PUBLIC NOTICE

SALE OF OIL AND GAS LEASES

Office of the Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico  87504-1148

Public Notice is hereby given pursuant to New Mexico Law 1929, Chapter 125, Section B, as amended, and rules and regulations of the State Land Office, that the Commissioner of Public Lands will hold a sale of oil and gas leases on November 15, 2016 for the tracts of land herein described.

The sale will be held in two venues: online and in-house. The online sale will be active bidding, commencing one week prior to the lease sale date, with online bidding closing at 8:30 am MST on November 15. The in-house sale will be oral, conducted in the Edward J. Lopez State Land Office Building, Santa Fe, New Mexico, and commencing at 10:30 am MST on November 15. There will be no sealed bid auction.

The sale will be held and conducted in accordance with the following terms and conditions:

The online auction will be conducted by the State Land Office contract auction house, EnergyNet. To view the online tract listing go to www.energynet.com. Prospective bidders must register with EnergyNet at https://www.energynet.com/govt_listing.pl and abide by the terms and conditions therein.

No bids will be considered for less than the whole of any tract, nor for less than the specified minimum acceptable bid. Separate bids must be made for each tract.

The successful bidder in every case of bidding will be required to deposit forthwith, the amount bid, plus the application fee of $100.00, and to file application in due form before the close of business on said date.

If not in attendance at the State Land Office on the sale date, the successful bidder in online bidding will be required to make the deposit via electronic fund transfer, as specified on the EnergyNet auction site. If in attendance at the State Land Office, successful bidders can make the deposit in-person via electronic transfer, or in cash or by check, money order or certified check drawn on a solvent bank.

In the case of in-house oral bidding, successful bidders will be required to make the deposit in-person via electronic transfer, or in cash or by check, money order or certified check drawn on a solvent bank, and to file a bid application in due form before the close of business on said date.

The applications received pursuant hereto will be deemed to have been filed simultaneously. In all cases, leases will be made on the specified Lease Form as set forth in the Sale Notice. Application forms will be furnished upon request. Form 0-00 (formerly No. OG-57) Bid Application, is applicable to all Lease Forms advertised in this Sale Notice.

Disabled individuals who require aids to participate in the in-house Oil & Gas Lease Sale may call (505) 827-5744, or contact Relay New Mexico at (505) 292-0454 or the AT&T Operator Service for TTY at (800) 855-1155.

The State Land Office makes no warranty as to the conditions of the lands. Lessees must comply with all applicable federal and state laws or regulations.

THE COMMISSIONER RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS.

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS
Online auction for oil & gas lease sale

The New Mexico State Land Office has added an online contingent to its monthly oil & gas lease sale. The online portion will be held in lieu of the traditional sealed bid portion.

The sale will be held in two venues: online and in-house. The online sale will be active bidding, commencing at 8:30 am MST November 8. Online bidding will close sequentially, with bidding on the final tract closing at 8:30 am MST on November 15. The in-house sale will be oral, conducted in the Edward J. Lopez State Land Office Building, Santa Fe, New Mexico, commencing at 10:30 am MST on November 15. There will be no sealed bid auction.

The online auction will be conducted by the State Land Office auction house contractor, EnergyNet. When posted, the online tract listing can be viewed at www.energynet.com. Prospective bidders must register with EnergyNet at https://www.energynet.com/govt_listing.pl and abide by the terms and conditions therein.

PAYMENT FOR ALL LEASES SHALL BE MADE THE DAY OF THE SALE IN CASH, BY CHECK, MONEY ORDER, CERTIFIED CHECK, OR ELECTRONIC TRANSFER ON A SOLVENT BANK.

LATE PAYMENTS WILL BE REJECTED AND NO LEASE WILL BE ISSUED FOR THAT TRACT

For payments and bid application of successful online bids, please follow the instructions on the EnergyNet web site. For payments and bid application of successful in-house bids, please follow the instructions in this State Land Office lease sale book.

When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. Please be advised that payments will be drafted from your account immediately upon receipt. ("The successful bidders shall file proper applications for the leases purchased and shall complete the payment of any balance due on their bids before the closing of the office of the commissioner on the day of the sale." §19-10-17 NMSA 1978.)
NEW FEE SCHEDULE FOR BID APPLICATIONS

The New Mexico State Land Office has instituted a new Schedule of Fees, effective July 1. The fee for an oil & gas lease application (Bid Application at a lease sale) has been increased from $30 to $100. The Bid Application form and instructions have been updated to reflect the new fee.

