



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov



In Reply Refer To:
NM-106852X
3180 (P01300)

MAY 27 2009

CHM, LLC
Attention: Mr. Ben Donegan
3224 Candelaria NE
Albuquerque, NM 87107

Re: Designation of Successor Unit Operator
Cat Head Mesa Unit
Unitization Agreement No. NM-106852X
Chaves County, New Mexico

Gentlemen:

This office has received and reviewed your designation of successor unit operator by assignment in which you have agreed to assume all rights, duties, and obligations as the unit operator of the Cat Head Mesa Unit, Chaves County, New Mexico.


As your company has obtained a S/W BLM Bond Number NMB000597 and all the conditions for becoming a successor unit operator have been met to the Authorized Officer's satisfaction, CHM, LLC, is hereby approved as the unit operator for the Cat Head Mesa Unit as of this date and is effective May 27, 2009. In accordance with this approval, CHM, LLC is responsible for all operations and the reporting of all production from the unit. Well signs should also reflect CHM, LLC as the unit operator. Please inform all interested principles of such approval. An approval copy of this designation has been sent to you.

In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approvals that would have entitled it to conduct operations under the Cat Head Mesa Unit Agreement.

In addition to becoming the successor unit operator, this office requests a revised Exhibit B and a Plan Of Operation/Development for the subject unit within 60 days from the receipt of this letter.

If you have any questions regarding this letter, please contact David Glass, Petroleum Engineer at the Division of Lands and Minerals at (575) 627-0275.

Sincerely,


for Angel Mayes
Assistant Field Manager,
Lands and Minerals