riding arenas. Each will be described as follows:

The single family home (Living Area @ 3,064 SF; Garage @ 818 SF) maintains a wood frame and brick exterior, plus a pitched with a composition shingle cover. This is a three bedroom, three bath home, plus a living area, den, dining room, kitchen, office, plus a utility room. Floor cover is a combination of luxury vinyl tile and carpet. Interior walls and ceilings are sheetrock (taped, bedded and painted). Lighting is provided by suspended fixtures and light packages on ceiling fans. A brick fireplace, being two sided, serves the living area and den. The kitchen maintains built-in cabinets and island, a stainless steel sink, range, oven and dishwasher. The utility room also maintains built-in cabinets, plus a sink and washer/dryer connections. Each restroom maintains standard fixtures, plus a commode, and either tub/shower combinations, or individual tubs and shower enclosures. The home

is heated and cooled via a central package system. The attached garage is served by two automatic overhead doors, with a concrete floor, panelled and sheetrock wall, plus a sheetrock ceiling, with boxed fluorescent lighting. The residence was built in 1995, with no major known renovations over the past several years. The house is well off the road, with a caliche drive that allows access, plus a concrete parking area, and landscaping (irrigated) to include grass, trees and shrubs.

The red barn (6,171 SF) is a pre-engineered metal building, with sheet metal exteriors at each elevation; plus a pitched roof with a sheet metal cover supported by steel purlins. Included in this area is 385 SF of finished space, being three rooms with vinyl composition tile floors, sheet metal walls and ceilings, incandescent lighting, and thru the wall cooling. The remaining area is unfinished, with dirt floors, plus an area of concrete paving, being associated with the finished space. Interior walls and ceilings maintain vinyl backed insulation supported by poultry wire, with strip fluorescent lighting. This building is served by three sectional (10' X 10') overhead doors, while the wall height is 14'. This building was built in 2002.

The white barn (2,940 SF) is a pre-engineered metal building, with sheet metal exteriors at each elevation; plus a pitched roof with a sheet metal cover supported by steel purlins. Included in this area is a small material storage room, while the remaining area is stalls. The interior is unfinished, with dirt floors, exposed interior walls and ceilings with strip fluorescent lighting. This building is served by one overhead door, while the wall height is 14'. The year built is not known.

Improvements also include two horse paddock buildings (24 stalls @ 4,526 SF & 20 stalls @ 3,904 SF), plus a small horse enclosure (8 stalls @ 1,880 SF). Each structure maintains a sheet metal cover supported by steel posts, a partial sheet metal wall, while each enclosure is secured by metal pipe, with associated gates. The floor is dirt, and select structures have an interior corridor. The year built is not known.

The hay barn (5,841 SF) maintains a sheet metal cover supported by a steel frame, with one sheet metal exterior wall, plus a dirt floor. The year built is 2010.

The arena area maintains a pipe fence enclosure and track, being lighted with 6 sodium mercury vapor lights on six poles. The subject also maintains a quarter pivot, with an actual age of over 20 years, and maintains no contributory value.

Real Estate Taxes - The subject is assessed as three independent accounts. The owner numbers associated with the subject are 201078, 202026 and 78892. The subject is located outside the City of Hobbs, with the current (2022) mill rate (residential outside) being \$23.365/\$1000; and \$28.554 (non-residential outside). No past due taxes are owed at this time. The account numbers, full values, taxable values and taxes are revealed on the following table.

Owner No.	Full Value	Taxable Value	Taxes
201078	\$385,368	\$126,456*	\$2,955
202026	\$ 10,536	\$ 3,512	\$ 100
78892	\$ 5,868	\$ 1,956	\$ 56
Total	\$401,772	\$131,924	\$3,111
*Taxed as residential outside with a \$2,000 exemption.			

HIGHEST AND BEST USE:

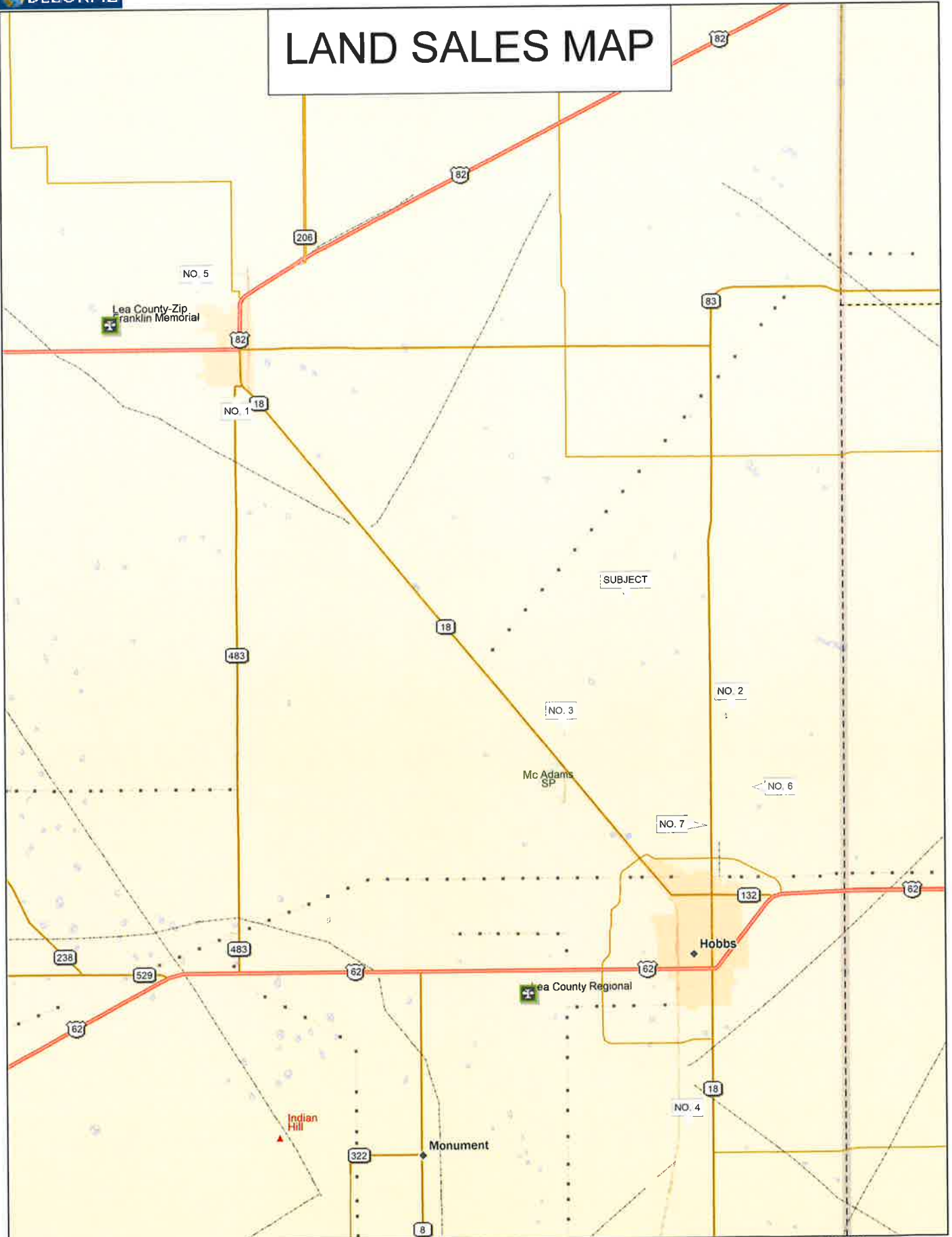
Highest and Best use as though vacant - Considering the surrounding neighborhood of the subject, along with the implied characteristics associated with Highest and Best Use, the appraiser considers the highest and best use of the subject to be an agricultural use. The lack of zoning, plus the rural nature of the subject location, and the surrounding uses that are agricultural in nature, strongly indicate this to be the most viable use of the subject.

