



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



IN REPLY REFER TO
3180 (P0220)
NM-70970X

Reference:
Designation of Successor Unit Operator
Langlie Jal Unit
Unitization Agreement No. NM-70970X
Eddy County, New Mexico

HOBBS OCD

MAR 19 2012

RECEIVED

MAR 13 2012

CERTIFIED—RETURN RECEIPT REQUESTED
7008 3230 0002 0987 6377

Resaca Operating Company
1331 Lamar Suite 1450
Houston, TX 77010

Gentlemen:

This office has received and reviewed your designation of successor unit operator in which your company has agreed to assume all rights, duties, and obligations as the unit operator of the Langlie Jal Unit Eddy County, New Mexico.

As your company as Resaca Operating Company has obtained a Nationwide 25,000.00 BLM Bond (NMB000624), a recommendation has been sent to BLM New Mexico State Office to require that Linn Operating, Inc. to post an additional individual Unit bond in the amount of \$150,000.00. The Authorized Officer condition of approval is based upon Resaca Operating Company final bonding to be in place within 60 days of the date of this letter.


Therefore, Resaca Operating Company is hereby approved as the unit operator for the Langlie Jal Unit as of this date and is effective April 1, 2011. In accordance with this approval, Resaca Operating Company is responsible for all operations and the reporting of all production from the unit. Well signs should also reflect Resaca Operating Company as the unit operator. Please inform all interested principles of such approval. An approved copy of this designation is enclosed.

In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approvals that would entitle it to conduct operations under the Langlie Jal Unit Agreement.

In addition to becoming the successor unit operator, this office requests a revised Exhibit B for the subject unit, as per 43 CFR 3186.1-2 model form, be submitted within 60 days from the receipt of this letter.

If you have any questions regarding this letter, please contact Edward G. Fernandez, Petroleum Engineer at the Division of Lands and Minerals at (575) 234-2220.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Peterson", written in a cursive style.

Don Peterson
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc:

ONRR, Denver
NMOCD-Hobbs
Hobbs I&E
NM (P0221)
NM (P0220), CFO

HOBBS OCD

MAR 19 2012

RESIGNATION OF UNIT OPERATOR

Langlie Jal Unit Area

County of Lea

State of New Mexico

Unit Agreement No. 14-08-0001-11587

RECEIVED

Under and pursuant to the provisions of Section 7 of the Unit Agreement for the Development and Operation of the Langlie Jal Unit Area, Lea County, New Mexico, Ranger 40 Petroleum, LLC the designated Unit Operator under said Unit Agreement, does hereby resign as Unit Operator, effective upon the selection and approval of a Successor Unit Operator.

Executed with effect as aforesaid the 17th day of August, 2011.

By: _____

Name: Leslie A. Sherman

Title: Chief Operating Officer

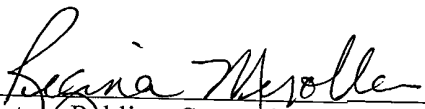
ACKNOWLEDGEMENTS

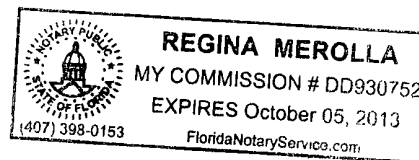
STATE OF FLORIDA)

) SS.

COUNTY OF COLLIER)

The foregoing instrument was acknowledged before me this 17th day of August, 2011, by Leslie A. Sherman, Chief Operating Officer of Ranger 40 Petroleum, LLC, a Delaware limited liability company, on behalf of said company.


Notary Public – State of Florida



**DESIGNATION OF SUCCESSOR UNIT OPERATOR
LANGLIE JAL UNIT AREA
COUNTY OF LEA, STATE OF NEW MEXICO**

HOBBS OCD

MAR 19 2012

NO. 14-08-0001-11587

RECEIVED

THIS INDENTURE, dated as of the 1st of February, 2012, effective the 1st day of April, 2011, by and between Resaca Operating Company, whose address is 1331 Lamar, Suite 1450 Houston, Texas 77010, hereinafter designated as "First Party", the Owners of the Unitized Working Interests, Resaca Exploitation, Inc. whose address is 1331 Lamar Suite 1450 Houston, Texas 77010, hereinafter designated as "Second Party".

