



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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February 9, 2015

BOPCO, L.P.
201 Main Street, Suite 2700
Fort Worth, Texas 76102

472

Attention: Mr. Andy Morrison

Re: Preliminary Approval for Proposed Unit Boundary Expansion
James Ranch Unit
Eddy County, New Mexico

Dear Mr. Morrison:

Your letter of February 3, 2015 requests preliminary approval for the expansion of the James Ranch Unit area, Eddy County, New Mexico. The proposed expansion meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval to expand the unit area.

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 submit the following:

1. The unit expansion date should be prior to any production.
2. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that are not committed.
3. Pursuant to SLO Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That 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. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the required lessees of record and working interest owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Designation/concurrence from the Bureau of Land Management.

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5. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
6. The filing fee for a Unit expansion is \$30.00 for every section or partial section thereof. Please submit a filing fee in the amount of \$720.00.
7. Please see the attached recommended changes to Exhibits "A" and "B".

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

BY: 

Terry Warnell
Oil, Gas and Minerals Division
(505) 827-5744
AD/TW/pm

cc: Reader File,
OCD-Attention: Mr. Daniel Sanchez
BLM Carlsbad, Attn: Mr. Ed Fernandez

February 9, 2015

James Ranch Unit Expansion
Eddy County, New Mexico

The following is a list of changes that need to be made to existing paperwork.

Legal Description and Acreage list that is on page one and two of your preliminary approval letter Dated February 3, 2015.

Where you have:

- | | |
|-----------------------------|----------------|
| 1. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 6: ALL | 640 |
| This should be under | |
| <u>T22S-30E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 6: ALL | 640 |
|
 | |
| 2. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 9: E/2SE/4 | 80 |
| This should be under | |
| <u>T22S-30E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 9: ALL | 640 |
|
 | |
| 3. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 10: NW/4SW/4, SW/4NW/4 | 80 |
| This should be under | |
| <u>T22S-30E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 10: ALL | 640 |

Description can be "ALL"

- | | |
|-----------------------------|----------------|
| 4. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 11: ALL | 640 |

Exhibit "A" Map Tract Numbers that should be changed.

- | | | |
|---------------------|----------------------------|--------------|
| 1. <u>Tract No.</u> | <u>Description of Land</u> | <u>Acres</u> |
| 6-B | T22S-30E | 320.00 |
| | Sec. 35: NW/4 | |

6B is not noted, 7A is noted where 6B should be.

- | | | |
|---------------------|----------------------------|--------------|
| 2. <u>Tract No.</u> | <u>Description of Land</u> | <u>Acres</u> |
| 7-C | T22S-30E | 400.98 |
| | Sec. 26: E/2SE/4 | |

7C is not noted, 7B is noted where 7C should be.

- | 3. Tract No. | Description of Land | Acres |
|--------------|-------------------------------|-------|
| 34 | T21S-30E
Sec. 31: NE/4NE/4 | 40.00 |
- 34 is not noted, 39 is noted where 34 should be.**

- | 4. Tract No. | Description of Land | Acres |
|--------------|------------------------------|-------|
| 47 | T22S-30E
Sec. 17: W/2NW/4 | 80.00 |
- 47 is not noted.**

Exhibit "B" various items that should be changed.

- Page 3 of 13 – Tract 7. T22S-30E
Sec. 21: E/2SW/4 **Should read Sec. 21: E/2SE/4**
- Page 12 of 13 – Tract 49. T22S-29E **Should read T22S-30E**

The following **State Land Tracts** should read as follows:

<u>Tract #</u>	<u>Description of Land</u>	<u>Acre</u>	<u>Lease #</u>	<u>Lessee of Record</u>
3. Tract 21.	<u>T22S-30E</u> Sec. 36: N/2, SW/4 Sec. 2: Lots 1,2,3,4	640.56	E-5529-9	BMT O&G NM,LLC/BEPCO, LP
4. Tract 21-A.	<u>T22S-30E</u> Sec. 36: SE/4	160.00	E-5229-10	BMT O&G NM, LLC
5. Tract 22.	<u>T22S-30E</u> Sec. 16: All Sec. 17: S/2, NE/4,E/2NW/4	1200.00	E-6292-7	BEPCO, LP/CTV O&G NM LLC
6. Tract 38.	<u>T22S-30E</u> Sec. 5: Lots 1-4,S/2N/2, S/2	641.12	V-3412-1	
7. Tract 39.	<u>T21S-30E</u> Sec. 32: N/2	320.00	V-8745-1	
8. Tract 41.	<u>T22S30E</u> Sec. 8: S/2	320.00	V-8750-2	
9. Tract 42.	<u>T22S30E</u> Sec. 9: W/2SE/4, SW/4	240.00	V-8751-2	

10. Tract 43. T21S-30E 320.00 V-8759-1
Sec. 32: S/2
11. Tract 44. T22S-30E 321.28 V-8761-1
Sec. 4: Lots 1-4, S/2N/2
12. Tract 45. T22S-30E 320.00 V-8762-1
Sec. 8: N/2
13. Tract 46. T22S-30E 320.00 V-8763-1
Sec. 9: N/2
14. Tract 47. T22S-30E 80.00 VB-2044-1
Sec. 17: W/2NW/4
15. Tract 48. T22S-29E 160.00 VB-2408
Sec. 11: S/2NW/4, N/2SW/4