



XTO Energy Inc.
810 Houston Street
Fort Worth, Texas 76102-6298
(817) 870-2800
(817) 885-1806 Fax

VIA FEDERAL EXPRESS

January 24, 2017

BAGAM, Ltd.
P.O. Box 37
Graham, TX 76450

RE: XTO – Corral Canyon 15H
W/2E/2 of Section 8-25S-29E
W/2E/2 of Section 17-25S-29E
Eddy County, New Mexico

Dear Working Interest Owner:

XTO Energy Inc. hereby proposes the drilling of an approximate 8,545' TVD and 18,900' TMD well to test the 2nd Bone Spring formation at a surface location of 170' FSL and 2,260' FEL of Section 5, T25S-R29E and a bottom hole location of 200' FSL and 2,310' FEL of Section 17, T25S-29E, Eddy County, New Mexico. The proposed proration unit for this well is the W/2E/2 of Section 8, T25S-29E and W/2E/2 of Section 17, T25S-29E, Eddy County, Mexico.

The approximate cost to drill this test is \$1,876,176.00 with a total completion cost of \$6,570,176.00 as evidenced on the enclosed Authority for Expenditure (AFE). Should you wish to participate with your interest, please sign the enclosed AFE and return to the undersigned. A Joint Operating Agreement using a \$7,500 drilling/ \$750 producing well rate will be prepared for your execution.

Should you wish to discuss another option rather than participate, please contact the undersigned.

Should you have any questions regarding this matter, I can be contacted at (817) 885-2746 or via email at angie_repka@xtoenergy.com.

Sincerely,


Angie Repka, CPL
Division Landman

Encl.

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: XTO ENERGY INC.
Hearing Date: May 25, 2017

An ExxonMobil Subsidiary



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

AFE NO.: 1402607
AFE DESC: D&C - HORZ IN 2ND BONE SPRING
DATE: 03/13/2014
AFE TYPE: DEVELOPMENT DRILLING
OPERATOR: 81 - XTO ENERGY INC.
SECTION/TOWNSHIP/RANGE: 5/25S/29E