Highest and Best use as improved - Over the near term, the subject property, in its current use (existing improvements) should offer a higher return on the investment and there is no legal, alternative use that would result in a higher net present value to the land.

SUMMARY OF ANALYSIS AND VALUATION:

Cost Approach - Within the cost approach, the value of the site "As Vacant", was estimated employing the sales comparison approach. There have been a sufficient number of land sales within similar areas in Hobbs and Lovington, being somewhat comparable to the subject. Detailed information regarding each individual sale is located in the Addendum as Exhibit C. A map and summary of these land sales is as follows:

LAND SALES MAP



Data use subject to license.

© DeLorme, DeLorme Street Atlas USA® 2014.

www.delorme.com



Scale 1 : 225,000



1" = 3.55 mi

Data Zoom 9-7

LAND SALES SUMMARY					
#	DATE	SIZE/AC	ZONING	FRONTAGE	SALES PRICE/AC
1	4/17	56.64	None	Two sides	\$ 3,337
		E/S of SR 483, S. of W. Ave. R			
2	5/18	26.69	None	One side	\$ 4,121
		S/S of Alabama, E. of Dal Paso			
3	9/18	25.83	None	One side	\$ 8,711
		7807 N. World Drive			
4	6/19	46.41	None	None	\$ 3,232
		S. of the Monument Hwy. & W. of S. Bronco Dr.			
5	6/19	50.68	None	Two sides	\$ 3,946
		SEC of Gum St. & 17th St.			
6	5/20	35.00	None	One side	\$ 6,286
		S/S of Rose Rd., E. of Dal Paso			
7	10/22	139.86	None	One side	\$ 2,881
		E/S of Dal Paso, N. of Gamblin St.			

The sales employed in this analysis sold from April 2017 to October 2022, being the best available in this instance. These sales are believed to be most comparable, and should require the least number of adjustments. The following adjustment chart will be employed to adjust the most comparable sales (Nos. 5, 6 & 7) to the subject property.

ADJUSTMENT GRID				
	Subject	No. 5	No. 6	No. 7
Price/Ac		\$3,946	\$6,286	\$2,881
Sale Date Time Adj.		6/19 -0-	5/20 -0-	10/22 -0-
Conditions Adj.		Cash Eq. -0-	Cash Eq. -0-	Cash Eq. -0-
Adj. Price		\$3,946	\$6,286	\$2,881
Size/Ac. Adj.	114.50	50.68 -10%	35.00 -30%	138.86 -0-
Location Adj.	Average	Inferior +20%	Similar -0-	Similar -0-
Zoning Adj.	None	None -0-	None -0-	None -0-
Utility Adj.	Good	Inferior +20%	Inferior +20%	Inferior +50%
Total Net Adjustment		+30%	-10%	+50%
Adjusted Sale Price		\$5,130	\$5,657	\$4,322
ADJUSTMENT ANALYSIS				
Number of Adjustments		3	2	1
Total Gross Adjustment		50%	50%	50%

EXPLANATION OF ADJUSTMENTS

Date of Sale/Time - The effective date of this appraisal is December 8, 2022. The sales employed in the previous adjustment chart occurred between June 2019 to October 2022. Based on my analysis of the available sales, no increase or decrease in value is noted. Thus, no adjustment will be applied for date of sale/time.

Cash Equivalency - All of the comparables were sold on the basis of cash and no adjustments were necessary for this factor.

Size - Nos. 5 & 6 - The subject site contains approximately 114.50 acres of land area, being larger in size as compared to Sale Nos. 5 (50.68 Acres) and 6 (35.00 Acres), and adjustments are needed. Typically, larger sized tracts of land will sell for less per acre than smaller sites, due primarily to the economies of scale, while the opposite is also true. Therefore, a negative adjustment will be applied to Nos. 5 and 6. Sale No. 7 contains 138.86 acres, being similar to the subject, and no adjustment is needed.

Location - No. 5 - The subject is located along W. Pinson Road, being a primary east/west roadway in this portion of the county, and allowing passage from Catchings Road (west) to Dal Paso Road (east), plus other major north/south transportation routes in the area. This area is largely developed with scattered residential uses, plus land in agricultural production.

Sale No. 5 is located just outside Lovington at the southeast corner of Gum St. and 17th Street. Density of development is superior to the subject, generally being residential uses, plus vacant land; however, it is located in proximity to Lovington and not Hobbs. Overall, this location is inferior to the subject, and a positive adjustment is necessary.

Sale No. 6 is located on Rose Road, being just east of Dal Paso, while No. 7 is located on Dal Paso, north of Hobbs. Overall, each location is believed to be similar to the subject, and no adjustment is needed.

Zoning - Each sale is located outside a city limits, and is not zoned. Thus, no adjustments were required for zoning.

Utility - Nos. 5, 6 & 7 - In comparing utility or usefulness of the comparables to the subject site, I have considered road frontage and corner location, shape or configuration of the tract, topography, flood plain and availability of utilities, or water rights.

In regard to flood plain, and availability of utilities, no differences were noted and no adjustment is necessary. The subject maintains one side of paved frontage, level topography, electric available, and has 114 acres of water rights.

Sale No. 5 has frontage on two secondary roadways, is rectangular in shape, with no utilities or water rights, being inferior to the subject, with a positive adjustment needed.

Sale No. 6 has frontage on one secondary roadway, is irregular in shape, with no utilities or water rights, being inferior to the subject, with a positive adjustment needed.

Sale No. 7 has frontage on a primary roadway, is rectangular in shape, with no utilities or water rights, being inferior to the subject, with a positive adjustment needed.

