



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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2015 JUN 11 P 3:08

IN REPLY REFER TO:
3180 (P0220)
NM70956X

Reference:
Designation of Successor Unit Operator
Grayburg Jackson Premier Sand Unit
Unitization Agreement No. NM70956X
Eddy County, New Mexico

MAY 21 2015

R, 2327
C, 2439.1

CERTIFIED—RETURN RECEIPT REQUESTED
7014 3490 0000 3103 1563

Energy Quest II, LLC
4526 Research Forest Dr.
Suite 200
The Woodlands, TX 77381

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 the Grayburg Jackson Premier Sand Unit, Eddy County, New Mexico.

As your company has obtained a statewide \$25,000 BLM Bond (NMB001225) and all the conditions for becoming a successor unit operator have been met to the Authorized Officer's satisfaction, Energy Quest II, LLC, is hereby approved as the unit operator for the Grayburg Jackson Premier Sand Unit as of this date and is effective December 30, 2013. However, please be advised that due to ongoing bond adequacy reviews being done by this office all bond requirements are subject to change.

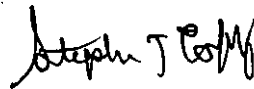
In accordance with this approval, Energy Quest II, LLC is responsible for all operations and the reporting of all production from the unit. Well signs should also reflect Energy Quest II, LLC as the unit operator. Please inform all interested principles of such approval. An approved copy of this designation 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 Grayburg Jackson Premier Sand 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,

A handwritten signature in black ink, appearing to read "Stephen J. Caffey".

Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc:

ONRR, Denver
NMOCD-Artesia
CFO I&E
NM (P0221)
NM (P0220), CFO