

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF ROBERT L. BAYLESS,
PRODUCER LLC TO REVOKE ORDER NO. R-14686
AND APPROVE THE LA JARA (MANCOS) UNIT
AS AMENDED,
RIO ARRIBA COUNTY, NEW MEXICO**

**CASE NO. 22918
ORDER NO. R-22406**

NOTICE OF UNIT EXPANSION

In accordance with Paragraph 9 of New Mexico Oil Conservation Division (“Division”) Order No. R-22406), Robert L. Bayless, Producer LLC (“Bayless”) notifies the Division of an expansion of the La Jara (Mancos) Unit as provided in the attached correspondence dated January 9, 2023 and designation letter issued by the Bureau of Land Management on March 7, 2023. Copies of these documents are attached as Exhibits 1 and 2, respectively.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy _____

Dana S. Hardy

Jaclyn McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

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Counsel for Robert L. Bayless, Producer LLC



Robert L. Bayless, Producer LLC

621 Seventeenth Street
Suite 2300
Denver, Colorado 80293
303-296-9900 Phone
303-296-0753 Fax

January 9, 2023

Chief, Reservoir Management Group
Bureau of Land Management
301 Dinosaur Trail
Santa Fe, NM 87508

Re: Application for Designation of Proposed Unit Area and
Determination of Depth of Test Well for the
La Jara (Mancos) Unit Area
Rio Arriba County, New Mexico

Dear Sir:

Attached hereto is a map, marked Exhibit "A", on which the proposed La Jara (Mancos) Unit Area is outlined. We request that 8,638.58 acres, more or less, of Federal and Patented Lands within the outline be designated as a logical Unit Area pursuant to the unitization provisions of the Mineral Leasing Act, as amended. The proposed Unit Area of 8,638.58 acres, more or less, is composed of 8,478.92 acres (98.15%) Federal Lands and 159.66 acres (1.85%) Patented Lands.

For the lands within the proposed Unit Area, we refer you to the attached Exhibit "A", which shows, in addition to the proposed Unit boundary, the boundaries and identity of the various tracts and leases in the proposed Unit Area to the extent of our present knowledge. The serial numbers of all Federal leases within the proposed Unit is set out on the list of leases hereto attached.

It is requested that three test wells at locations approved by the AO with a 3,000 foot horizontal lateral in the Mancos Shale Formation for each be approved as the required test wells.

Robert L. Bayless, Producer LLC anticipates submitting, at a later date, a standard form Unit Agreement for unproven areas (43 CFR 3186.1, as revised June, 1988, amended April, 1994) which will deviate from the standard form as follows:

1. Insert the following as a new Section 3 in lieu of the original language:

“3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in the Mancos formation of the unitized lands, defined as the stratigraphic equivalent of the Top of the Mancos formation (base of the Point Lookout Sandstone of the Mesaverde Group) at a measured depth of 6,824 feet

EXHIBIT 1

La Jara (Mancos) Unit Area
Page 2

beneath the surface to the base of the Mancos formation (top of the Dakota Sandstone) at a measured depth of 8,586 feet beneath the surface as seen on the type log (Exhibit C) in the San Juan 29-4 Unit No. 24 (API: 30-039-22844), located in Section 8, Township 29 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico, are unitized under the terms of this agreement and herein are called "unitized substances"; provided, however, that it is the specific intent of the parties hereto not to cause or effectuate any horizontal segregation of any Federal lease committed hereto as a consequence of the aforementioned depth limitations of the unitized lands."

2. Insert the following as a new first paragraph to Section 9 in lieu of the original language:

"9. DRILLING TO DISCOVERY. Within twelve months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location determined by the AO, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until at least a 3,000 foot horizontal well which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a horizontal length in excess of 3,000 feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one well at a time, allowing not more than twelve months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5, hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section."

3. Insert this paragraph as new 4th paragraph of Section 9 after the paragraph that begins "Until the establishment of a participating..."

"Notwithstanding anything in this unit agreement to the contrary, except Section 25, UNAVOIDABLE DELAY, three (3) wells shall be drilled with not more than twelve-months time elapsing between the completion of the first well and commencement of drilling operations for the second well and with not more than twelve-months time elapsing between completion of the second well and commencement of drilling operations for the third well, regardless of whether a discovery has been made in any well drilled under this provision. The initial well, the second well and the third well must be drilled in compliance with the above specified formation or depth requirements in order to meet the dictates of this section; and, both the second and third wells must be drilled at locations approved by the AO. Nevertheless, in the event of the discovery of unitized substances in

La Jara (Mancos) Unit Area
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paying quantities by any well, this unit agreement shall not terminate for failure to complete the three-well program, but the unit area shall be contracted automatically, effective the first day of the month following the default, to eliminate by subdivisions (as defined in Section 2(e) hereof) all lands not then entitled to be in a participating area.”