Site Value Conclusion - The range of prices before adjustments varied from a low on Sale No. 7 of \$2,881/Acre to a high of \$6,286/Acre associated with Sale No. 6. After all adjustments for size (Nos. 5 & 6), location (No. 5) and utility (Nos. 5, 6 & 7), a range of \$4,322/Acre to \$5,657/Acre is revealed. Overall, Sale No. 5 needed the most (three) number of adjustments, followed by No. 6 with two adjustments, while No. 7 just required one adjustment. Also, adjustments to No. 7 equalled the largest (50%) total net adjustment, followed by Nos. 5 (30%), and No. 6 (10%). In conclusion, Sale No. 6 will be given more weight in the final analysis.

After all adjustments and considering the physical factors of the subject site (size, location and utility), a value of \$5,500 per acre is considered reasonable and valid for the subject property. Thus, the subject property land value is calculated as follows:

SIZE/AC		PRICE/AC		INDICATED VALUE
114.50	X	\$5,500	=	\$629,750
ROUNDED TO \$630,000				

Cost Estimate - The cost per square foot method was selected by the appraiser for the subject improvements. The cost figures utilized were obtained from the Marshall & Swift Telenet computer system, and the estimate includes such indirect costs as architect's fees, contractor's overhead and profit, loan fees and interim construction financing. Gross receipts tax was included at 5.375%, while profit was not included. No areas of physical curable depreciation (deferred maintenance) impact the subject at this time.

Physical incurable depreciation is calculated as follows:

Description	Cost New	Age/Life	Depreciation
Residence	\$773,298	20/50 or 40%	\$309,319
Barns	\$227,850	30/40 or 75%	\$170,888
Hay Barn	\$ 90,000	12/25 or 48%	\$ 43,200
Arena, Fence & Paddocks	\$485,000	30/35 or 85%	\$412,250
TOTAL			\$935,657

Following is a cost run via Swift Estimator.

CoreLogic - Swift Estimator

Segregated Estimator - Detailed Report

General Information

Estimate ID: 22-129557
 Property Owner: Mary Cap
 Address: 2604 W. Pinson
 City: Hobbs
 State: NM
 ZIP/Postal Code: 88242
 Surveyed By: SMS
 Survey Date: 12/16/2022
 Cost as of Date: 12/2022

Summary

Section	Cost New	Depreciation	Depreciated Cost
Section 1 : Single Family Residence (Residential)	\$773,298	\$0	\$773,298
Section 2 : Barn (General Purpose)	\$158,536	\$0	\$158,536
Section 3 : Barn (General Purpose)	\$690,314	\$0	\$690,314
TOTAL COST	\$1,622,148	\$0	\$1,622,148

Section 1

Occupancy: Single Family Residence (Residential)
 Class: D - Wood or Steel Framed Exterior Walls
 Quality: 3 - Good
 Condition: 4 - Good
 Number of Stories: 1
 Average Story Height: 10
 Floor Area: 3882

Detailed Totals

Component	Units	Cost	Cost New	Depr	Depr Cost
Excavation & Site Preparation:					
Site Preparation	3,882	\$6.1	\$2,368		\$2,368
Foundation:					
Concrete, Masonry Veneer	3,882	\$6.30	\$24,457		\$24,457
Frame:					
Wood Posts & Beams	3,882	\$6.56	\$25,466		\$25,466
Floor Structure:					
Concrete on Ground	3,882	\$6.63	\$25,738		\$25,738
Vapor Barrier	3,882	\$1.81	\$7,026		\$7,026
Subtotal			\$32,764	\$0	\$32,764
Floor cover:					
Carpet and Pad	920	\$8.00	\$7,360		\$7,360
Vinyl Tile	2,144	\$10.28	\$22,040		\$22,040
Subtotal			\$29,400	\$0	\$29,400
Ceiling:					
Drywall, Taped & Painted	3,882	\$3.33	\$12,927		\$12,927
Ceiling Insulation	3,882	\$2.20	\$8,540		\$8,540
Subtotal			\$21,467	\$0	\$21,467
Interior Construction:					
Interior Construction, Framed	3,882	\$40.81	\$158,424		\$158,424
Plumbing:					
Plumbing	3,064	\$14.35	\$43,968		\$43,968

Heating, Cooling & Ventilation:

Package Heating & Cooling	3,064	\$10.79	\$33,061		\$33,061
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Electrical:

Electrical, Finished	3,064	\$10.97	\$33,612		\$33,612
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Electrical, Unfinished	818	\$4.25	\$3,476		\$3,476
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Subtotal			\$37,088	\$0	\$37,088
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Exterior Wall:

Common Brick Veneer	3,840	\$36.76	\$141,158		\$141,158
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Insulation	3,840	\$1.39	\$5,338		\$5,338
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Subtotal			\$146,496	\$0	\$146,496
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Roof Structure:

Wood Joists, Wood Deck	3,882	\$10.17	\$39,480		\$39,480
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Roof Cover:

Composition Shingles	3,882	\$4.39	\$17,042		\$17,042
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Insulation	3,882	\$3.01	\$11,685		\$11,685
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Subtotal			\$28,727	\$0	\$28,727
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Built-in construction:

Kitchen, Single Unit	1	\$6,151.72	\$6,152		\$6,152
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Subtotal Superstructure	3,882	\$162.11	\$629,318	\$0	\$629,318
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Replacement Cost New	3,882	\$162.11	\$629,318		
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Depreciated Cost					\$629,318
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Yard Improvements:

Paving, Concrete, Reinforced	3,400	\$9.70	\$32,980		\$32,980
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Landscaping	15,000	\$7.40	\$111,000		\$111,000
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Subtotal			\$143,980	\$0	\$143,980
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NonBuilding Subtotal			\$143,980	\$0	\$143,980
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Total Cost			\$773,298	\$0	\$773,298
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Section 2

Occupancy:	Barn (General Purpose)
Class:	S - Metal Frame and Walls
Quality:	2 - Average
Condition:	3 - Average
Number of Stories:	1
Average Story Height:	14
Floor Area:	6171

Detailed Totals

Component	Units	Cost	Cost New	Depr	Depr Cost
Excavation & Site Preparation:					
Site Preparation	6,171	\$.42	\$2,592		\$2,592
Foundation:					
Conc. Col. Footings, Steel	4	\$64.48	\$258		\$258
Column, Light Pre-eng.					
Frame:					
Steel, Pre-engineered	6,171	\$4.42	\$27,276		\$27,276
Floor Structure:					
Concrete on Ground	720	\$4.95	\$3,564		\$3,564
Vapor Barrier	720	\$1.12	\$806		\$806
Subtotal			\$4,370	\$0	\$4,370
Ceiling:					
Ceiling Insulation	6,171	\$1.05	\$6,480		\$6,480
Interior Construction:					
Interior Construction, Framed	6,171	\$2.77	\$17,094		\$17,094
Plumbing:					
Plumbing	6,171	\$.75	\$4,628		\$4,628
Heating, Cooling & Ventilation:					
Window Heat Pump	1	\$2,561.88	\$2,562		\$2,562
Electrical:					

