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Aubrey Dunn
COMMISSIONER

2017 OCT 23
State of New Mexico
Commissioner of Public Lands

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October 10, 2017

Devon Energy Production Company, LP
333 W. Sheridan Avenue
Oklahoma City, OK 73102

RE: TERMINATION OF CUSTER MOUNTAIN NORTH EXPLORATORY UNIT
Lea County, NM

Dear Company Representative:

On July 25, 2017 we sent you a letter indicating that we would commence termination of the Custer Mountain North Exploratory Unit within 30 days. We have not received a response from your company. Based on New Mexico Oil Conservation Division records, production had ceased for this unit, which contains New Mexico State Trust acreage.

Our records reflect the following:

- The unit was formed in 2006 and was contracted in 2012. It currently contains 240 acres, all of which is State Trust acreage (Lease V06366).
- One well was drilled in this unit: 30-025-36643 Keller 4 State #001, reporting pool 97663 (Rock Lake; Delaware).
- The reporting unit well was plugged in May 2016. The last production for this well was May 2016.

Section 20 (c) (Effective Date and Term) of the Custer Mountain North Exploratory Unit Agreement states the following:

This agreement shall...automatically terminate...unless a valuable discovery of unitized substances in paying quantities has been made..., in which event this agreement shall remain in effect for such term and so long thereafter as unitized substances can be produced...as to State lands in quantities sufficient to pay for the cost of producing same from wells on unitized land. ...Should production cease and diligent drilling operations to restore production or new production are not in progress or reworking within sixty (60) days and production is not restored or should new production not be obtained in paying quantities on committed lands within this unit area, this agreement will automatically terminate effective the last day of the month in which the last unitized production occurred;"

Pursuant to Section 20 of the Unit Agreement, the Commissioner of Public Lands has this date (October 10, 2017) terminated the Custer Mountain North Exploratory Unit.

If you have any questions or if we may be of assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791.

Respectfully,

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: NMOCD – Attn: Mr. Daniel Sanchez
RMD – Attn: Mr. Roddy Martinez
OGMD & Units Reader Files