



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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June 26, 2017

PC-1318

OXY USA, Inc.
ATTN: Mr. John Schneider
PO Box 27757
Houston, TX 77227-7757

Re: Preliminary Approval
Mesa Verde Bone Spring Unit
Lea and Eddy Counties, New Mexico

Dear Mr. Schneider:

We received the unexecuted copy of the unit agreement that you submitted for the proposed Mesa Verde Bone Spring Unit Area, Lea and Eddy Counties, New Mexico. This agreement meets the general requirements of the New Mexico State Land Office, and you have this date been granted preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases until final approval and an effective date have been given.

When submitting your agreement for final approval, please include the following:

1. Application for final approval setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, a statement of facts showing that:
 - a. The agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. Under the proposed unit operation, the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. Each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. The unit agreement is in other respects for the best interest of the Trust.

3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Approval order from the New Mexico Oil Conservation Division. State Land Office approval is conditioned upon approval by the New Mexico Oil Conservation Division.
5. Approval order from the Bureau of Land Management. State Land Office approval is conditioned upon approval by the Bureau of Land Management.
6. One copy of the Unit Operating Agreement (if applicable).
7. A filing fee of \$490 (\$700 minus the \$210 fee submitted on March 22, 2017). The filing fee is \$100 for each section or partial section included in the unit, whether federal, state, or privately owned.

If you have any questions or if we may be of further assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791.

Respectfully,



AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: (NMOCD – Attn: Mr. Daniel Sanchez)
RMD – Attn: Mr. Danny Martinez
RMD – Attn: Mr. Roddy Martinez
BLM - Carlsbad – Attn: Mr. Chris Walls
OGMD & Units Reader Files