WITNESSETH:

WHEREAS, under the provision of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Secretary of the Interior, on the 4th day of January, 1971, approved a Unit Agreement for the Langlie Jal Unit Area, and

WHEREAS, Ranger 40 Petroleum has resigned as Unit Operator and the designation of another Unit Operator is now required pursuant to the terms thereof; and


WHEREAS, the First Party has been and hereby is designated by the Second Party as Unit Operator, and said First Party desires to assume all the rights, duties and obligations of Unit Operator under the said unit agreement.

NOW THEREFORE, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the unit agreement, and the Second Party covenants and agrees that, effective upon approval of this indenture by the Authorized Office of the State of New Mexico, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said unit agreement; said unit agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said unit agreement were expressly set forth in this instrument.

This instrument may be executed in multiple counterparts, none of which need to be executed by all parties hereto, but this instrument shall be binding on all parties who execute same.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth, effective the 1st day of April, 2011.

FIRST PARTY:
RESACA OPERATING COMPANY

BY: 
NAME: TRACI J. GUTHRIE
TITLE: VICE PRESIDENT AND SECRETARY

SECOND PARTY:
RESACA EXPLOITATION, INC.

BY: 
NAME: ROBERT PORTER
TITLE: VICE PRESIDENT OF ENGINEERING

I hereby approve the foregoing indenture, designating RESACA OPERATING COMPANY as Unit Operator under the Unit Agreement for the Langlie Jal Unit Area, this _____ day of _____, 2011.

AUTHORIZATION:

BY: _____
NAME: _____
TITLE: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS §

COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on this 15th day of February, 2012 by Traci J. Guthrie, Vice President and Secretary of Resaca Operating Company, a Texas corporation on behalf of said company.



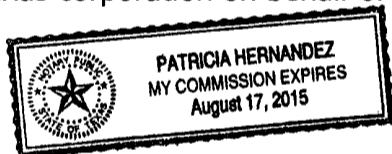
[Handwritten Signature]

Notary Public-State of Texas

STATE OF TEXAS §

COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on this 15th day of February, 2012 by Robert Porter, Vice President and Secretary of Resaca Exploitation, Inc., a Texas corporation on behalf of said company.



[Handwritten Signature]