Electrical, Finished	385	\$.85	\$327		\$327
Electrical, Unfinished	5,786	\$2.36	\$13,655		\$13,655
Subtotal			\$13,982	\$0	\$13,982
Exterior Wall:					
Metal Cover, Steel Frame	4,533	\$7.69	\$34,859		\$34,859
Insulation	4,533	\$1.09	\$4,941		\$4,941
Subtotal			\$39,800	\$0	\$39,800
Roof Structure:					
Open Steel System, Light Purlin Supports Only	6,171	\$1.93	\$11,910		\$11,910
Roof Cover:					
Metal, Preformed Sheets	6,171	\$2.68	\$16,538		\$16,538
Insulation	6,171	\$1.79	\$11,046		\$11,046
Subtotal			\$27,584	\$0	\$27,584
Subtotal Superstructure	6,171	\$25.69	\$158,536	\$0	\$158,536
Replacement Cost New	6,171	\$25.69	\$158,536		
Depreciated Cost					\$158,536
Total Cost			\$158,536	\$0	\$158,536

Section 3

Occupancy:	Barn (General Purpose)
Class:	S - Metal Frame and Walls
Quality:	2 - Average
Condition:	3 - Average
Number of Stories:	1
Average Story Height:	14
Floor Area:	2940

Detailed Totals

Component	Units	Cost	Cost New	Depr	Depr Cost
Excavation & Site Preparation:					
Site Preparation	2,940	\$.42	\$1,235		\$1,235
Foundation:					
Conc. Col. Footings, Steel Column, Light Pre-eng.	4	\$64.48	\$258		\$258
Frame:					
Steel, Pre-engineered	2,940	\$4.42	\$12,995		\$12,995
Interior Construction:					
Interior Construction, Framed	2,940	\$2.77	\$8,144		\$8,144
Plumbing:					
Plumbing	2,940	\$.75	\$2,205		\$2,205
Electrical:					
Electrical, Unfinished	2,940	\$2.36	\$6,938		\$6,938
Exterior Wall:					
Metal Cover, Steel Frame	3,052	\$7.69	\$23,470		\$23,470
Roof Structure:					
Open Steel System, Light Purlin Supports Only	3,052	\$1.93	\$5,890		\$5,890
Roof Cover:					
Metal, Preformed Sheets	3,052	\$2.68	\$8,179		\$8,179
Other Superstructure:					
Hay Barn	1	\$90,000.00	\$90,000		\$90,000
Horse Paddocks	1	\$260,000.00	\$260,000		\$260,000
Subtotal			\$350,000	\$0	\$350,000
Subtotal Superstructure	2,940	\$142.62	\$419,314	\$0	\$419,314
Replacement Cost New	2,940	\$142.62	\$419,314		
Depreciated Cost					\$419,314
Site Improvements:					
Septic and Wells	1	\$46,000.00	\$46,000		\$46,000

Arena	1	\$75,000.00	\$75,000		\$75,000
Pipe Fence	1	\$150,000.00	\$150,000		\$150,000
Subtotal			\$271,000	\$0	\$271,000
NonBuilding Subtotal			\$271,000	\$0	\$271,000
Total Cost			\$690,314	\$0	\$690,314

Cost data by CoreLogic, Inc.

Except for items and costs listed under "Addition Details," this SwiftEstimator report has been produced utilizing current cost data and is in compliance with the Marshall & Swift Licensed User Certificate. This report authenticates the user as a current Marshall & Swift user.



COST APPROACH SUMMARY

Total direct cost of improvements		\$1,622,148
Plus: Gross Receipts Tax & Soft Costs @ 5.375%		<u>87,190</u>
Total cost of improvements		\$1,709,338
Less: Depreciation		
Physical Incurable:	\$935,657	
Other Obsolescence:	<u>0</u>	
Total Depreciation		<u>934,657</u>
Depreciated Value of Improvements		\$ 773,681
Plus: Land Value (By Comparison)		<u>630,000</u>
		\$1,403,681
Indicated Market Value of the Subject by the Cost Approach		\$1,400,000

Reconciliation and Value Conclusion:

Cost Approach: **\$1,400,000**

The Cost Approach was given sole and primary consideration in this analysis, due to the fact that the subject is a special use facility. The "As Is" estimate of market value (fee simple) of the subject property, as of December 8, 2022, was: **\$1,400,000**.

Marketing/Exposure Period

Market value is based on the premise that a reasonable time is allowed for exposure in the open market, considering the property type and local market conditions. Reasonable exposure time is one of a series of conditions (i.e., typically motivated buyer and seller, both parties well-informed) under which the current sale is presumed to occur. Exposure time precedes the effective date of appraisal. This fact is substantiated by related facts in the appraisal process: the use of current cost information and supply/demand conditions as of the effective date of appraisal, the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer), and the analysis of future income expectancy estimated from the effective date of appraisal.

The number of sales and overall market activity has remained stable in the general Hobbs market area. The subject site maintains an average location, with convenient access to major transportation routes. Because of these factors, it is believed that the subject would attract investor interest if offered for sale. The estimate of market value is based on a marketing and/or exposure period of 12 months.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

It is assumed that title to the property herein appraised is good and merchantable, and in fee simple. The value is reported without regard to questions of title, boundaries, encroachments, environmental regulations, licenses, or other matters of a legal nature unless noncompliance has been stated, defined, and considered in the appraisal report.

Also, the value is estimated under the assumption that there will be no international nor domestic political, economic, nor military actions that will seriously affect real estate values throughout the country.

Certain information concerning market and operating data was obtained from others. A rent roll was not provided to the appraiser. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed. Dimensions and areas of the subject property and of the comparables were obtained by various means and are not guaranteed to be exact.

Real estate values are influenced by a large number of external factors. The data contained herein is all of the data I consider necessary to support the value estimate. I have not knowingly withheld any pertinent facts, but I do not guarantee that I have knowledge of all factors which might influence the value of the subject property. Due to rapid changes in external factors, the value estimate is considered reliable only as of the date of appraisal.

Opinions of value contained herein are estimates. This is the definition of an appraisal. There is no guarantee, written or implied, the subject property will sell for such amounts. The value estimated assumes that the property is under responsible ownership and has competent and prudent management.

The appraiser will not be required to give testimony or attendance in court or before other legal authority by reason of this appraisal without prior agreement and arrangement between the employer and the appraiser.

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any opinions, analysis, or conclusions concerning value, the identity of the appraiser or the firm

with which he is connected, or any reference to the Appraisal Institute or the MAI Designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, prospectus for securities, or any other public means of communication without prior written consent and approval of the undersigned.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structure which would render it more or less valuable, except as stated in this report. No responsibility is assumed for such conditions or engineering which may be required to discover them. It is assumed that a prudent owner/buyer would allow the inspection of the property by a qualified soils or structure engineer if conditions required.

