



**MONTGOMERY
& ANDREWS**
LAW FIRM

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2017 MAY 18 P 3:51

May 18, 2017

HAND-DELIVERED

Mr. Michael McMillan
Mr. William Jones
Mr. David Brooks
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: **NMOCD Case No. 15655: Application of Black Mountain LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico**

NMOCD Case No. 15656: Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and an Unorthodox Well Location, Lea County, New Mexico

Gentlemen:

As requested, enclosed are four plats showing alternative rig pad configurations for the Black Mountain State Com No. 1H and the State Com No. 3H in Sections 2 and 35, T22S, R34E.

1. This plat shows the currently planned single pad location for both wells in the area (hatched) suggested by 3Bear Energy as a location of a possible gas plant.
2. This plat shows a single pad for both wells in the southwest corner of Section 2 outside of the gas plant acreage.
3. This plat shows two pads, both located outside the gas plant acreage on either side.
4. This plat shows a single pad for both wells located in Section 11.

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

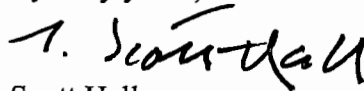
Post Office Box 2307
Santa Fe, New Mexico 87504-2307

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All configurations are possible, but a single pad located in Section 11 is the most preferable alternative. Black Mountain has also conferred with 3Bear Energy and is informed that there is a strong likelihood that the gas plant project will not go forward.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.


J. Scott Hall


JSH:dml


Enclosures

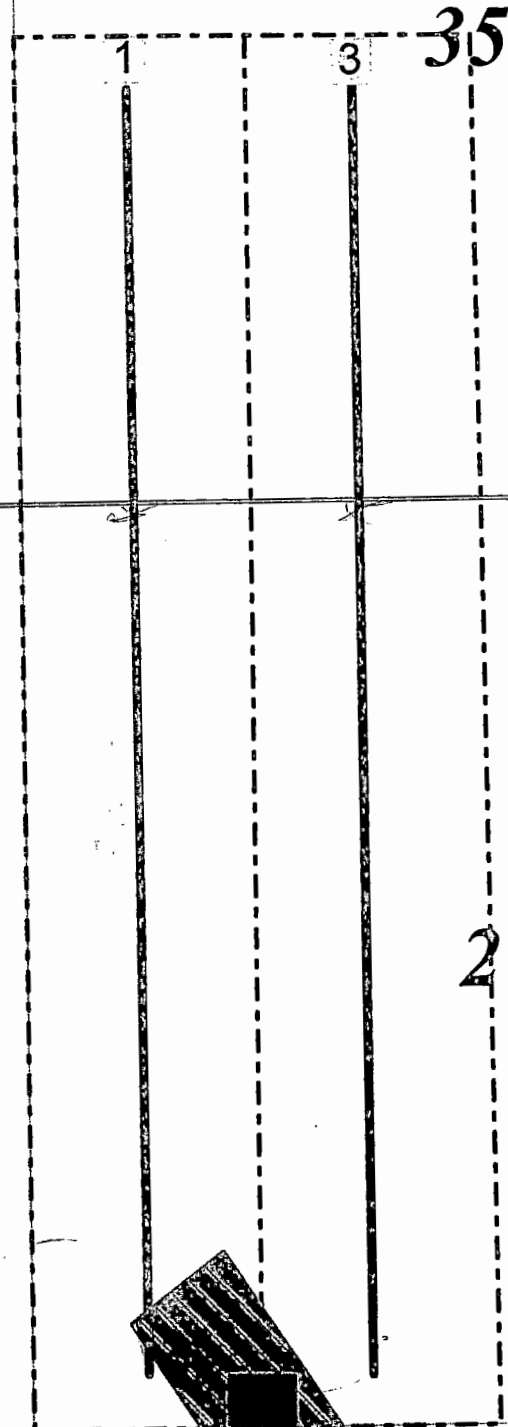
cc: James Bruce, Esq. (w/encs., via email)