Notary Public-State of Texas

EXHIBIT A

| <u>Well No.</u> | <u>Location</u> | <u>API No.</u> |
|-----------------|--------------------------------|----------------|
| 001 | T24S, R37E, Sec, 31 | 30-025-11304 ✓ |
| 002 | T24S, R37E, Sec. 31: NE/4 NE/4 | 30-025-24837 ✓ |
| 003 | T24S, R37E, Sec. 32 | 30-025-11311 ✓ |
| 004 | T24S, R37E, Sec. 32: NE/4 NW/4 | 30-025-24838 ✓ |
| 005 | T24S, R37E, Sec. 32: NW/4 NE/4 | 30-025-11320 ✓ |
| 006 | T24S, R37E, Sec. 32: NE/4 NE/4 | 30-025-11317 ✓ |
| 007 | T24S, R37E, Sec. 32 | 30-025-11314 ✓ |
| 008 | T24S, R37E, Sec. 32: SW/4 NE/4 | 30-025-24839 ✓ |
| 009 | T24S, R37E, Sec. 32: SE/4 NW/4 | 30-025-11310 ✓ |
| 011 | T24S, R37E, Sec, 31 | 30-025-11293 ✓ |
| 012 | T24S, R37E, Sec, 31 | 30-025-11303 ✓ |
| 013 | T24S, R37E, Sec. 31: SE/4 NW/4 | 30-025-23865 ✓ |
| 014 | T24S, R37E, Sec. 31: SW/4 NW/4 | 30-025-11296 ✓ |
| 016 | T24S, R37E, Sec. 31: NE/4 SW/4 | 30-025-11299 ✓ |
| 017 | T24S, R37E, Sec. 31: NW/4 SE/4 | 30-025-11301 ✓ |
| 018 | T24S, R37E, Sec, 31 | 30-025-11298 ✓ |
| 019 | T24S, R37E, Sec. 32: NW/4 SW/4 | 30-025-11323 ✓ |
| 020 | T24S, R37E, Sec. 32: NE/4 SW/4 | 30-025-11313 ✓ |
| 021 | T24S, R37E, Sec. 32: NW/4 SE/4 | 30-025-11315 ✓ |
| 022 | T24S, R37E, Sec. 32: NE/4 SE/4 | 30-025-24478 ✓ |
| 023 | T24S, R37E, Sec. 32: SE/4 SE/4 | 30-025-23866 ✓ |
| 024 | T24S, R37E, Sec. 32: SW/4 SE/4 | 30-025-24479 ✓ |
| 025 | T24S, R37E, Sec. 32: SE/4 SW/4 | 30-025-11307 ✓ |
| 026 | T24S, R37E, Sec. 32: SW/4 SW/4 | 30-025-11322 ✓ |
| 027 | T24S, R37E, Sec. 31: SE/4 SE/4 | 30-025-11297 ✓ |
| 028 | T24S, R37E, Sec. 31: SW/4 SE/4 | 30-025-11302 ✓ |
| 029 | T24S, R37E, Sec. 31: SE/4 SW/4 | 30-025-23867 ✓ |
| 031 | T25S, R37E, Sec. 6: NW/4 NW/4 | 30-025-11475 ✓ |
| 032 | T25S, R37E, Sec. 6: NE/4 NW/4 | 30-025-11481 ✓ |
| 033 | T25S, R37E, Sec. 6: NW/4 NE/4 | 30-025-11480 ✓ |
| 034 | T25S, R37E, Sec. 6: NE/4 NE/4 | 30-025-24889 ✓ |