4. Delete Section 18.h.

5. Insert as a new provision the following:

“**. FOREST LAND STIPULATION.** Notwithstanding any other terms and conditions contained in this agreement, all of the stipulations and conditions of the individual leases, and all amendments thereto, between the United States and its lessees, or their successors or assigns, embracing lands within the Unit Area, included for the protection of lands or functions under the jurisdiction of the Secretary of Agriculture, shall remain in full force and effect the same as though this agreement had not been entered into, and no modification thereof is authorized except with the prior consent, in writing, of the Carson National Forest, Jicarilla Ranger District, 1110 Rio Vista Lane, Unit #2, Bloomfield, NM 87413.”

To the best of our knowledge, there are no Federal lands within the proposed Unit Area requiring the inclusion of special provisions in the Unit Agreement other than those set forth herein.

In support of this Application, we are submitting separately, in duplicate, a geological report with a map showing the geologic conditions within the proposed Unit Area. It is requested that this information be held confidential. Please transmit all correspondence regarding this Application to the undersigned with a copy to UnitSource Incorporated, 2580 Pierson Street, Lakewood, Colorado 80215.

Sincerely,

Robert L. Bayless, Producer LLC



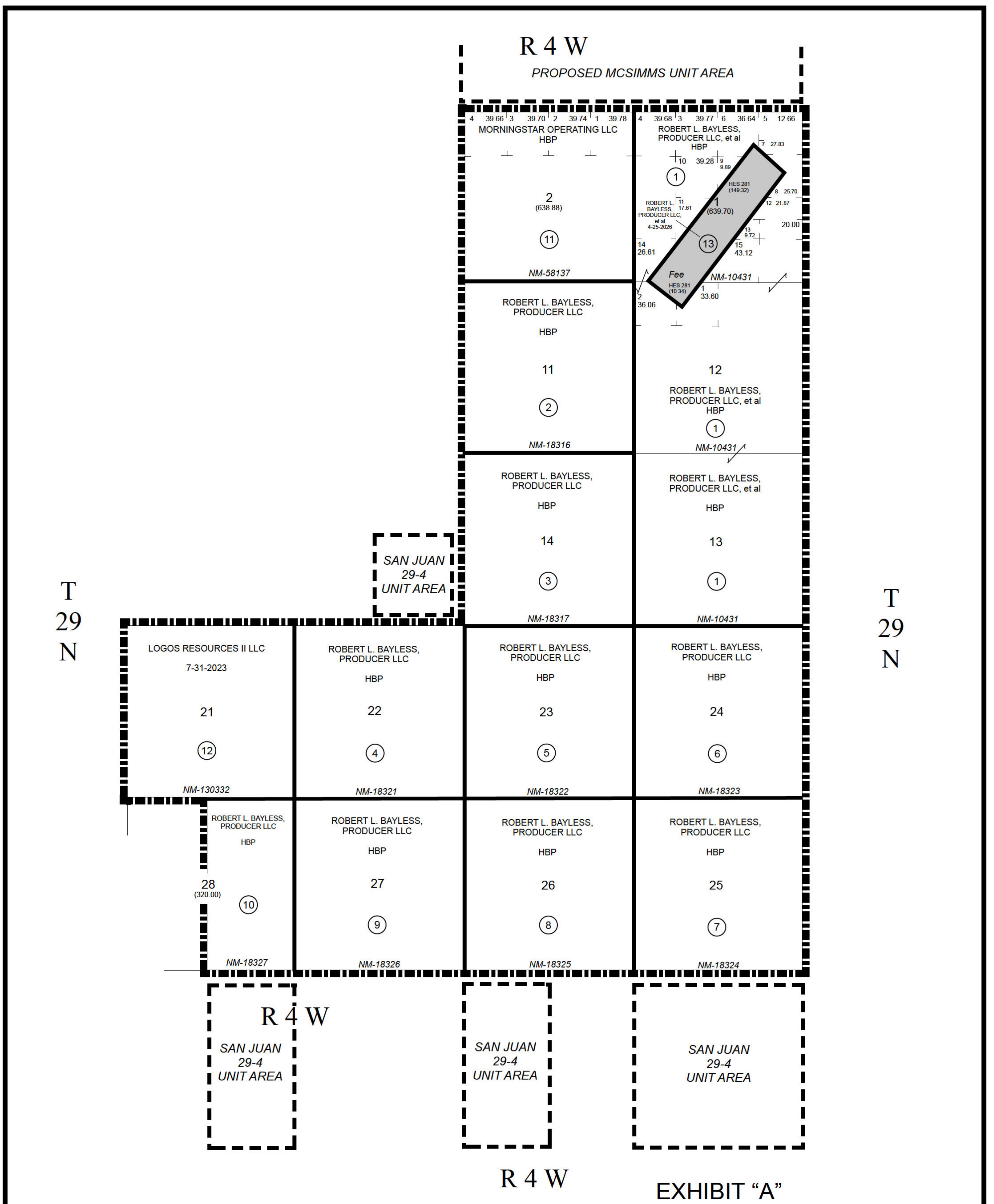
Cranford D. Newell, Jr.
Land Manager



/tkw
Enclosures

La Jara (Mancos) Unit Area
Page 4

LIST OF LEASES
AREA AND DEPTH APPLICATION
LA JARA (MANCOS) UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

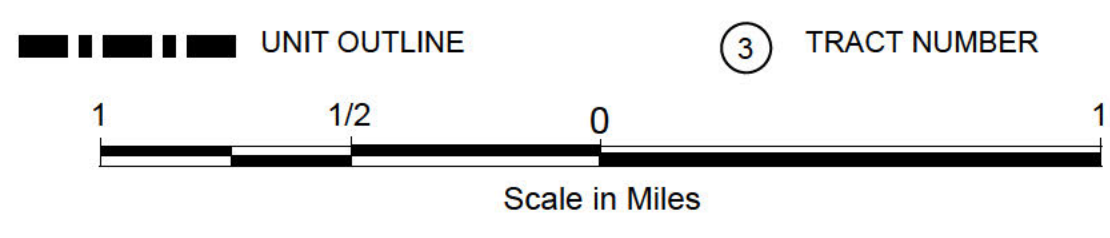
<u>TRACT NUMBER</u>	<u>FEDERAL SERIAL NUMBER</u>	<u>EXPIRATION</u>
1	NMNM105502893 (NM-010431)	HBP
2	NMNM105343269 (NM-018316)	HBP
3	NMNM105464559 (NM018317)	HBP
4	NMNM105554594 (NM-018321)	HBP
5	NMNM105448824 (NM-018322)	HBP
6	NMNM105442220 (NM-018323)	HBP
7	NMNM105452331 (NM-018324)	HBP
8	NMNM105411870 (NM-018325)	HBP
9	NMNM105552443 (NM-018326)	HBP
10	NMNM105448551 (NM-018327)	HBP
11	NMNM105462746 (NM-058137)	HBP
12	NMNM105380585 (NM-130332)	7-31-2023



	ACREAGE	PERCENTAGE	
	FEDERAL LANDS	8,478.92	98.15%
	PATENTED LANDS	159.66	1.85%
	TOTALS	8,638.58	100.00%

LA JARA (MANCOS) UNIT AREA

RIO ARRIBA COUNTY, NEW MEXICO



NOTE: UNLESS OTHERWISE NOTED HEREIN THE SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES

ROBERT L. BAYLESS, PRODUCER LLC
DENVER, COLORADO

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
LA JARA (MANCOS) UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

Ownership reflected herein covers those formations lying below the stratigraphic equivalent of the top of the Mancos Shale Formation, which is the base of the Point Lookout Sandstone of the Mesaverde Group, at a measured depth of 6,824 feet down to the stratigraphic equivalent of the base of the Mancos Shale Formation, which is the top of the Dakota Sandstone, at a measured depth of 8,586 feet as encountered in the San Juan 29-4 Unit No. 24 well in the NE 1/4 of Section 8, Township 29 North, Range 4 West, N.M.P.M. API #30-039-22844

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE		LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
				U.S.A. - All (12.5% royalty)	U.S.A. - All (12.5% royalty)		Gene Grubitz III Trust R F Partners TOTAL	As to Sec. 1: Lots 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15. SW/4NW/4, NW/4SW/4, SE/4SE/4, S/2NE/4SE/4	As to the balance of the lands: Hilcorp San Juan LP	14. SW/4NW/4, NW/4SW/4. Sec. 12: E/2. Sec. 13: W/2. Robert L. Bayless, Producer LLC
1.	<u>T29N-R4W-NMPM</u> Sec. 1: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15. SW/4NW/4, NW/4SW/4, SE/4SE/4, S/2NE/4SE/4	1,760.04	NMIN105502893 (NM-010431) Effective 10-1-1969 HBP	U.S.A. - All (12.5% royalty)	U.S.A. - All (12.5% royalty)	Hilcorp San Juan LP	100.00000% Gene Grubitz III Trust R F Partners TOTAL	1.00000% 1.00000% 2.00000%	As to Sec. 1: Lots 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15. SW/4NW/4, NW/4SW/4. Sec. 12: E/2. Sec. 13: W/2. Robert L. Bayless, Producer LLC	100.00000%
2.	<u>T29N-R4W-NMPM</u> Sec. 11: All	640.00	NMIN105343269 (NM-018316) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	U.S.A. - All (12.5% royalty)	NueVida Resources, LLC	100.00000%	None	None	Robert L. Bayless, Producer LLC
3.	<u>T29N-R4W-NMPM</u> Sec. 14: All	640.00	NMIN105464559 (NM-018317) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	U.S.A. - All (12.5% royalty)	NueVida Resources, LLC	100.00000%	None	None	Robert L. Bayless, Producer LLC
4.	<u>T29N-R4W-NMPM</u> Sec. 22: All	640.00	NMIN10554594 (NM-018321) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	U.S.A. - All (12.5% royalty)	Robert L. Bayless, Producer LLC	100.00000%	None	None	Robert L. Bayless, Producer LLC
	LA JARA (MANCOS) UNIT AREA					1				1/9/2023