Grama Ridge State Com

 *3rd Bone Spring*

 *Proposed Pad*

 *Spacing Unit*



0 1.075
FEET

EXHIBIT 1

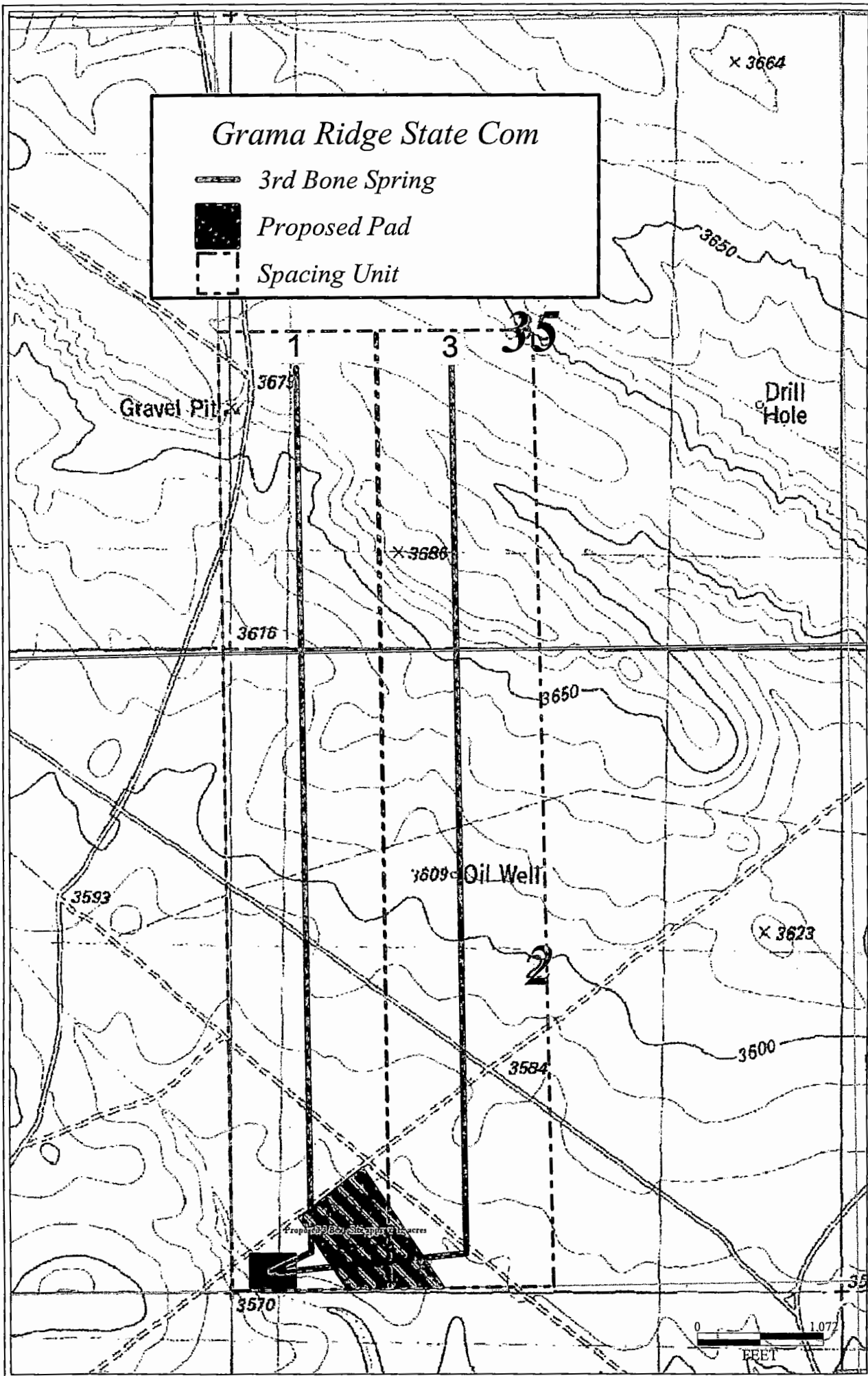





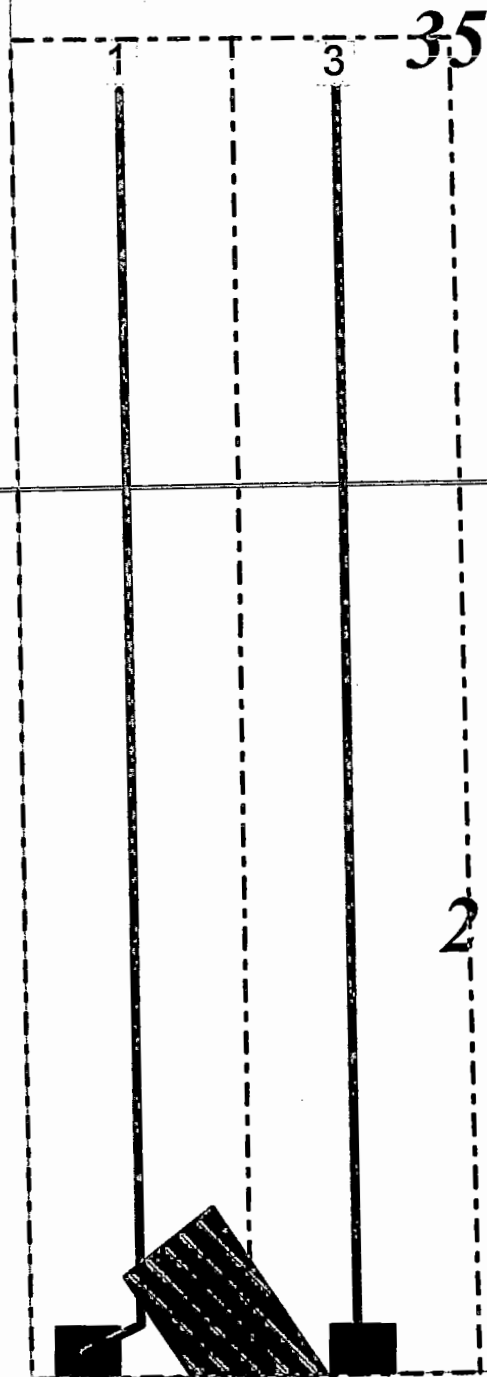
EXHIBIT 2

Grama Ridge State Com

 *3rd Bone Spring*

 *Proposed Pad*

 *Spacing Unit*



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EXHIBIT 3