The new fee schedule can be found at the State Land Office web site:


POLICY ON COMMUNICATIONS REGARDING OIL & GAS LEASE SALE NOMINATIONS

Because the listing of oil & gas lease tracts to be offered for bid is neither finalized nor public prior to publication, the State Land Office will not provide notification of whether submitted or internal nominations will be included in a lease sale prior to publication. Notification of inclusion will be in the form of the published lease sale listing.

Acknowledgement of receipt of nominations does not constitute a notification that such nominations will or will not be included in a lease sale.

The State Land Office will no longer track submitted nominations beyond the month they are submitted. Nominated tracts will only be considered for the following month’s lease sale. If a nominated tract does not appear in the lease listing, it must be resubmitted the next month in order to be considered for a subsequent lease sale.
Regular Sale - ONLINE BIDDING COMMENCES 8:30 AM MST, November 8, 2016. BIDDING FOR THE ONLINE TRACTS WILL CLOSE SEQUENTIALLY ON NOVEMBER 15, 2016, WITH BIDDING FOR THE FINAL TRACT CLOSING AT 8:30 AM MST - NOVEMBER 15, 2016. THE ONLINE AUCTION WILL BE CONDUCTED BY THE SLO CONTRACTOR ENTERPRISE.


<table>
<thead>
<tr>
<th>TRACT #</th>
<th>COUNTY</th>
<th>SEC TWP RGE</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
<th>PRIMARY RENTAL</th>
<th>ACCEPTABLE BID</th>
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<tbody>
<tr>
<td>001 VB-001</td>
<td>Lea</td>
<td>32 10S 36E N2</td>
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<td>$0.50</td>
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<td>$5,000.00</td>
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<td>006 VB-006</td>
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<tr>
<td>010 VB-010</td>
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</table>

Regular Sale - ORAL BID 10:30 am NOVEMBER 15, 2016

NOTE: THE FOLLOWING TRACTS WILL BE OFFERED FOR ORAL BID PURSUANT TO THE NOTICES. LEASES FOR THE FOLLOWING TRACTS WILL BE ISSUED ON SECTION 19-10-4.3 NMSA 1978, DEVELOPMENT LEASES FORM, FIVE (5) YEAR TERM, 3/16TH Royalty, AND HAVE BEEN CLASSIFIED AND CATEGORIZED IN COMPLIANCE WITH 19-10-3 NMSA 1978.

<table>
<thead>
<tr>
<th>TRACT #</th>
<th>COUNTY</th>
<th>SEC TWP RGE</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
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<tr>
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<td>$1.00</td>
<td>$5,000.00</td>
<td></td>
</tr>
</tbody>
</table>

S: DRILLING RESTRICTED DUE TO POTASH  D: ALL OR PORTION OF SURFACE NON-STATE R: SUBJECT TO 3/2012 CONSERVATION AGREEMENT

ALL HIGH BIDS ARE SUBJECT TO APPROVAL BY THE COMMISSIONER OF PUBLIC LANDS
Filling out the Bid Application Form

NOTE: For the online auction, you will fill out the bid application forms presented at the Energy Net auction site, and make payments as per instructions at the auction site.

For the in-house oral auction, winning bidders will use the following bid application form and make payments as per SLO instructions.

This guide follows the blanks on the Bid Application Form from top to bottom.

OGRID No. Enter your OGRID number here. If you do not have one, contact Ramona Marcus at (505) 476-0378 or rmarcus@slo.state.nm.us.

Name of legal entity or personal name --This is the name in which the lease will be issued; it will be the lessee of record. This can be the name of a company or of an individual.

Mailing address -- This is the address of the potential lessee holder.

The following five blanks require information to be recorded exactly as you find in the SLO monthly Oil and Gas Lease Sale Notice. The information includes the tract number in the sale, the name of the county in which it lies, the legal land description describing the tract on which you are bidding, whether it is a regular sale or special sale, and how many acres the tract contains. Note that some of the portions are already filled in, to give you a guide to proper annotation.

EXAMPLE: 001 S12 T13S R28E
Oral: VB-O-001 Description W2NW4, SE4NW4, SW4

The amount of dollars that you enter in the next blank is your bid. Notice that your first year’s rental is included in your bid. Your bid on a 320-acre tract may be $10,000; if the rental rate on that tract is $1/acre, we will apply $320 of your $10,000 to the first year’s rental.