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE		LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
					AND PERCENTAGE			AND PERCENTAGE		AND PERCENTAGE
5.	<u>T29N-R4W-NMPM</u> Sec. 23: All	640.00	NMIN105448824 (NM-018322) Effective 6-1-1973 HBP	U.S.A. - All (12.5% royalty)	100.00000%	Robert L. Bayless, Producer LLC	None	Robert L. Bayless, Producer LLC	100.00000%	
6.	<u>T29N-R4W-NMPM</u> Sec. 24: All	640.00	NMIN105442220 (NM-018323) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	100.00000%	NueVida Resources, LLC	None	Robert L. Bayless, Producer LLC	100.00000%	
7.	<u>T29N-R4W-NMPM</u> Sec. 25: All	640.00	NMIN105452331 (NM-018324) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	100.00000%	SFT LLC	None	Robert L. Bayless, Producer LLC	100.00000%	
8.	<u>T29N-R4W-NMPM</u> Sec. 26: All	640.00	NMIN105411870 (NM-018325) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	100.00000%	SFT LLC	None	Robert L. Bayless, Producer LLC	100.00000%	
9.	<u>T29N-R4W-NMPM</u> Sec. 27: All	640.00	NMIN105552443 (NM-018326) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	100.00000%	Robert L. Bayless, Producer LLC	None	Robert L. Bayless, Producer LLC	100.00000%	

LA JARA (MANCOS) UNIT AREA

2

1/9/2023

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE		LESSEE OF RECORD AND PERCENTAGE		OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
				U.S.A. - All (12.5% royalty)	U.S.A. - All (12.5% royalty)	NueVida Resources, LLC	100.00000%	None	None	Robert L. Bayless, Producer LLC	100.00000%
10.	T29N-R4W-NMPM Sec. 28: E/2	320.00	NMIN105448551 (NM-018327) Effective 5-1-1973 HBP	U.S.A. - All (12.5% royalty)	100.00000%	NueVida Resources, LLC	100.00000%	None	None	Robert L. Bayless, Producer LLC	100.00000%
11.	T29N-R4W-NMPM Sec. 2: Lots 1, 2, 3, 4, S2/N/2, S/2	638.88	NMIN105462746 (NM-058137) Effective 6-1-1985 HBP	U.S.A. - All (12.5% royalty)	100.00000%	Morningstar Opera ing LLC	100.00000%	None	None	Morningstar Opera ing LLC	100.00000%
12.	T29N-R4W-NMPM Sec. 21 All	640.00	NMIN105380585 (NM-130332) Effective 08-01-2013 Expiration 07-31-2023	U.S.A. - All (12.5% royalty)	100.00000%	Logos Resources II LLC* *Assignment pending to Robert L. Bayless, Producer LLC	100.00000%	None	None	Logos Resources II LLC* *Assignment pending to Robert L. Bayless, Producer LLC	100.00000%
12	FEDERAL TRACTS TOTALING	8,478.92		ACRES	98.15%	OF	UNIT	AREA			
PATENTED LANDS:											
13.	T29N-R4W-NMPM Sec. 1 & 12: HES 281	159.66	Unleased	Carlos Lucero Jr. & Andrea T. Lucero Revocable Living Trust dtd 8/25/1998	22.222222%	Unleased	100.00000%	None	None	Carlos Lucero Jr. & Andrea T. Lucero Revocable Living Trust dtd 8/25/1998	22.222222%
			12-01-2027	Arlie F. Walker	12.96296%	Robert L. Bayless, Producer LLC	100.00000%	None	None	Arlie F. Walker	12.96296%
			03-01-2027	Karen F. Walker	12.96296%	Robert L. Bayless, Producer LLC	100.00000%	None	None	Karen F. Walker	12.96296%
			03-01-2027	Rachel A. Walker	12.96296%	Robert L. Bayless, Producer LLC	100.00000%	None	None	Rachel A. Walker	12.96296%
			10-01-2027	Eleanor Gladiola Trujillo	5.55556%	Robert L. Bayless, Producer LLC	100.00000%	None	None	Eleanor Gladiola Trujillo	5.55556%
			Unleased	Genevieve Rinerson	5.55556%	Unleased	100.00000%	None	None	Genevieve Rinerson	5.55556%
							3				1/9/2023
	LA JARA (MANCOS) UNIT AREA										

