



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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March 23 2017

Penroc Oil Corporation
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Re Resignation/Designation of Successor Unit Operator
Effective March 2 2017
West Loco Hills Grayburg North Sands Unit
Eddy County NM

Dear Corporate Representatives

We have received the Resignation of Unit Operator dated February 1 2017 in which Enervest Operating LLC resigned as operator of the West Loco Hills Grayburg North Sands Unit. We have also received the Designation of Successor Unit Operator dated March 2 2017 in which Penroc Oil Corporation was designated as the successor unit operator.

The Commissioner of Public Lands has approved the resignation of Enervest Operating LLC and the designation of Penroc Oil Corporation as the successor operator of this unit. In accordance with this approval Penroc Oil Corporation is now responsible for all operations at West Loco Hills Grayburg North Sands Unit and the reporting of all production from the unit effective March 2 2017.

Please provide a 2017 Plan of Development to the State Land Office within 60 days from receipt of this letter. Attached is a two page template as an example of the information that should be included in the Plan of Development.

If you have any questions or if we may be of further assistance please contact Units Manager Marilyn Gruebel at 505 827 5791.

Respectfully

A handwritten signature in black ink, appearing to read "Aubrey Dunn", is written over the printed name.

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc OCD Attn Daniel Sanchez
TRD Attn Ms Billie Luther
OGMD and Units Reader Files