The amount of dollars that you enter in the “Total remittance” blank is your bid plus the $100.00 application fee. In the above example, you would remit $10,100.

Name of applicant or agent -- This blank is for the printed name of either the applicant or the agent of the applicant.

Signature -- The form must be signed in the presence of a notary public. The signature here is of the person named in the previous, “printed name” blank.

Acknowledgment section -- Your notary public will complete the remainder of the form.
NEW MEXICO STATE LAND OFFICE
BID APPLICATION
FOR A STATE OF NEW MEXICO OIL AND GAS LEASE

TO: Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1'48

OGRID No. ____________________

( Please print the name of the legal entity, or, if applying as an individual, the personal name. )

whose address is ___________________________ ( mailing address )

( city ) ( state ) ( zip code )

a corporation qualified to do business in New Mexico, OR a citizen (or eligible to become a citizen) of the United States, over the age of twenty-one years hereby makes application for an oil and gas lease for the exploration, development and production of oil and natural gas thereon, upon the following described land situated in the County of ____________________________, State of New Mexico, to wit:

TRACT NUMBER

0 ______

LAND DESCRIPTION

S ______ T ________ R ________

Oral: ______ - 0 - 0 ______

Description _____________________________

containing ______________________ acres, more or less.

Tendered herewith as bonus and first year's rental thereon is the sum of $__________________________, plus an application fee of $100.00;

Total remittance sum of (a) and (b) $__________________________.

I, _____________________________ ( Please print name of applicant or of attorney in fact / authorized agent )

do solemnly swear that every statement made in this application is true and correct to the best of my knowledge and belief.

__________________________________________________________

(Signature of individual or of attorney in fact / authorized agent)

Acknowledgment in an Individual Capacity:

State of ____________________________

County of ____________________________

This instrument was acknowledged before me on ____________________________

Date

By ____________________________

Name of Person

____________________________

(Seal)

Signature of Notarial Officer

My commission expires: ____________________________

Acknowledgment in a Representative Capacity:

State of ____________________________

County of ____________________________

This instrument was acknowledged before me on ____________________________

Date

By ____________________________

Name(s) of Person(s)

as ____________________________

Type of authority: e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

____________________________

(Seal)

Signature of Notarial Officer

My commission expires: ____________________________

Revised August 2016
HOW TO MAKE A FEDWIRE DEPOSIT
TO
NEW MEXICO STATE LAND OFFICE

Direct any questions concerning this type of payment to Margaret Sena in the State Land Office Accounting Office at 505-827-5705

When you intend to pay by a wire transfer, please let the SLO Accounting Office know by filling out the form below. You can get copies of the form by calling the Accounting Office at (505) 827-5700.

NEW MEXICO STATE LAND OFFICE
DRAFT FOR OIL & GAS SALE

DATE _____________________ 20___

PAY TO THE ORDER OF ________________ COMMISSIONER OF PUBLIC LANDS $ ________________________________ DOLLARS

TRACT # ________________________

Wells Fargo ________________ COMPANY NAME ________________________________

For the Account of State Land Commissioner ________________________________

AUTHORIZED AGENT ________________________________

Change in Fiscal Agent effective May 5, 2010
<table>
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<tr>
<th>TRACT #</th>
<th>LEASE #</th>
<th>SEC</th>
<th>TWP</th>
<th>R</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
<th>BIDDER</th>
<th>BID AMOUNTS</th>
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<td>VB2830 00</td>
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<td>VB-S-002</td>
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<td>$1,750.00</td>
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<td>074</td>
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<td>LOT(S) 1, 2, 3, 4, 5NW2</td>
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<td>130</td>
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<td>240.00</td>
<td>Regeneration Energy, Corporation</td>
<td>$9,750.00</td>
<td>$63.75</td>
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</table>

**** END OF REPORT ****
Lease Sale Summary
October 2016

Total high bids: $13,827,350
Total online high bids: $8,513,350
Total oral high bids: $5,314,000

There were 25 tracts offered, covering a total of 6521 acres. One oral tract received no bids; all other tracts were sold to 15 different bidders.

