



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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September 7, 2016

Ken Haley
Vice President – Exploitation
Rockcliff Energy, LLC
1301 McKinney Street
Suite 1300
Houston, TX 77010

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FED 000

Case # 15587

Re: Preliminary Approval
Button Mesa San Andres Unit
Chaves & Lea Counties, New Mexico

Dear: Mr Haley

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Button Mesa San Andres Unit area, Chaves & Lea Counties, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you 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 by the Commissioner 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.

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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. One copy of the Unit Operating Agreement with the language that reads in Article 17: the Agreement shall automatically terminate 5 years from said effective date unless... and Article 19: At the end of the clause, the standard language is to be used: "any other interested party shall also have the right at its own expense to appear and to participate in any such proceedings."
6. Submit the Geologic write up for the unit area.
7. A Plan of Development for the unit outlining the drilling operations and facilities locations.
8. All leases included in the unit shall have the correct Lessee Names and percentages shown on all exhibits.
9. A \$1,700.00 total filing fee. 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 the Units Manager, Marilyn Gruebel, at 505.827.5791 or the Units Analyst, Sue Keelin, at 505.827.5783.

Respectfully,



AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/sk

cc: Reader File
NMOCD, Attn: Mr. Daniel Sanchez
TRD, Attn: Ms. Billie Luther
RMD, Attn: Mr. Danny Martinez