



Aubrey Dunn
COMMISSIONER

RECEIVED OCD

2016 MAY 20 P. 2: 59
State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

May 10, 2016

BC Operating, Inc.
PO Box 50820
Midland, TX 79710

Attn: Mr. Brian Arnold

Re: South Tobac State Exploratory Unit
Drilling Extension to June 3, 2018
Chaves County, New Mexico

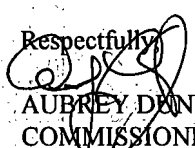
Dear Mr. Arnold:

We are in receipt of your letter of May 3, 2016 wherein you have requested an extension to June 3, 2018 in which to spud the South Tobac State Unit Well No. 3.

The Commissioner of Public Lands has this date approved your request and hereby grants you a one-time drilling extension to June 3, 2018. Pursuant to Article 8 of the South Tobac State Exploratory Unit Agreement, BC Operating should commence drilling operations on the South Tobac State Exploratory Unit Well No. 3 on or before June 3, 2018 or terminate the Unit Agreement.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Respectfully,


AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

Ad/SK

cc: Reader File,

OCD-Attention: Daniel Sanchez ✓