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE		LESSEE OF RECORD AND PERCENTAGE		OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
13.	cont. inued.		01-12-2027	Devere Carroll Myer, Trustee of the Carroll D. Myer Revocable Trust	4.16673%	Robert L. Bayless, Producer LLC	100.00000%	Classical Gas & Oil, LLC Gypsum Springs LLC Duncan Shepherd TOTAL	6.50000% 1.00000% 1.00000% 8.50000%	Robert L. Bayless, Producer LLC	4.16673%
			Unleased	Devere Carroll Myer, Trustee of the Carroll D. Myer Revocable Trust	1.38883%	Unleased	100.00000%	None		Devere Carroll Myer, Trustee of the Carroll D. Myer Revocable Trust	1.38883%
			04-25-2026	Gregory F. Myer	3.12502%	Robert L. Bayless, Producer LLC	100.00000%	Classical Gas & Oil, LLC Gypsum Springs LLC Petroleum Resource Management Corporation TOTAL	7.00000% 0.75000% 0.75000% 8.50000%	Robert L. Bayless, Producer LLC	3.12502%
			03-01-2027	Gregory F. Myer	1.38888%	Robert L. Bayless, Producer LLC	100.00000%	None		Robert L. Bayless, Producer LLC	1.38888%
			12-13-2026	Nathan D. Myer	3.12502%	Robert L. Bayless, Producer LLC	100.00000%	Classical Gas & Oil, LLC Gypsum Springs LLC Duncan Shepherd TOTAL	6.50000% 1.00000% 1.00000% 8.50000%	Robert L. Bayless, Producer LLC	3.12502%
			03-01-2027	Nathan D. Myer	1.38888%	Robert L. Bayless, Producer LLC	100.00000%	None		Robert L. Bayless, Producer LLC	1.38888%
			03-01-2027	Joan E. Hird	4.51389%	Robert L. Bayless, Producer LLC	100.00000%	None		Robert L. Bayless, Producer LLC	4.51389%
			12-13-2026	Carroll D. Myer II	3.12500%	Robert L. Bayless, Producer LLC	100.00000%	Classical Gas & Oil, LLC Gypsum Springs LLC Duncan Shepherd TOTAL	6.50000% 1.00000% 1.00000% 8.50000%	Robert L. Bayless, Producer LLC	3.12500%
			07-01-2027	Celene Barela	1.85185%	Robert L. Bayless, Producer LLC	100.00000%	None		Celene Barela	1.85185%
			07-01-2027	Bradford Ferran	1.85185%	Robert L. Bayless, Producer LLC	100.00000%	None		Bradford Ferran	1.85185%
			07-01-2027	Christine Fietek TOTAL	1.85185% 100.00000%	Robert L. Bayless, Producer LLC	100.00000%	None		Christine Fietek TOTAL	1.85185% 100.00000%
1	PATENTED TRACTS	TOTALING	159.66	ACRES	OR	1.85%	OF	UNIT	AREA		
13	TRACTS	TOTALING	8,638.58	IN	UNIT	AREA					

LA JARA (MANCOS) UNIT AREA

**GEOLOGIC REPORT
PROPOSED LA JARA UNIT
RIO ARRIBA COUNTY, NEW MEXICO**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

CONFIDENTIAL

[REDACTED]

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[REDACTED]

