



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)
NM70943X

Reference:
Designation of Successor Unit Operator
East Shugart Unit
Unitization Agreement No. NM70943X
Eddy County, New Mexico

RI 3765
cl 4637

JUL 24 2015

RECEIVED OGD
2015 JUL 31 P 3:03

AGUA SUCIA, LLC
909 West Avenue N.
Lovington, NM 88260

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 East Shugart Unit, Eddy County, New Mexico.

As your company has obtained a \$125,000.00 BLM Bond (NMB000650/NMB000651), and all the conditions for becoming a successor Unit operator have been met to the Authorized Officer's satisfaction, Agua Sucia, LLC, is hereby approved as the Unit operator for the East Shugart Unit as of this date and is effective May 1, 2015.

In accordance with this approval, Agua Sucia, LLC, is responsible for all operations and the reporting of all production from the unit. Well signs should also reflect Agua Sucia 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 East Shugart Unit Agreement.

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,

Stephen J Caffey
Steve Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc:

ONRR, Denver

NMOCD-Hobbs

CFO I&E

NM (P0221)

NM (P0220), CFO

DESIGNATION OF
SUCCESSOR UNIT OPERATOR
East Shugart Unit Area
County of Eddy
State of New Mexico
Unit Agreement No. NMNM 70943X

THIS INDENTURE, dated as of the 1st day of May, 2015, by and between Agua Sucia, LLC, hereinafter designated as "First Party," and the owners of unitized working interests, hereinafter designated as "Second Parties,"

W I T N E S S E T H :

WHEREAS, under the provisions 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, acting by and through the Authorized Officer, on the 24th day of June, 1969, approved a Unit Agreement for the East Shugart Unit Area, wherein Americo Energy was designated as Unit Operator, and

WHEREAS, Americo Energy desires to resign as such Operator and the designation of a successor Unit Operator is now required pursuant to the terms thereof; and

WHEREAS, the First Party has been and hereby is designated by Second Parties 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 East Shugart Unit Agreement, and the Second Parties covenant and agree that, effective upon approval of this indenture by the Authorized Officer, 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.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth.

FIRST PARTY

AGUA SUCIA
BY [Signature] mm.
SECOND PARTIES

BY _____
Execution Date: _____

BY _____
Execution Date: _____

CORPORATE ACKNOWLEDGEMENT

STATE OF Oklahoma)
COUNTY OF Tulsa) SS.

The foregoing instrument ^{is} was acknowledged before me this 07 day of July, 2015, by DENIS SCHWENK ~~President~~ ^{m.m. DS}, and by JULIE SCHWENK, Secretary of AWA SULTA LLC, a Corporation.

WITNESS my hand and official seal.

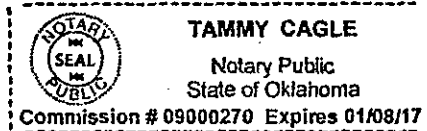
My commission Expires:

01/08/2017

Tammy Cagle
Notary Public

Place of Residence:

11063-D South Memorial
Tulsa OK 74133



RESIGNATION OF UNIT OPERATOR

East Stuart Unit Area
County of Eddy
State of New Mexico
Unit Agreement No. 8910113720

Under and pursuant to the provisions of Section _____ of the Unit Agreement for the Development and Operation of the East Stuart Unit Area, Eddy County, New Mexico, AMERICO Energy Resources LLC 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 1st day of May, 2015.

WITNESSES:

[Signature]


A. Taj
Eddie Taj

EXHIBIT "B"

East Shugart Well Status

Well No	API Number	Well Type	Status	SI Date
ESU#03	30-015-05683	Inj.	SI	
ESU#04	30-015-05692	Prod.	SI	2004
ESU#05	30-015-05697	Prod.	Active	
ESU#06	30-015-05696	Inj.	Active	
ESU#07	30-015-05700	Prod.	SI	Dec-12
ESU#08	30-015-05704	Prod.	Active	
ESU#09	30-015-05703	Inj.	Active	
ESU#11	30-015-05695	Prod.	SI	2008
ESU#13	30-015-05681	Prod.	Active	
ESU#14	30-015-05682	Prod.	SI	14-Nov
ESU#15	30-015-05687	Inj.	Active	
ESU#17	30-015-05686	Prod.	SI	Dec-14
ESU#18	30-015-05679	Prod.	SI	Dec-14
ESU#20	30-015-05702	Inj.	Active	
ESU#21	30-015-05693	Prod.	SI	Oct-14
ESU#22	30-015-05698	Inj.		
ESU#23	30-015-05699	Inj.	SI	Jul-13
ESU#24	30-015-05691	Inj.	Active	
ESU#25	30-015-05690	Prod.	SI	Dec-14
ESU#27	30-015-05677	Prod.	SI	Nov-14
ESU#29	30-015-05685	Inj.	Active	
ESU#31	30-015-05719	Prod.	SI	2008
ESU#32	30-015-20254	Inj.	SI	Jul-13
ESU#33	30-015-26484	Inj.	SI	
ESU#34	30-015-26483	Prod.	SI	2008
ESU#35	30-015-27428	Prod.	Active	
ESU#36	30-015-27436	Prod.	Active	
ESU#37	30-015-27462	Prod.	SI	
ESU#38	30-015-27429	Prod.	SI	Nov-14
ESU#39	30-015-27430	Prod.	SI	Nov-14
ESU#40	30-015-27690	Prod.	Active	
ESU#41	30-015-27676	Inj.	Active	
ESU#42	30-015-27670	Inj.	Active	
ESU#43	30-015-27671	Prod.	SI	Nov-14
ESU#44	30-015-27681	Prod.	Active	
ESU#45	30-015-27867	Prod.	SI	2008
ESU#46	30-015-27870	Prod.	Active	
ESU#47	30-015-27871	Prod.	Active	
ESU#49	30-015-27873	Prod.	Active	
ESU#50	30-015-27944	Prod.	Active	
ESU#51	30-015-27945	Prod.	SI	Aug-14
ESU#52	30-015-27946	Inj.	Active	
ESU#54	30-015-27948	Prod.	SI	Mar-14

ESU#55	30-015-27955	Prod.	SI	2008
ESU#56	30-015-27949	Inj.	Active	
ESU#57	30-015-27950	Prod.	SI	Dec-14
ESU#58	30-015-27951	Inj.	Active	
ESU#59	30-015-27952	Prod.	SI	Dec-14
ESU#61	30-015-28202	Prod.	Active	
ESU#62	30-015-27953	Prod.	Active	
ESU#63	30-015-28217	Prod.	Active	
ESU#66	30-015-27955	Prod.	SI	Sep-14
ESU#67	30-015-27958	Prod.	SI	Mar-15
ESU#69	30-015-28218	Prod.	Active	
ESU#70	30-015-28209	Prod.	SI	Nov-14
ESU#71	30-015-28211	Prod.	SI	Sep-14
ESU#72	30-015-28203	Prod.	SI	Nov-14
ESU#74	30-015-28359	Prod.	Active	
ESU#75	30-015-28204	Inj.	Active	
ESU#76	30-015-28201	Inj.	Active	
ESU#77	30-015-28219	Prod.	Active	
ESU#78	30-015-28278	Prod.	SI	Jan-13
ESU#79	30-015-28326	Prod.	SI	Jun-05
ESU#83	30-015-28776	Prod.	Active	
ESU#86	30-015-29917	Prod.	Active	
ESU#90 (WSW-1)	30-015-22603	WSW	SI	Jul-14


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