



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

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NM70800X
3180 (P0220)

Reference:
Unit Termination
Cave Pool Unit – NMNM70800X
Eddy County, New Mexico

CERTIFIED – RETURN RECEIPT REQUESTED:
7012 3460 0001 7403 9502

OCT 29 2013

Jean Mann, President, CEO
MCI operating of NM, LLC
P O Box 471
Denver City, TX 79323

Gentlemen:

The Cave Pool Unit, No. NM70800X, Eddy County, New Mexico, is terminated effective July 31, 2010, pursuant to 43 CFR 3186.1.20.b and section 22 of Unit Agreement which states the following:

“The term of this agreement shall be for and during the time that Unitized Substances are produced in paying quantities from the Unitized Land and as long thereafter as diligent drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days sufficient to pay for the cost of producing same from wells on the Unitized Land”

Thus, it has been determined that the Cave Pool Unit wells located on state leases have been plugged and abandoned and are incapable of production of unitized substances in paying quantities. Also, it has been determined that the Cave Pool Unit #1 (3001502784) on Federal lease NMLC058594C last produce in paying quantities on July 2010 and is considered incapable of production of unitized substances in paying quantities. This termination is subject to like approval by the State Commissioner of Public Lands.

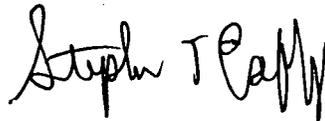
All Federal leases within the Unit Agreement boundary are eligible for a two year extension, as a result of the termination of the subject agreement, ending July 31, 2012, pursuant to 43 CFR 3107.3-2, 43 CFR 3107.4 and 43 CFR 3183.4(b), Public Interest requirement has been fulfilled. These include the following lease: NMLC058594C, NMLC068960, NMLC028480B and NMNM011331.

Copies of this letter are being distributed to the appropriate Federal agencies and record of lessee.

If you have any questions regarding this termination, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Sincerely,



Steve Caffey
Assistant Field Manager,
Lands and Minerals

cc:
Commissioner of Public Lands
ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)
NM Taxation & Revenue Dept. (Revenue Processing Div.)
Theresa Copeland, Attorney-Adviser -Office of the Solicitor
NMOCD-Santa FE
Record of Lessee
NM (9210)
NM (P0220-CFO, File Room)