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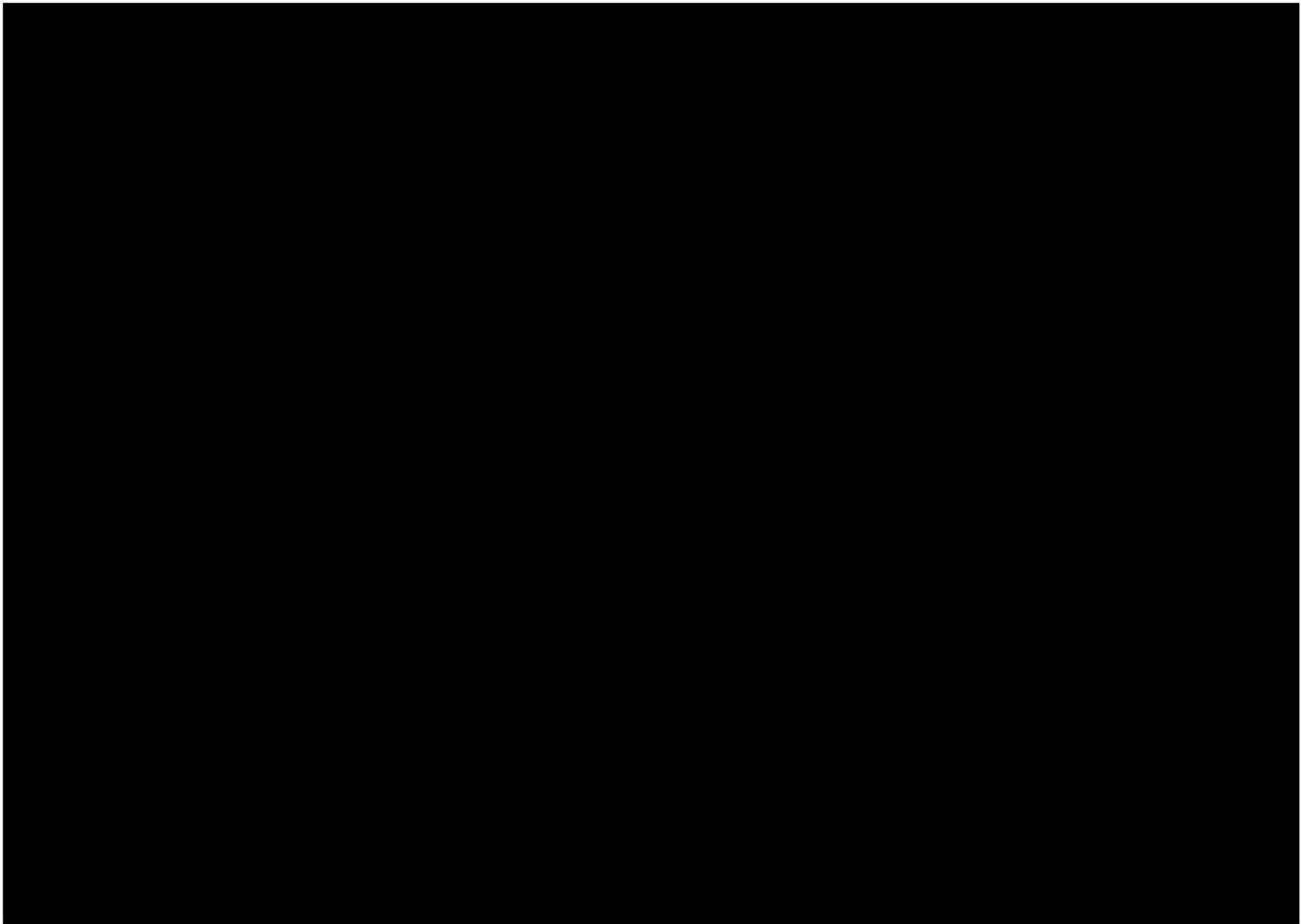
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