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## ENDURING RESOURCES

1050 Seventeenth Street Suite 2500 Denver Colorado 80265  
Telephone: 303 573 1222 Facsimile: 303 573 0461

October 30, 2018

### *Via Federal Express*

Virginia Barber  
BLM – Lease Production Accountability  
6251 College Blvd., Suite A  
Farmington, NM 87401  
(505) 564-7754

Joseph Hewitt  
BLM Farmington Field Office – Geologist  
6251 College Blvd., Suite A  
Farmington, NM 87401  
(505) 564-7740

Maureen Joe  
FIMO Director  
c/o BLM  
6251 College Blvd., Suite A  
Farmington, NM 87401  
(505) 564-7671

James Glover  
BLM – Geologist  
301 Dinosaur Trail  
Santa Fe, NM 87508

Julian Serrano  
BLM – Land Adjudicator  
301 Dinosaur Trail  
Santa Fe, NM 87508  
(505) 954-2149

Richard Fields  
BLM Farmington Field Office – Field Manager  
6251 College Blvd., Suite A  
Farmington, NM 87401  
(505) 564-7731

Cynthia Marquez  
BLM Farmington Field Office – Land Law Examiner  
6251 College Blvd., Suite A  
Farmington, NM 87401  
(505) 564-7741

David Mankiewicz  
BLM Farmington Office – Assistant Field  
Manager, Minerals  
6251 College Blvd., Suite A  
Farmington, NM 87401  
(505) 564-7731

William V. Jones, P.E.  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Sheila Mallory  
BLM – Deputy State Director, Minerals  
301 Dinosaur Trail  
Santa Fe, NM 87508  
(505) 954-2134

**RE: Additional documents for BLM/FIMO Final Approval Request  
Lone Mesa Unit Area  
San Juan County, New Mexico**

Ladies and Gentlemen:

Please accept this application to the BLM and FIMO for Final Approval of the Lone Mesa Unit (unitizes the Fruitland formation) encompassing 5445.18 acres along with its request for approval of the initial

This Unit does include State Land Office minerals/leases; and, this Unit does not contain any existing horizontal Fruitland formation wells/laterals within unit boundary. The purpose of this unit is to facilitate improved drilling azimuth and better the utilization of reservoir energy, thereby promoting the opportunity for the prevention of waste and conservation of oil and gas and opportunity for improved hydrocarbon recovery pursuant to same, all of which is in the public interest.

Enclosed for your review with this letter are the following documents:

- 1) Four (4) originals of a revised Unit Agreement modified in Sections 9. and 10. to mirror the previously submission of Enduring's West and South Escavada Units (originals included with Joe Hewitt letter/1 copy to others) that have been executed/notarized by Enduring Resources, LLC (attached Exhibit "A"/Unit Plat, Exhibit "B"/Ownership Schedule of Oil and Gas Interests, Exhibit "C"/Type Log). Enduring Resources, LLC is the Unit Operator while Enduring Resources IV, LLC is the interest owner.
- 2) Four (4) originals of the Unit Operating Agreement modified to include the revised Exhibit F/Non-Discrimination consistent with West and South Escavada Units (originals included with Joe Hewitt letter/1 copy to others).
- 3) Four (4) originals Ratifications and Joinders each (originals included with Joe Hewitt/1 copy to others) from Enduring Resources, LLC, Enduring Resources IV, LLC as Lessees of Record and Working Interest (WI) owners, Hilcorp Energy Company and KEL Co. as Working Interest owners and/or Lessees of Record. There are a total of four (4) unleased parcels with the Unit Area including three (4) Allottee parcels and one (1) BLM parcel. The effective working interest is Enduring with 98.6453% and Hilcorp with 1.3547% which, clearly, vests Enduring with effective control. In addition, you will find enclosed four (4) original Ratification and Joinder instruments executed by Shikis, LLC as an overriding royalty interest owner (originals included with Joe Hewitt/ 1 copy to others).
- 4) One (1) original and three (3) copies of affidavits of Lone Mesa Unit notice letter sent to Allottees (included with Joe Hewitt letter/1 copy to others), form of letter, Affidavit Exhibit "A" Allottees/addresses, Affidavit Exhibit "B" Unit Plat/Unit Allotments, Exhibit "C" Affidavit of newspaper publication of notice of Allotments within the Lone Mesa Unit.
- 5) Four (4) copies of the New Mexico Oil Conservation Divisions Order approving the Lone Mesa Unit (included with Joe Hewitt/ 1 copy to others).
- 6) Four (4) copies of the State of New Mexico Commissioner of Public Lands preliminary approval letter dated August 27, 2018 (included with Joe Hewitt/1 copy to others).
- 7) Four (4) copies of BLM form C-102 from the APD package for the Lone Mesa 0001H well (included with Joe Hewitt/1 copy to others).

Please note Enduring intends to commence drilling their initial test well for the Lone Mesa Unit sometime after December 1, 2018; therefore your assistance in perfecting BLM – AO/FIMO approval of this Unit and initial test well at your earliest convenience is appreciated, due to expiring Lease concerns. Should you have any questions/comments and/or need additional information, please contact the undersigned or Paul Brooke at 303-350-5116 or pbrooke@enduringresources.com. Upon approval, we request that all copies of the attached unit agreement not retained by your office be returned to me at our letterhead address.

Sincerely,

**ENDURING RESOURCES, LLC**

  

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Alex B. Campbell

Enclosures