<table>
<thead>
<tr>
<th>Sale Month</th>
<th>Total sale</th>
<th>High tracts</th>
<th>Bid type</th>
<th>Rest</th>
<th>S</th>
<th>T</th>
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<td>18-Oct</td>
<td>$13,827,350</td>
<td>$4,000,500</td>
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<td>7</td>
<td>21S</td>
<td>33E</td>
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<td>$3,360,100</td>
<td>$560,000</td>
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<td>$4,400,000</td>
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<td>29</td>
<td>16S</td>
<td>33E</td>
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<tr>
<td>Total</td>
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<td></td>
<td>7</td>
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<td>33E</td>
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<td></td>
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<td>2</td>
<td>26S</td>
<td>35E</td>
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<tr>
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<td></td>
<td>29</td>
<td>16S</td>
<td>33E</td>
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<td>% Total</td>
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<td>$7,360,600</td>
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</table>

HIGH BIDS FY15  --- HIGH BIDS FY16  ---- HIGH BIDS FY17
20 January 2013

To the representatives of the oil and gas industry:

In 2012, the New Mexico State Land Office entered into a Candidate Conservation Agreement with Assurances (CCAA) with the United States Fish and Wildlife Service (USFWS) and the Center of Excellence for Hazardous Material Management (CEHMM). The agreement was expanded in 2014.

The purpose of the CCAA is to provide protections for the Lesser Prairie Chicken and Dunes Sagebrush Lizard, while allowing industry activities to continue on State Lands. There are now 404,000 acres of State Lands enrolled in the program.

By enrolling State Lands, the New Mexico State Land Office has provided for program eligibility for lease holders on these lands. Enrolled lands are marked on the oil & gas lease sale tract listing with a footnote.

This is a voluntary program entered into by industry through CEHMM. Information on the program can be found at the CEHMM web site: www.cehmm.org/ccaccaa.

[Signature]

Aubrey Dunn
Commissioner of Public Lands
NOTICE:
CULTURAL RESOURCE PROTECTION

All oil & gas or mineral leases, assigns, and operators conducting drilling, production, injection, or related operations on state trust lands should be aware that it is a criminal offense for any person to knowingly excavate, injure, or destroy cultural property located on state land. [§ 18-6-9, NMSA 1978]. Applicants and lessees should exercise due caution to ensure that cultural properties are not inadvertently excavated, injured, or destroyed by any person. A cultural resource survey prior to any surface disturbing activity may assist in site identification and avoidance of criminal liability associated with disturbance or destruction of sites. Should any activity reveal suspected cultural property, the activity should cease until a site evaluation is made. For further information, please contact the New Mexico State Land Office Oil & Gas Division at 505-827-5774.
Do you need New Mexico oil and gas info?

USEFUL NEW MEXICO OIL AND GAS LINKS

New Mexico State Land Office, leasing/royalty management agency for state trust lands: www.nmstatelands.org

New Mexico Tech site for State Land Office ONGARD data presentation to the public.
http://octane.nmt.edu/slo/

ONGARD database for open acres and a wealth of other state data you didn’t know you needed.
http://www.ongard.state.nm.us/

NM Bureau of Geology and Mineral Resources, subsurface geology for the state.
Their publications website: http://geoinfo.nmt.edu/

NM Oil Conservation Division, oil industry regulatory agency for operating in New Mexico, plus well and production data: http://www.emnrd.state.nm.us/ocd/
How may our Oil, Gas, and Minerals Division help you?

**Lease Sales, Nominations,**
**Potash Enclave,**
**Geophysical Permitting, Geology**

Stephen L. Wust, Ph.D. 505-827-5774
swust@slo.state.nm.us

**Unitization & Commingling**
Marilyn Gruebel 505-827-5791
Sue Keelin 505-827-5783

**Communitization, Reduced Royalty, Engineering**
Niranjan Khalsa 505-827-6628
Anchor Holm 505-827-5759

**Lease Expirations,**
**Cancellations, Rentals,**
**Assignments,**
**Miscellaneous Instruments**
Kenda Montoya 505-827-5749
Rubel Salazar 505-827-5730
Ramona Marcus 505-476-6378

**Bonds, Shut-In Royalty, OGRIDS,**
Kenda Montoya 505-827-5749

**Sand and Gravel, Caliche, General Mining**
Jack Yates 505-827-5750
Jason Smith 505-827-5743
Faith Crosby 505-827-5849

**OGMD Office Procedures, Division Administration**
Patrick Padilla, Assistant Commissioner 505-827-4489
Terry Warnell, Division Director 505-827-5745
Ed Martin, Engineering Supervisor 505-827-5746
Chuck Sandoval, Office Administrator 505-827-5744