



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:

3180 (P0220)

NM70928A

Reference:

April 4, 2016

Designation of Sub-Operator for
Cotton Draw Unit Delaware Sand PA
Agreement No. NM70928A
Lea County, New Mexico

Case 1446

RECEIVED OGD
2016 APR -7 P 2:57

CERTIFIED—RETURN RECEIPT REQUESTED

7014 2120 0001 4869 6904

Sahara Operating Company
P.O. Box 4130
Midland, TX 79704

Gentlemen:

This office has received and reviewed your designation of Sub-Operator in which your company has agreed to assume all rights, duties, and obligations as the Sub-Operator of the Delaware Sand Participating Area of the Cotton Draw Unit Agreement, Lea County, New Mexico.

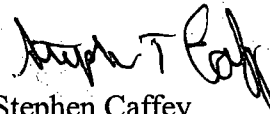
As your company has obtained a statewide \$189,500 BLM Bond (NMB001351) and all the conditions for becoming a successor unit operator have been met to the Authorized Officer's satisfaction, Sahara Operating Company, is hereby approved as the unit Sub-Operator for the Cotton Draw Unit Delaware Sand PA (NM70928A) underlying the Cotton Draw Unit as of this date and is effective June 1, 2015. This approval is subject to like approval by the State Commissioner of Public Lands.

In accordance with this approval, Sahara Operating Company is responsible for all operations and the reporting of all production from the unit. Well signs representing the Delaware Sand PA NM70928A should also reflect Sahara Operating Company as the unit Sub-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 Cotton Draw Unit Delaware Sand PA 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 T. Caffey".

Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc:

Commissioner of Public Lands
ONRR, Denver
NMOCD
NM (P0221)
NM (P0220), CFO