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| 035 | T25S, R37E, Sec. 5: NW/4 NW/4 | 30-025-11455 ✓ |
| 036 | T25S, R37E, Sec. 5: NE/4 NW/4 | 30-025-11452 ✓ |
| 037 | T25S, R37E, Sec. 5: NW/4 NE/4 | 30-025-11456 / |
| 038 | T25S, R37E, Sec. 5: NE/4 NE/4 | 30-025-24484 / |
| 039 | T25S, R37E, Sec. 4: NW/4 NW/4 | 30-025-11442 ✓ |
| 040 | T25S, R37E, Sec. 4: NE/4 NW/4 | 30-025-11436 / |
| 041 | T25S, R37E, Sec. 4: NW/4 NE/4 | 30-025-11437 / |
| 042 | T25S, R37E, Sec. 4: SW/4 NE/4 | 30-025-11438 ✓ |
| 043 | T25S, R37E, Sec. 4: SE/4 NW/4 | 30-025-23882 ✓ |
| 044 | T25S, R37E, Sec. 4: SW/4 NW/4 | 30-025-11443 ✓ |
| 045 | T25S, R37E, Sec. 5: SE/4 NE/4 | 30-025-11461 ✓ |
| 046 | T25S, R37E, Sec. 5: SW/4 NE/4 | 30-025-11453 / |
| 047 | T25S, R37E, Sec. 5: SE/4 NW/4 | 30-025-23883 ✓ |
| 048 | T25S, R37E, Sec. 5: SW/4 NW/4 | 30-025-11457 ✓ |
| 049 | T25S, R37E, Sec. 6: SE/4 NE/4 | 30-025-23868 ✓ |
| 050 | T25S, R37E, Sec. 6: SW/4 NE/4 | 30-025-24890 / |
| 053 | T25S, R37E, Sec. 6 | 30-025-11469 / |
| 055 | T25S, R37E, Sec. 6: NW/4 SE/4 | 30-025-11476 / |
| 056 | T25S, R37E, Sec. 6: NE/4 SE/4 | 30-025-11479 / |
| 057 | T25S, R37E, Sec. 5: NW/4 SW/4 | 30-025-23884 ✓ |
| 058 | T25S, R37E, Sec. 5: NE/4 SW/4 | 30-025-11464 / |
| 059 | T25S, R37E, Sec. 5: NW/4 SE/4 | 30-025-11454 ✓ |
| 060 | T25S, R37E, Sec. 5: NE/4 SE/4 | 30-025-24879 ✓ |
| 061 | T25S, R37E, Sec. 4: NW/4 SW/4 | 30-025-11435 ✓ |
| 063 | T25S, R37E, Sec. 5: SE/4 SE/4 | 30-025-11451 ✓ |
| 064 | T25S, R37E, Sec. 5: SW/4 SE/4 | 30-025-11450 ✓ |
| 065 | T25S, R37E, Sec. 5: SE/4 SW/4 | 30-025-23885 ✓ |
| 066 | T25S, R37E, Sec. 5: SW/4 SW/4 | 30-025-11463 ✓ |
| 067 | T25S, R37E, Sec. 6 | 30-025-11472 ✓ |
| 068 | T25S, R37E, Sec. 6 | 30-025-11471 ✓ |
| 069 | T25S, R37E, Sec. 6 | 30-025-11470 ✓ |
| 070 | T25S, R37E, Sec. 6 | 30-025-24480 ✓ |
| 071 | T25S, R37E, Sec. 8: NW/4 NW/4 | 30-025-23869 ✓ |

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| 072 | T25S, R37E, Sec. 8 | 30-025-11506 / |
| 073 | T25S, R37E, Sec. 8: NW/4 NE/4 | 30-025-11497 / |
| 074 | T25S, R37E, Sec. 8: NE/4 NE/4 | 30-025-11496 / |
| 075 | T25S, R37E, Sec. 9: NW/4 NW/4 | 30-025-11510 / |
| 076 | T25S, R37E, Sec. 9: SW/4 NW/4 | 30-025-24881 / |
| 077 | T25S, R37E, Sec. 8: SE/4 NE/4 | 30-025-11498 / |
| 078 | T25S, R37E, Sec. 8: SW/4 NE/4 | 30-025-11499 / |
| 079 | T25S, R37E, Sec. 8: SE/4 NW/4 | 30-025-23870 |
| 080 | T25S, R37E, Sec. 8: SW/4 NW/4 | 30-025-24849 |
| 081 | T25S, R37E, Sec. 8: NW/4 SE/4 | 30-025-11501 |
| 082 | T25S, R37E, Sec. 8: NE/4 SE/4 | 30-025-11495 |
| 083 | T25S, R37E, Sec. 9: NW/4 SW/4 | 30-025-11513 |
| 084 | T25S, R37E, Sec. 9: SW/4 SW/4 | 30-025-11512 |
| 085 | T25S, R37E, Sec. 8: SE/4 SE/4 | 30-025-11493 |
| 086 | T25S, R37E, Sec. 8: SW/4 SE/4 | 30-025-11500 |
| 087 | T25S, R37E, Sec. 17: NW/4 NE/4 | 30-025-11634 |
| 088 | T25S, R37E, Sec. 17: NE/4 NE/4 | 30-025-11644 |
| 089 | T25S, R37E, Sec. 17: SE/4 NE/4 | 30-025-11630 |
| 090 | T25S, R37E, Sec. 17: SW/4 NE/4 | 30-025-11643 |
| 091 | T25S, R37E, Sec. 17: NW/4 SE/4 | 30-025-24891 |
| 092 | T25S, R37E, Sec. 17: NE/4 SE/4 | 30-025-11636 |
| 093 | T25S, R37E, Sec. 17: SE/4 SE/4 | 30-025-11633 |
| 095 | T24S, R37E, Sec. 32: SW/4 SW/4 | 30-025-27840 |
| 096 | T24S, R37E, Sec. 32 | 30-025-27841 |
| 097 | T24S, R37E, Sec. 32: SE/4 SE/4 | 30-025-27842 |
| 098 | T24S, R37E, Sec. 32: NE/4 SE/4 | 30-025-27843 |
| 099 | T24S, R37E, Sec. 32: NE/4 SW/4 | 30-025-27844 |
| 100 | T24S, R37E, Sec. 32: NW/4 SW/4 | 30-025-27845 |
| 101 | T24S, R37E, Sec. 32: NW/4 SW/4 | 30-025-28404 |
| 102 | T24S, R37E, Sec. 32: NE/4 SW/4 | 30-025-28405 |
| 103 | T24S, R37E, Sec. 31: SE/4 SE/4 | 30-025-28406 |
| 104 | T24S, R37E, Sec. 32 | 30-025-28407 |
| 105 | T25S, R37E, Sec. 4: NW/4 NW/4 | 30-025-28454 |