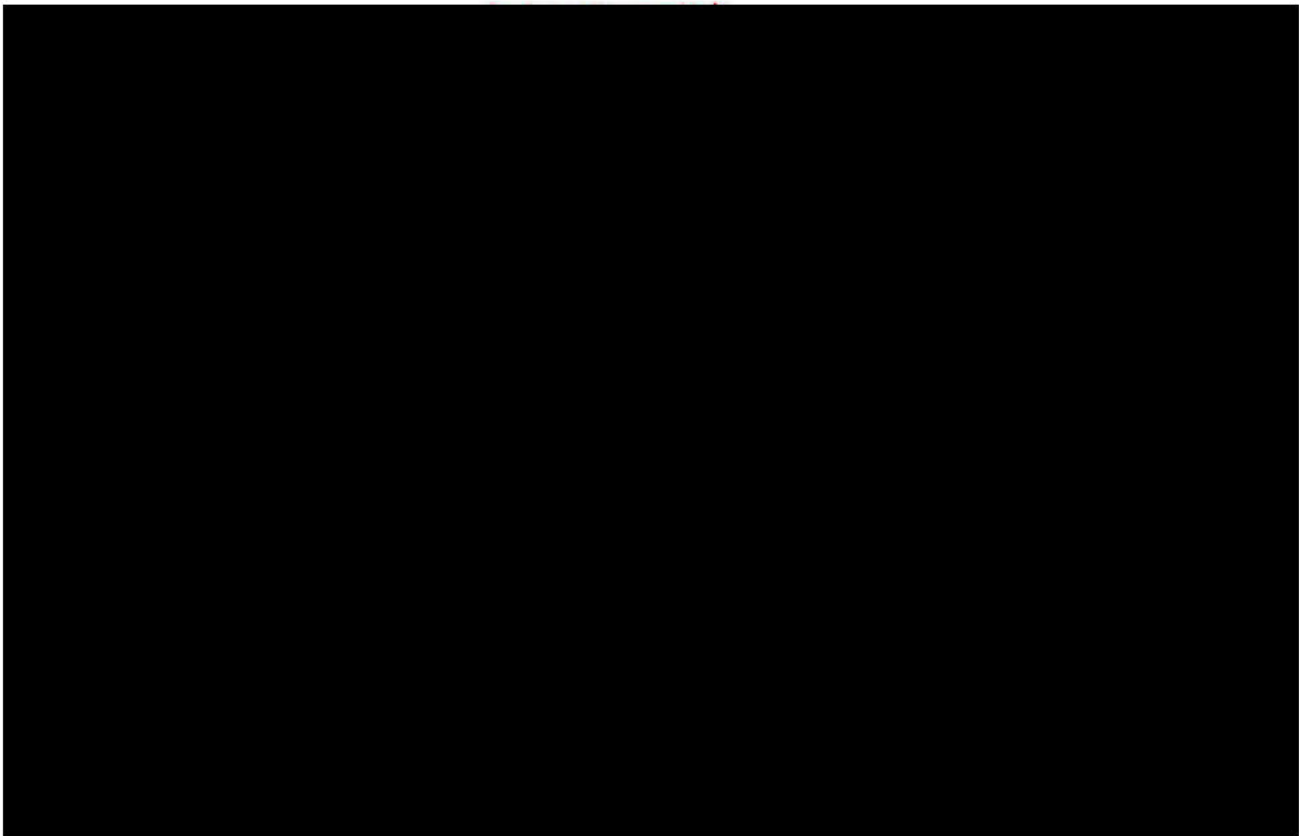
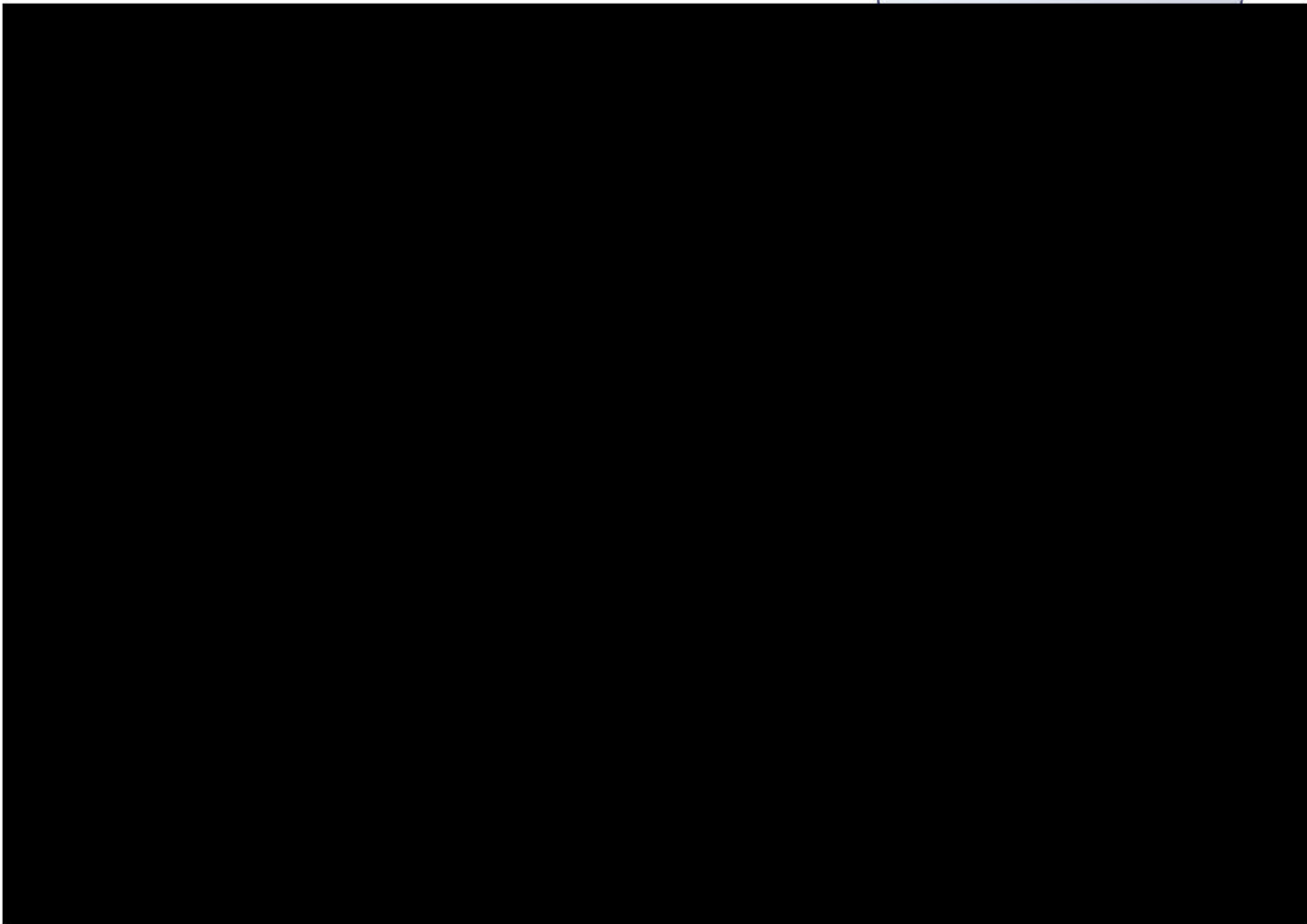
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CONFIDENTIAL