The distribution of the total valuation in this report between land and improvements applies only under the reported Highest and Best Use of the land. The allocations of value for land and improvements, if presented, must not be used in conjunction with any other appraisal and are invalid if so used.

No environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser hereby reserves the right to alter, amend, revise, rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.

This appraisal was prepared by SMS Appraisal Services and consists of trade secrets and commercial or financial information which are privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Please notify Steven M. Sparks of any request of reproduction of this appraisal.

Under no circumstances shall the company's or appraiser's liabilities exceed the fee actually collected for this report, and then only in case of a gross error which would have materially affected the appraiser's value opinion as of the date of valuation. Thus, by accepting this report, acknowledgment is made that a value opinion is an opinion only, and not a provable fact. As a personal opinion, valuation may vary between appraisers based on the same facts. Therefore, the company and the appraiser warrants only that the value conclusion is the best opinion as of the exact day of valuation.

No investigation was made by the appraiser to determine if asbestos, fiberglass, or synthetic mineral fiber products are present in improved properties. The existence of such fibers, if any, would have to be determined by a qualified inspector. It is assumed that there are no asbestos, fiberglass, synthetic material fiber products, nor

other contaminants present that would materially affect value.

The ADA extends to individuals with disabilities civil rights protection similar to the those provided to persons previously on the basis of race, sex, national origin and religion under the Civil Rights Act of 1964. One objective of the ADA is to make accessible to persons with disabilities all buildings and other facilities open to the general public on the same basis that those buildings and facilities are available to persons without disabilities. Existing buildings were required to be brought into compliance by July 1992. The appraiser is not an expert in this matter and unless it is specified otherwise in the report, the value conclusion assumes the subject will not be adversely affected by this act.

Hypothetical Condition

None

Extraordinary Assumption

None

CERTIFICATION:

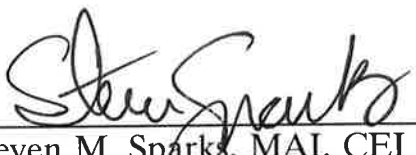
I certify that, to the best of my knowledge and belief

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Steven M. Sparks) have completed the continuing education program for Designated Members of the Appraisal Institute.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Based on my analysis of the subject property, a Fee Simple "As Is" Market Value, as of December 8, 2022, was:

\$1,400,000

ONE MILLION FOUR HUNDRED THOUSAND DOLLARS



Steven M. Sparks, MAI, CEI
#NM-1114-G (Expires 4/30/24)

REAL ESTATE APPRAISAL QUALIFICATIONS
OF STEVEN M. SPARKS, MAI, CEI

PROFESSIONAL AFFILIATIONS

Member, Appraisal Institute (#8985)

Certified General Real Estate Appraiser in Texas (#TX-1322593-G), and New Mexico (001114-G).

Realtor, Lubbock Association of Realtors

Certified Environmental Inspector (CEI), Environmental Assessment Association

The Appraisal Institute conducts a mandatory program of continuing education for its designated members. MAI's and SRA's who meet the minimum standard of this program are awarded periodic educational certification. As of the date of this report, I have completed the requirements under the continuing education program and I am currently certified under this program.

EDUCATION

Graduate of Texas Tech University, B.B.A., Petroleum Land Management 1983

Courses include: Farm and Ranch Appraisal, Real Estate Law, Corp. Finance I and II, Real Estate Fundamentals. General background in management finance, marketing, business law, accounting and economics; Dean's List.

Professional Courses - Appraisal Institute: Real Estate Appraisal Principles, Basic Valuation Procedures, Capitalization Theory & Techniques Part A, Capitalization Theory & Techniques Part B, Standards in Professional Practice, Case Studies, Report Writing, Demonstration Report and Comprehensive Exam.

Resolution Trust Corporation - Affordable Housing Appraisal Seminar

Residential Case Study - Appraisal Institute (2/94)

Performing Phase I Site Assessments - EAA (5/94)

Fair Lending and the Appraiser - Appraisal Institute (10/94)

Market Extractions - Appraisal Institute (1/96)

Appraisal of Retail Properties - Appraisal Institute (10/96)

The High Tech Appraisal Office - Appraisal Institute (1/96)

Appraising Nursing Home Facilities - Appraisal Institute (2/97)

EXPERIENCE

1984-Present:

- Appraisal/Environmental of all types of Commercial, Residential, Farm and Ranch Real Estate.
- Appraisal/Environmental experience to include single-family residences, apartments, shopping centers, hotels, office buildings, movie theaters, industrial buildings, land developments, single family subdivisions and vacant land. Past experience in the overbuilt markets of Dallas/Fort Worth (1984-1992) and New England (4/92-6/93).

ADDENDUM

Exhibit A

ENGAGEMENT LETTER

SMS APPRAISAL/ENVIRONMENTAL SERVICES, INC.

REAL ESTATE APPRAISING & CONSULTING

Steven M. Sparks, CEI, MAI

November 21, 2022

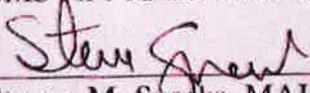
Mary Cap
2604 W. Pinson
Hobbs, NM 88242

Re: Engagement - Land &
Improvements @ 2604 W.
Pinson, Hobbs, NM.

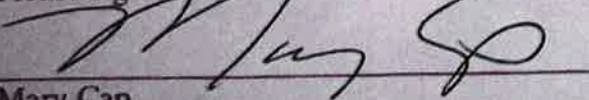
Thank you for the opportunity to offer our services. The fee quote associated with the above referenced property is \$2,500 (due at inspection), being associated with an Appraisal Report (Per USPAP) in a Summary format. The delivery date is three weeks. The purpose of this appraisal is to estimate the "As Is" Fee Simple Market Value for decision making purposes, with the intended user being Mary Cap. We typically provide an email pdf version of the appraisal. If a hard copy is needed, please inform me in advance. If you agree with this engagement, please sign and return to me via email. Thanks again for the opportunity, and I look forward to hearing from you in the future.