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| 106 | T24S, R37E, Sec. 32: NE/4 NE/4 | 30-025-28963 |
| 107 | T25S, R37E, Sec. 4: NE/4 NW/4 | 30-025-29044 |
| 108 | T25S, R37E, Sec. 5: NE/4 SE/4 | 30-025- 29447 2 |
| 109 | T25S, R37E, Sec. 5: NE/4 SE/4 | 30-025- 29448 2 |
| 110 | T25S, R37E, Sec. 5: NW/4 SE/4 | 30-025-29449 |
| 111 | T25S, R37E, Sec. 5: SW/4 SE/4 | 30-025-29450 |
| 112 | T25S, R37E, Sec. 8 | 30-025-29408 |
| 113 | T25S, R37E, Sec. 5: SW/4 NE/4 | 30-025-30 871 8 |
| 114 | T25S, R37E, Sec. 5: NW/4 NE/4 | 30-025-30883 |
| 120 | T24S, R37E, Sec. 31 | 30-025-35577 |
| 122 | T25S, R37E, Sec. 17 | 30-025-35642 |
| 124 | T25S, R37E, Sec. 17 | 30-025-35626 |
| 125 | T25S, R37E, Sec. 8 | 30-025-356 81 35649 |
| 126 | T25S, R37E, Sec. 5 | 30-025-35681 |
| 127 | T25S, R37E, Sec. 5 | 30-025-35749 |

EXHIBIT B

EFFECTIVE APRIL 1, 2011

**TO UNIT OPERATING AGREEMENT
LANGLIE-JAL UNIT
LEA COUNTY, NEW MEXICO**

Schedule of Unit Participation of Working Interest Owners

| <u>Working Interest Owner</u> | <u>Unit Participation</u> |
|-------------------------------|---------------------------|
| Resaca Exploitation, Inc. | 100.00% |
| Total | 100.00% |

EXHIBIT B

EFFECTIVE APRIL 2, 2011

**TO UNIT OPERATING AGREEMENT
LANGLIE-JAL UNIT
LEA COUNTY, NEW MEXICO**

Schedule of Unit Participation of Working Interest Owners

| <u>Working Interest Owner</u> | <u>Unit Participation</u> |
|--|---------------------------|
| Resaca Exploitation, Inc. | 73.00% |
| Success Real Estate Company, Ltd. | 6.00% |
| IV Holdings, LLC | 2.00% |
| South Plains Capital, LLC | 3.00% |
| Rockport Resources Capital Corporation | 1.00% |
| HRB Oil & Gas, Ltd. | 10.00% |
| Nau Holdings, LLC | 5.00% |
| Total | 100.00% |