

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF SUNDOWN ENERGY LP  
FOR UNIT APPROVAL,  
LEA COUNTY, NEW MEXICO**

**Case No. 15055**

**AFFIDAVIT OF KYLE A. PAXTON**

**STATE OF TEXAS            )**  
  **) ss.**  
**COUNTY OF DALLAS        )**

KYLE A. PAXTON, being duly sworn, states:

1. I am the age of majority and am otherwise competent to testify to the matters set forth herein of which I have personal knowledge.

2. I am a Landman for Sundown Energy L.P. in their Dallas, Texas office. I have previously testified before the Division's Examiners and my credentials as an expert petroleum landman have been established. Among other areas, I am familiar with and am responsible for the company's land matters in the vicinity of Township 18 South, Range 35 East, NMPM in Lea County, New Mexico. I am familiar with the lands that comprise the Reeves-Queen Waterflood Unit which is the subject of Sundown's Application in this case.

3. **Exhibit 1** to this affidavit is a plat outlining the boundaries of the Reeves-Queen Waterflood Unit. The Unit Area of the Reeves-Queen Waterflood Unit is comprised of 520 acres + of State of New Mexico lands located in Lea County, New Mexico described as follows:

**Township 18 South, Range 35 East, NMPM**

Section 21: SE/4 SE/4  
Section 22: SW/4  
Section 27: NW/4  
Section 28: NE/4

4. Sundown Energy proposes to conduct waterflood operations to support production from the Reeves Queen Unit Waterflood Project Area by converting the two wells identified below and utilizing them for injection of water through a closed system into the Queen formation through perforations in each of the wells at depths of 4,472' – 4,488' and 4,480' – 4,483', respectively.

Arco 28 State Well No. 1

API No. 30-025-29340  
660' FNL and 660' FEL (Unit A)  
Section 28  
T-18-S, R-35-E, NMPM  
Lea County, New Mexico

Arco State Well No. 2

API No. 30-025-29526  
330' FNL and 1650' FEL (Unit B)  
Section 28  
T-18-S, R-35-E, NMPM  
Lea County, New Mexico

5. **Exhibit 2** to this affidavit is the Plan of Operations for the waterflood project. On October 3, 2013 Sundown Energy provided the Division with geologic and petroleum engineering evidence in support of its waterflood project at the hearing on its application for authorization to inject in **Case No. 15048**. Formation of the Unit and implementation of the waterflood project will result in the efficient recovery of hydrocarbon resources.

6. **Exhibit 3** to this affidavit is a copy of the Unit Agreement dated September 3, 2013 on the form approved by the New Mexico Commissioner of Public Lands.

7. **Exhibit B to the Unit Agreement** shows the Schedule of Ownership for all land and leases within the Unit Area.

8. **Exhibit C to the Unit Agreement** shows the Tract Participation Schedule for the Unit.

9. On March 18, 2013, the New Mexico State Land Office issued its preliminary approval of the Unit, a copy of which is attached as **Exhibit 4**.

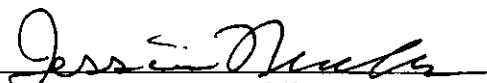
10. As of the date of this affidavit, the owners of one hundred percent of the working interests and one hundred percent of the overriding royalty interests have ratified the unit. These approvals are attached as **Exhibit 5**.

11. The Unitized Formation for the Reeves-Queen Waterflood Unit is the Queen formation 100' above and 100' below the correlative interval as found in the Reeves State 21 (API #30-025-30514) Compensated Neutron-Litho Density Log from 4,430' – 4,490'. A copy of this well log is attached as **Exhibit 6**.

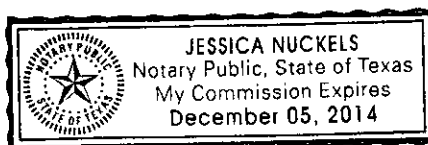
12. Approval of the Unit Agreement and the development of the Unit Area pursuant to a unit plan of development are in the best interests of conservation, the prevention of waste and the protection of correlative rights.

  
KYLE A. PAXTON

Subscribed, sworn to and acknowledged before me on this 11<sup>th</sup> day of October, 2013, by Kyle A. Paxton.

  
Notary Public

My commission expires:



{00508499-2}