



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:

3181

(3181.1)

West Eumont Unit

NMNM137800X

MAY 18 2018

Forty Acres Energy, LLC
Attn: Chris Fling
11777B Katy Freeway, Suite 305
Houston, TX 77079

Gentlemen:

The West Eumont Unit Agreement, Lea County, New Mexico is approved effective as of June 1, 2018. This agreement is designated no. NMNM137800X

Enclosed is one copy of the approved unit agreement for your records. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.

Your BLM statewide oil and gas bond No. NMB001380 will be used to cover unit operations.

We request that you furnish the State of New Mexico and all other interested principals with appropriate evidence of this approval.

If there are any questions, please contact Sandy Blackburn, Land Law Examiner, at (307) 261-7632.

Sincerely,

James Stovall
Pecos District Manager

Enclosures - Approved application, Exhibits A, B, & C

cc: NMSO, James Glover w/exhibits
ONRR, Glen Reese, w/exhibit
New Mexico State Land Office, Anchor Holm, w/exhibits
New Mexico Oil Conservation Division, William Jones, w/exhibits

SBlackburn:5/08/18:West Eumont Ltr



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Memorandum

To: State Director (923)

From: Pecos District Manager

Subject: West Eumont Unit Agreement, Lea County, New Mexico:
Forty Acres Energy, LLC.-Unit Operator

This agreement has been designated No. NMNM137800X and is effective as of June 1, 2018. A copy of the agreement is attached.

The basic information is as follows:

1. The unit area was designated for secondary recovery purposes under the unit plan regulations of December 22, 1950, by Bureau letter of December 12, 2017
2. The top of the Yates Formation to the base of the Queen Formation as defined in Section 2 is unitized.
3. The unit area embraces 7,977.30 acres more or less of which 2,400.00 acres (31.09 percent) are Federal lands, 4,626.34 acres (56.99 percent) are State lands and 950.96 acres (11.92 percent) are patented lands.

The following Federal leases embrace lands included within the unit area.

NMNM18264*
NMNM62668
NMNM07966

NMNM89873*
NMLC0045764

NMLC048741B
NMLC063116

*Indicates lease to be considered for segregation by the Bureau of Land Management pursuant to Section 18(g) of the unit agreement and Public Law 86-705.

We recommend the portion within the unit area of all leases eligible for segregation retain the present lease number.

The unit operator has advised that it is not the intent of the parties to this unit agreement to horizontally segregate any Federal lease.

All lands and interests are fully committed by New Mexico State Order, Order No. R-14615, Case No. 15792 dated April 2, 2018.

In view of the foregoing commitment status, effective control of operations within the unit area is assured. We are of the opinion that the agreement is necessary and advisable in the public interest and for the purpose of most properly conserving natural resources. An approval letter signed by the Commissioner of Public Lands for the State of New Mexico is attached to the enclosed agreement.

Attachment

cc: Operator
New Mexico State Land Office, Anchor Holm
New Mexico Oil Conservation Division, William Jones
ONRR w/exhibits – Glen Reese

SBlackburn:5/08/18:West Eumont Memo

CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. sec 181, et seq., and delegated to the Bureau of Land Management, by executive Order of the Secretary of the Interior, I do hereby:

A. Approve the attached agreement for the development and operation of the West Eumont Unit Area, Lea County, New Mexico. This approval shall be invalid ab initio if the public interest requirement under 43 CFR 3183.4(b) is not met.

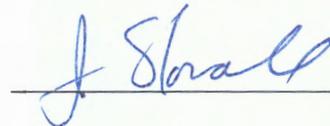
B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of all Federal leases committed to said Agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of this agreement.

Dated: 5-18-2018

Effective Date: June 1, 2018

Contract No.: NMNM137800X



James Stovall
Pecos District Manager
Bureau of Land Management
Carlsbad, New Mexico