



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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May 31, 2017

Mr. Chris Fling
Forty Acres Energy, LLC
11777B Katy Freeway, Suite 305
Houston, TX 77079

Re: Preliminary Approval
West Eumont Unit
Lea County, New Mexico

Dear Mr. Fling:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed West Eumont Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases until final approval and an effective date have been given.

When submitting your agreement for final approval, please include the following:

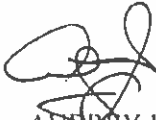
1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, a statement of facts showing that:
 - a. The agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. Under the proposed unit operation, the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. Each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. The unit agreement is in other respects for the best interest of the Trust.

Forty Acres Energy, LLC
May 31, 2017
Page 2

3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and contain original signatures.
4. Approval order from the New Mexico Oil Conservation Division. State Land Office approval is conditioned upon approval by the New Mexico Oil Conservation Division.
5. One copy of the Unit Operating Agreement (if applicable).
6. A \$1,500 filing fee. The filing fee is \$100 for each section or partial section included in the unit, whether federal, state, or privately owned.

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

Respectfully,



AUDREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mmg

cc: NMOCD, Attn: Mr. Daniel Sanchez
TRD, Attn: Ms. Judy Vigil
RMD, Attn: Mr. Danny Martinez
BLM, Attn: Mr. Chris Walls
OGMD and Units Reader Files