Respectfully submitted,

SMS APPRAISAL SERVICES


Steven M. Sparks, MAI, CEI
#NM-1114-G (Expires 4/30/24)

Please sign

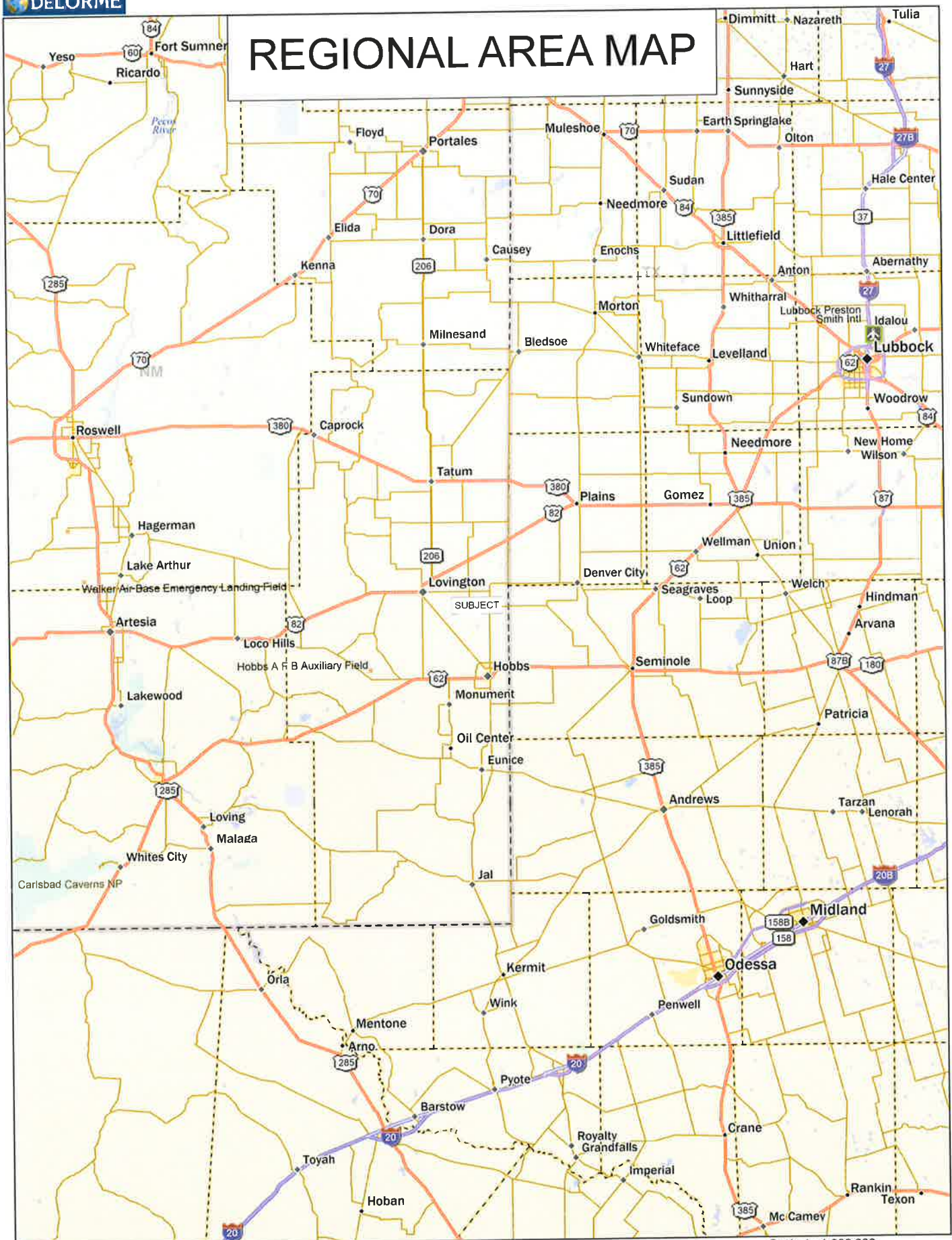


Mary Cap

Exhibit B

MAPS, PLATS AND PHOTOGRAPHS

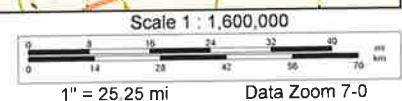
REGIONAL AREA MAP



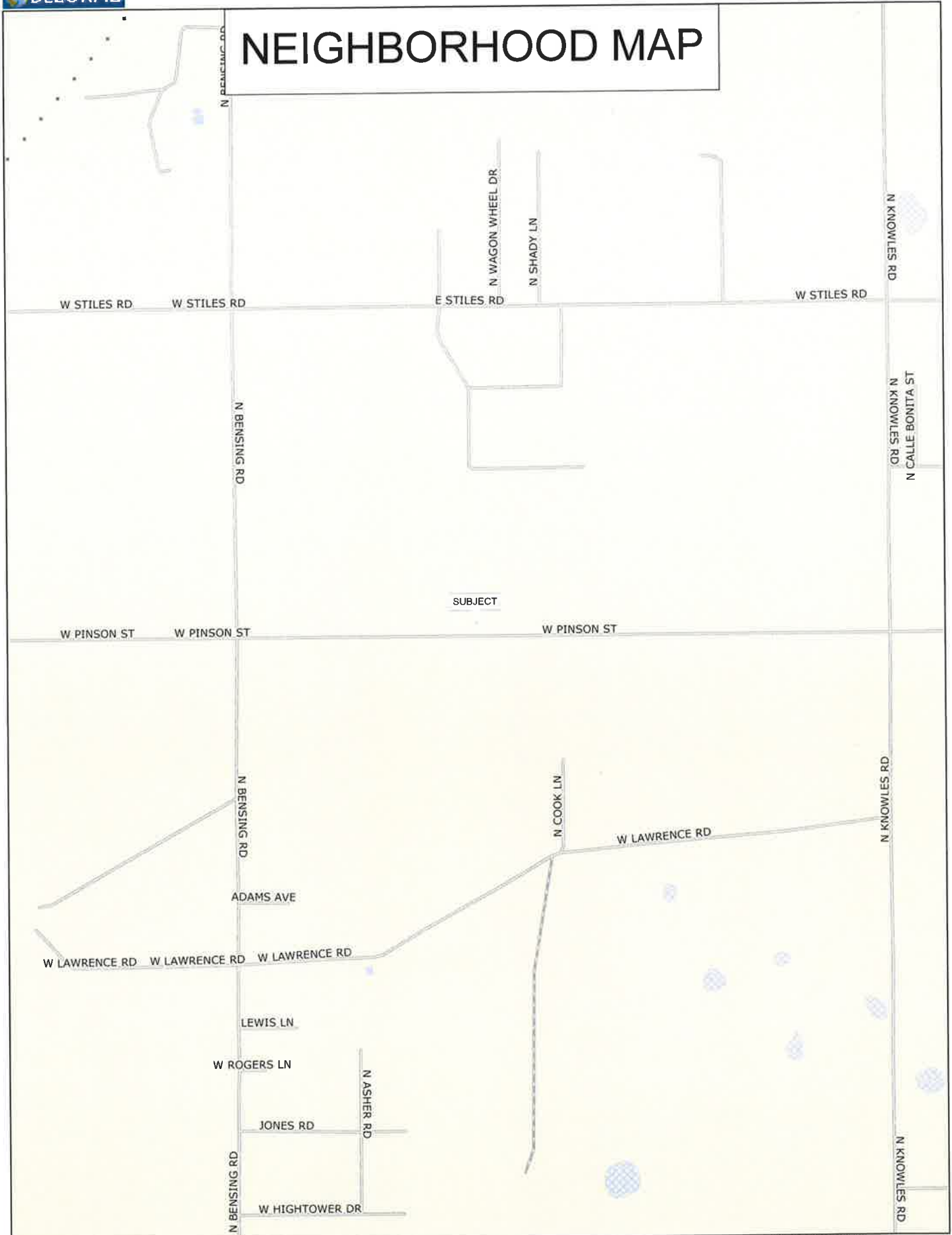
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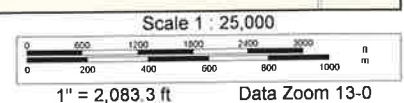
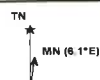
NEIGHBORHOOD MAP