CONFIDENTIAL

[REDACTED]

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[REDACTED]

[REDACTED]

ROBERT L. BAYLESS, PRODUCER LLC

By: George F. Coryell
Senior Geologist
January 6, 2023



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

In Reply Refer To:
NMNM105770971
3105.2 (NM9250)

EXHIBIT 2

Reference:
Application and Request for Designation
La Jara (Mancos) Unit
NMNM105770971

Robert L. Bayless, Producer LLC
Attn: Cranford Newell, Jr.
621 17th Street
Suite 2300
Denver, CO 80293

Gentlemen:

Your application of January 9, 2023, filed with the Bureau of Land Management (BLM) Reservoir Management Group Santa Fe Office, requests the designation of the **La Jara (Mancos) Unit**, embracing **8,638.58** acres, more or less, in Rio Arriba County, New Mexico (8,478.92 acres (98.15% Federal minerals and 159.66 acres (1.85%) patented lands), as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to public interest requirements and unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit "A" and Exhibit "B", the **La Jara (Mancos) Unit**, Rio Arriba County, New Mexico, is hereby designated as a logical unit area and has been assigned a pending agreement number **NMNM105770971**. This designation is for all oil and gas in the Mancos Formation, as defined in Section 3 of the Unit Agreement, and is valid for a period of one year from the date of this letter.

