

Exhibit

Energen Resource

armington Land

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Case 15410

COMMISSIONER'S OFFICE

Phone (505) 827-5760

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www.nmstatelands.org

## State of New Mexico Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148

October 27, 2015

Energen Resources 2010 Afton Place Farmington, New Mexico 87401

Attention: Mr. Dean Price

Re: Preliminary Approval Proposed Amarillo Canyon Unit San Juan County, New Mexico

Dear Mr. Price:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Amarillo Canyon Unit area, San Juan 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 submit 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, 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 Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.

**Aubrey Dunn** COMMISSIONER

Energen Resources Corporation October 27, 2015 Page 2

- 4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
- 5. Please submit two copies of the Unit Agreement.
- 6. A copy of the Unit Operating Agreement (if applicable).
- 7. Designation from the Bureau of Land Management.
- 8. On page 1, date the unit agreement.

The filing fee for a unit agreement is \$30.00 for every section or partial section thereof. Please submit a \$180.00 filing fee.

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

Very truly yours AUBRE Ŷ DUNN COMMISSIONER OF PUBLIC LANDS

AD/pm

cc:

Reader File, NMOCD Attention: Mr. Daniel Sanchez TRD-Attention: Ms. Billie Luther RMD-Attention: Mr. Danny Martinez BLM- Farmington; Attention: Mr. Joe Hewitt



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT



Farmington Field Office 6251 College Blvd, Suite A Farmington, New Mexico 87402 www.nm.blm.gov

IN REPLY REFER TO: Amarillo Canyon Unit (ACU)

December 2, 2015

Mr. Dean Price Energen Resources 2010 Afton Place Farmington, NM 87401

Reference is made to your request for the designation of **3,838.08** acres, more or less, in San Juan County, New Mexico as logically subject to exploration and development under unitization provisions of the Mineral Leasing Acts for Federal Lands. Pursuant to unitization regulations under 43 CFR Part 3180, the lands requested, as outlined on your plat marked Exhibit 'A' for the Amarillo Canyon Unit is hereby designated as a logical unit area. Your proposed use of the Federal forms for lands and for a single formation in an undivided unit area will be accepted. The undivided exploratory unit will unitize the Mancos Formation within the vertical limits defined as the Unit Interval in exhibit C of your geologic report contained within your application. If conditions are such that further modification of said form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

The unit agreement to be submitted for the area designated will provide for the initial obligation well to be a horizontal lateral which will develop the Mancos Formation within the defined vertical limits.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form will be approved if submitted in an approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted that, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Please include the latest status of all acreage when the executed agreement is submitted for final approval. The format of the sample exhibits attached to the model unit agreement (43 CFR 3186.1) should be followed closely in the preparation of Exhibits A and B. A minimum of Four (4) copies of the executed agreement should be submitted with your request for final approval. If you require additional executed copies of the agreement for further distribution, please increase the number of copies accordingly. If you have questions regarding the above unit, please contact me at (505) 564-7740 or jhewitt@blm.gov.

Sincerely,

Joe Wewett

Joe Hewitt, Geologist, Petroleum Mgt. Team