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TAX PLAT MAP



SOIL SURVEY MAP



MAP DATA

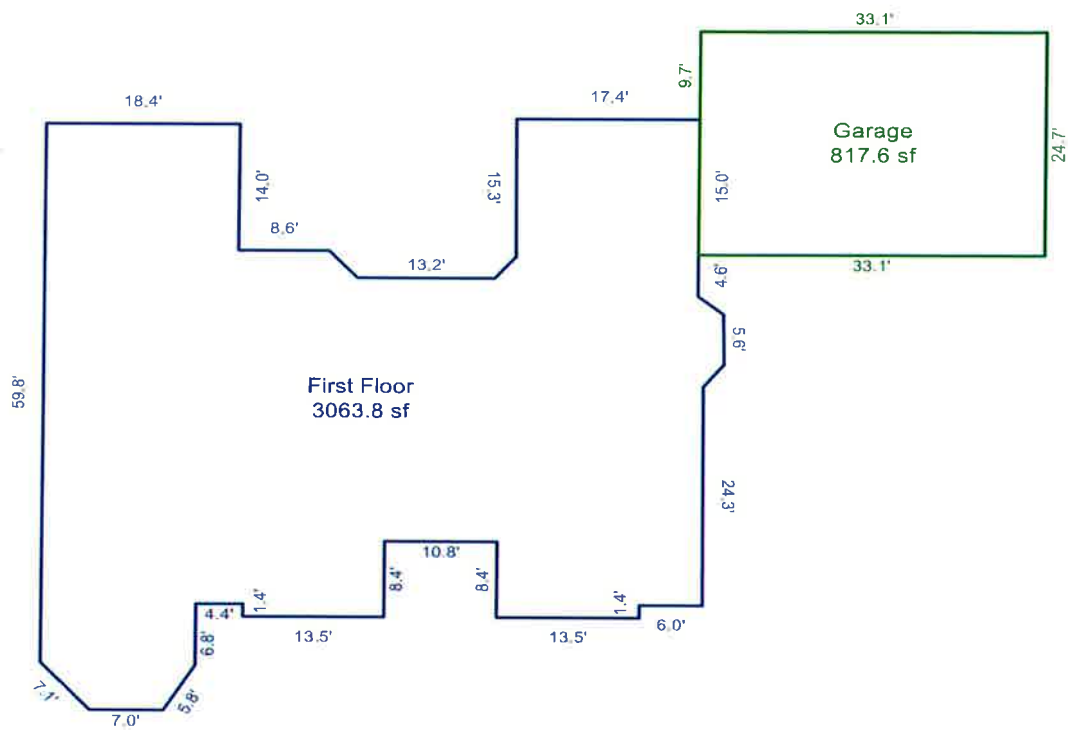
FEMA Special Flood Hazard Area: **No**
Map Number: 35025C1175D
Zone: D
Map Date: December 16, 2008
FIPS: 35025