The unit agreement submitted for the area designated will provide for the drilling of three (3) obligation wells to test the Mancos Formation with at least three (3) 3,000-foot horizontal well(s) in the following locations:

La Jara Fed A 1:

SHL: Section 1, T. 29 N., R. 4 W., Rio Arriba County, New Mexico
BHL: Section 2, T. 29 N., R. 4 W., Rio Arriba County, New Mexico

La Jara Fed A 2:

SHL: Section 1, T. 29 N., R. 4 W., Rio Arriba County, New Mexico

BHL: Section 2, T. 29 N., R. 4 W., Rio Arriba County, New Mexico

La Jara Fed A 3:

SHL: Section 1, T. 29 N., R. 4 W., Rio Arriba County, New Mexico

BHL: Section 2, T. 29 N., R. 4 W., Rio Arriba County, New Mexico

All Unit wells will be required to have the Unit name, such as “La Jara Unit No. 1H” with consecutive well numbers. All unit wells shall be operated by the Unit Operator. As stated in paragraph 3 in the of your proposed unit agreement, unitized substances are as follows:

“All oil and gas in the Mancos formation of the unitized lands, defined as the stratigraphic equivalent of the top of the Mancos formation (base of the Point Lookout Sandstone of the Mesaverde Group) at a measured depth of 6,824 feet beneath the surface to the base of the Mancos formation (top of the Dakota Sandstone) at a measured depth of 8,586 feet beneath the surface as seen on the type log (Exhibit C) in the San Juan 29-4 Unit No. 24 well (API: 30-039-22844), located in Section 8, Township 29 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico, are unitized under the terms of this agreement and herein are called “unitized substances.”; provided, however, that it is the specific intent of the parties hereto not to cause or effectuate any horizontal segregation of any Federal lease committed hereto as a consequence of the aforementioned depth limitations of the unitized land. (See type log attached as Exhibit “C”).”

The use of the model form for a Bureau of Land Management (BLM) New Mexico State Office (NMSO) Federal Exploratory Unit, modified as shown in your application, will be accepted with BLM NMSO revisions. If conditions arise such that further modifications of said standard form are proposed, two (2) copies of the proposed modifications with appropriate justification must be re-submitted to this office for preliminary approval.

In the event where a suspension or extension is needed, the unit operator must submit the application for a suspension or extension, prior to the expiration date, with thorough and detailed documentation of reasons for requesting a suspension or extension. A detailed Plan of Development may be submitted as well as supporting documentation. Once the unit tracts are unitized, Suspensions of Federal oil and gas leases are outlined in 43 CFR 3103.4-4 and 43 CFR 3165.1. Federal oil and gas lease extensions are outlined in 43 CFR 3105.5-4 and 43 CFR 3107.

Any producible wells producing from the unitized interval that exist in the unit area prior to unitization will not be considered for recognition as unit wells until after establishment of an initial participating area based on the aforementioned obligation wells. If a well is commenced and penetrated the geologic formation specified in Section 9 of the unit agreement prior to final unit approval, it cannot be considered as a unit obligation well. In such event, the unit obligation well still must be drilled.

In the absence of any type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will

be approved if submitted in 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 serve the public interest or 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 along with a separate recapitulation table of the latest commitment status of the interests in each tract when the executed agreement is submitted for final approval.

In preparing Exhibits "A" and "B", the format of the included sample exhibits of the model form shall be followed. A minimum of three (3) copies of the executed agreement shall be submitted with your request for final approval.

Upon receiving an application by the unit operator with sufficient economic and technical justification and subsequent approval of the Authorized Officer (AO), an initial participating area shall be established for the Mancos formation encompassing all the unitized lands.

Participating areas within the unit shall encompass only those lands that lie within the productive drainage areas of individual unit wells as determined by reasonable and established geologic and reservoir engineering analysis methods. This is commonly known as a "divided" unit. Such wells must be capable of production of unitized substances in paying quantities.

As provided in 43 CFR 3165.3(b), you may request an administrative review of this decision before the State Director. Per 43 CFR 3165.4, you may appeal any instructions, orders, or decisions issued by the BLM New Mexico State Office directly to the Interior Board of Land Appeals pursuant to the regulations found at 43 CFR 4. A copy of Form 1842-1, *Information on Taking Appeals to the Interior Board of Land Appeals*, is enclosed.

Please contact Stacey Leichliter, Geologist, at sleichliter@blm.gov if you have any questions.

Sincerely,

**KYLE
PARADIS**

Digitally signed by
KYLE PARADIS
Date: 2023.03.07
14:00:48 -07'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

Enclosure
Operator's proposed Unit Agreement w/ Exhibits
Form 1842-1

cc: w/ all attachments
NM92500, unit file
FFO - David Mankiewicz
USFS – J.J. Miller, Carson National Forest, Jicarilla Ranger District