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard

- Protected Areas
- Floodway
- Subject Area

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RESIDENCE FLOOR PLAN



AERIAL PHOTOGRAPH

SUBJECT PHOTOGRAPHS



1. Typical exterior view of the residence.



2. Typical exterior view of the residence.

SUBJECT PHOTOGRAPHS



3. Typical view of the residence yard area.



4. Typical interior view of the residence (living area).

SUBJECT PHOTOGRAPHS



5. Typical interior view of the residence (den area).



6. Typical interior view of the residence (kitchen).

SUBJECT PHOTOGRAPHS



7. Typical interior view of the residence (master bedroom).

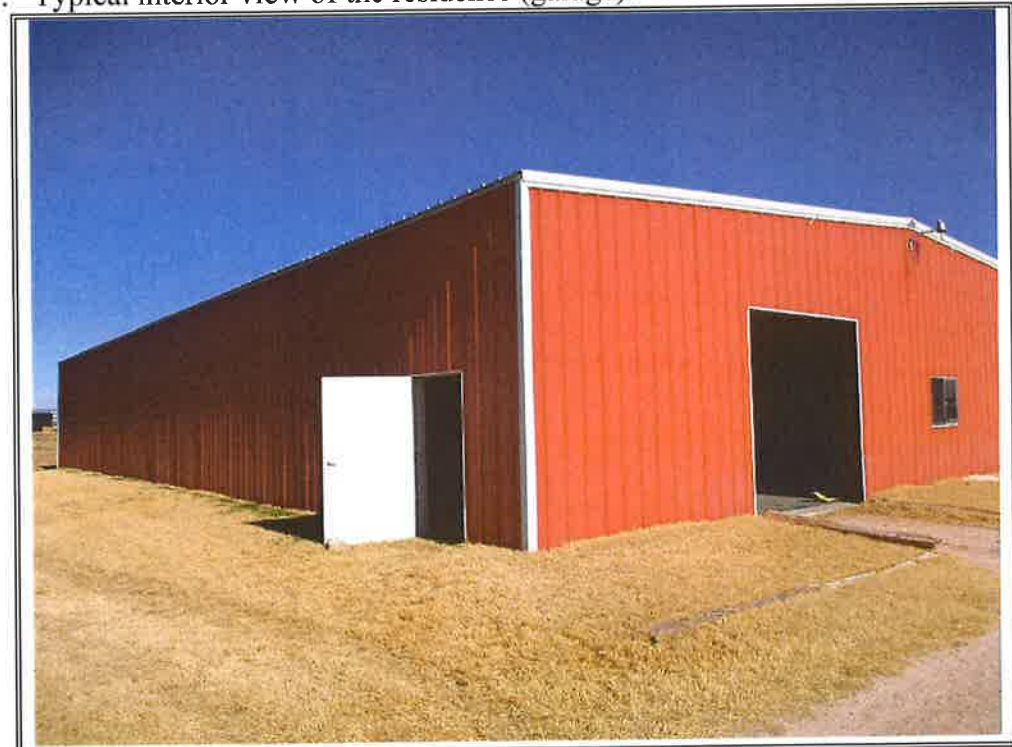


8. Typical interior view of the residence (master bath).

SUBJECT PHOTOGRAPHS



9. Typical interior view of the residence (garage).



10. Typical exterior view of the red barn (6,171 SF).

SUBJECT PHOTOGRAPHS



11. Typical interior view of the red barn.



12. Typical interior view of the red barn (finished area).

SUBJECT PHOTOGRAPHS



13. Typical exterior view of the white barn (2,940 SF).



14. Typical interior view of the white barn (2,940 SF).

SUBJECT PHOTOGRAPHS



15. Typical exterior view of the large (4,526 SF) horse paddock.



16. Typical interior view of the large (4,526 SF) horse paddock.

SUBJECT PHOTOGRAPHS



17. Typical exterior view of the small (3,904 SF) horse paddock.



18. Typical interior view of the small (1,880 SF) horse enclosure.

SUBJECT PHOTOGRAPHS



19. Typical exterior view of the hay barn (5,841 SF).



20. Typical view of the riding area.

SUBJECT PHOTOGRAPHS



21. Typical view of the grazing area.



22. Typical view of the grazing area.

SUBJECT PHOTOGRAPHS



23. Typical view of the grazing area.



24. Typical view of the grazing area.

DETAILED LAND SALES



Legal Description:	56.64 Acres out of the W/2 of NW/4 of Section 15; Township 16S, Range 36E, N.M.P.M., Lea County, NM. (E/S of SR 483 or 2nd St., S. of W. Ave. R)
Grantor:	Alan Swinford, Sonja Lyn Key, Trow Wayne Davis and Debra J. Nix
Grantee:	City of Lovington New Mexico
Sale Date:	4/17/17
Size:	56.64 acres
Recordation:	2099/98
Sales Price:	\$189,000
Unit of Comparison:	\$3,337/Acre
Terms:	Cash to seller
Verified:	Broker
Shape:	Rectangular
Frontage:	SR 483 & S. Love St. (Limited)
Flood Plain:	Partial
Topography:	Generally level
Irrigated:	40 Acres of Water Rights
Utilities:	Access to city utilities
Comments:	None

LAND SALE NO. 2



Location:	S/S of Alabama, E. of Dal Paso, Hobbs, NM.
Legal Description:	Tract of land in Section 35, T17S, R38E, NMPM, Lea County, NM.
Grantor:	Nancy M. Jennings, Trustee of the Harold D. and Nancy M. Jennings Living Trust
Grantee:	Leonardo Botello Jr. & Ana L. Botello
Sale Date:	5/16/18
Size:	26.69 Acres
Zoning:	None
Recordation:	2134/109
Sales Price:	\$110,000 (Quoted)
Unit of Comparison:	\$4,121/Acre
Terms:	Cash to seller
Verified:	Appraiser files
Shape:	Rectangular
Frontage:	Alabama (880.75'); Depth (1,320')
Flood Plain:	None
Topography:	Level
Utilities:	None available (No Water Rights)
Comments:	None

LAND SALE NO. 3



Location:	7807 N. World Drive, Hobbs, NM.
Legal Description:	Tract B1 in the S/2 of Section 36, T17S, R37E, NMPM, Hobbs, Lea County, NM.
Grantor:	3S Leasing, LLC
Grantee:	Credo Energy Services, LLC
Sale Date:	9/11/18
Size:	25.83 Acres
Zoning:	None
Recordation:	2139/412
Sales Price:	\$225,000 (Quoted)
Unit of Comparison:	\$8,711/Acre
Terms:	Cash to seller
Verified:	Appraiser files (contract)
Shape:	Irregular
Frontage:	World Dr. (370.10'); Depth (1,684.46')
Flood Plain:	None
Topography:	Level
Utilities:	None available (No Water Rights)
Comments:	Office/Warehouse is expected to be built on site.

LAND SALE NO. 4



Location:	S. of the Monument Hwy. and W. of S. Bronco Dr., Hobbs, NM.
Legal Description:	A 46.41 acre tract in Section 27, T19S, R38E, NMPM, Lea County, NM.
Grantor:	Isreal & Adelaida Saenz
Grantee:	Estavan & Monica Garcia
Sale Date:	6/4/19
Size:	46.41 Acres
Zoning:	None
Recordation:	2151/447
Sales Price:	\$150,000 (Quoted)
Unit of Comparison:	\$3,232/Acre
Terms:	Cash to seller
Verified:	Contract
Shape:	Irregular
Frontage:	None (See Comments)
Flood Plain:	None
Topography:	Level
Utilities:	None available
Comments:	Access via an easement only.



Legal Description:	50.68 Acres, being Lot One (1), Section 5, Township 16S, Range 36E, N.M.P.M., Lea County, NM. (SEC of Gum St. and 17th St.)
Grantor:	Snyder Ranches, Inc.
Grantee:	Y.M.H., Inc.
Sale Date:	6/20/19
Size:	50.68 acres
Recordation:	2152/185
Sales Price:	\$200,000
Unit of Comparison:	\$3,946/Acre
Terms:	Cash to seller
Verified:	Broker
Shape:	Rectangular
Frontage:	Gum St. & 17th St.
Flood Plain:	None
Topography:	Generally level
Irrigated:	None
Utilities:	None
Comments:	None

LAND SALE NO. 6



Legal Description:	35 Acres in NE/4 of NE/4 (Less N. 660' of E. 330'), Section 11, Township 18S, Range 38E, N.M.P.M., Lea County, NM. (S/S of Rose Road, east of Dal Paso)
Grantor:	Cathye Sewell
Grantee:	Jose David & Lourdes M. Olivas
Sale Date:	5/28/20
Size:	35.00 acres
Recordation:	2177/506
Sales Price:	\$220,000
Unit of Comparison:	\$6,286/Acre
Terms:	Cash to seller
Verified:	Broker
Shape:	Irregular
Frontage:	Rose Road
Flood Plain:	None
Topography:	Generally level
Irrigated:	None
Utilities:	None
Comments:	None



Location:	E/S of Dal Paso, north of E. Gamblin St.
Legal Description:	138.86 Acres in the S/2 of S/2, Section 11, Township 18S, Range 38E, N.M.P.M., Lea County, NM.
Grantor:	Templeman & Crutchfield Et Al
Grantee:	Osman Chavez Et Al
Sale Date:	10/12/22
Size:	138.86 acres
Recordation:	2201/945
Sales Price:	\$400,000
Unit of Comparison:	\$2,881/Acre
Terms:	Cash to seller
Verified:	Broker
Shape:	Rectangular
Frontage:	Dal Paso (1,334.99')
Flood Plain:	None
Topography:	Generally level
Irrigated:	None
Utilities:	None
Comments:	None