DISTRICT: PERMIAN BASIN
FIELD: WILLOW LAKE
ACCOUNTING ID: 21721
WELL NAME: CORRAL CANYON FED 15H
STATE/COUNTY: New Mexico / Eddy
XTO WI DECIMAL: 0.999990000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP / TIE-IN	SUPPLEMENT	TOTAL
FRAC FLUID/SW DISPOSAL	0.00	150,000.00	0.00	0.00	150,000.00
CMPL WATER TRANSFER SERVICE	0.00	50,000.00	0.00	0.00	50,000.00
TOTAL:	0.00	200,000.00	0.00	0.00	200,000.00
DRLG-DAYWK,FTG,& RIG MVO	546,000.00	0.00	0.00	0.00	546,000.00
COMPLETION RIG	0.00	40,000.00	0.00	0.00	40,000.00
CASING CREWS & LAYDOWN SERVICE	7,500.00	0.00	0.00	0.00	7,500.00
DIRECTIONAL TOOLS & SERVICES	144,000.00	0.00	0.00	0.00	144,000.00
ROADS AND LOCATION	150,000.00	5,000.00	0.00	0.00	155,000.00
DRILLING & CMPL FLUIDS & CHEM	118,000.00	0.00	0.00	0.00	118,000.00
WELL LOGGING: OPEN HOLE	20,000.00	0.00	0.00	0.00	20,000.00
SURF/INT CEMENT & SERVICE	41,000.00	0.00	0.00	0.00	41,000.00
BITS, MILLS & REAMERS	47,000.00	0.00	0.00	0.00	47,000.00
COMPLETION SERVICES-SURFACE	0.00	160,000.00	0.00	0.00	160,000.00
DRLG RENTALS: SUB-SURFACE	66,000.00	0.00	0.00	0.00	66,000.00
DRLG RENTALS: SURFACE	97,000.00	0.00	0.00	0.00	97,000.00
RIG FUEL, POWER & WATER	118,000.00	0.00	0.00	0.00	118,000.00
WELL LOGGING: CASED HOLE	0.00	240,000.00	0.00	0.00	240,000.00
STIMULATION & PUMPING SERVICES	0.00	2,200,000.00	0.00	0.00	2,200,000.00
DRILLING SUPERVISION	88,000.00	0.00	0.00	0.00	88,000.00
MUD LOGGER	26,000.00	0.00	0.00	0.00	26,000.00
MISC SUPPLIES	24,000.00	0.00	0.00	0.00	24,000.00
TITLE WORK/OPINIONS	18,000.00	0.00	0.00	0.00	18,000.00
DRILLING OVERHEAD	7,000.00	0.00	0.00	0.00	7,000.00
TRUCKING & HOT SHOT	28,000.00	8,000.00	0.00	0.00	36,000.00
FLUID HAULING, SOLIDS CTRL	191,000.00	28,000.00	0.00	0.00	219,000.00
COMPLETION SERVICES	0.00	100,000.00	0.00	0.00	100,000.00
FLOWBACK	0.00	120,000.00	0.00	0.00	120,000.00
FRAC TANKS	0.00	25,000.00	0.00	0.00	25,000.00
PROD CSG CEMENT & SERVICE	0.00	75,000.00	0.00	0.00	75,000.00
DISTRICT TOOL-SUBSURFACE	0.00	20,000.00	0.00	0.00	20,000.00
PROD CSG CREW/LAYDOWN SVS	0.00	9,000.00	0.00	0.00	9,000.00
CMPL RENTALS: SUB SURFACE	0.00	30,000.00	0.00	0.00	30,000.00
CMPL RENTALS: SURFACE	0.00	120,000.00	0.00	0.00	120,000.00
CMPL ENGR/SUPERVISION	0.00	15,000.00	0.00	0.00	15,000.00
CMPL TRUCKING & HOT SHOT	0.00	20,000.00	0.00	0.00	20,000.00
CMPL FISHING/REMEDIAL SVS	0.00	26,000.00	0.00	0.00	26,000.00
CMPL CONTINGENCIES	0.00	20,000.00	0.00	0.00	20,000.00
CMPL MISC LABOR	0.00	10,000.00	0.00	0.00	10,000.00



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

AFE NO.: 1402607	DISTRICT: PERMIAN BASIN
AFE DESC: D&C - HORZ IN 2ND BONE SPRING	FIELD: WILLOW LAKE
DATE: 03/13/2014	ACCOUNTING ID: 21721
AFE TYPE: DEVELOPMENT DRILLING	WELL NAME: CORRAL CANYON FED 15H
OPERATOR: 81 - XTO ENERGY INC.	STATE/COUNTY: New Mexico / Eddy
SECTION/TOWNSHIP/RANGE: 5/25S/29E	XTO WI DECIMAL: 0.999990000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP / TIE-IN	SUPPLEMENT	TOTAL
MISC LABOR/WELDING	32,000.00	0.00	0.00	0.00	32,000.00
CMPL FLUID/CHEM/TRANSP	0.00	550,000.00	0.00	0.00	550,000.00
COMPLETION BITS,SCRAPERS&MILLS	0.00	50,000.00	0.00	0.00	50,000.00
FRAC PIT	0.00	50,000.00	0.00	0.00	50,000.00
WIP-INTAN. DEVLPMT COST	1,768,500.00	3,921,000.00	0.00		5,689,500.00
CONDUCTOR PIPE	25,000.00	0.00	0.00	0.00	25,000.00
TUBING	0.00	50,000.00	0.00	0.00	50,000.00
WELLHEAD	8,676.00	10,000.00	0.00	0.00	18,676.00
PUMPING & LIFTING EQUIP.	0.00	8,000.00	0.00	0.00	8,000.00
TANK BATTERIES	0.00	10,000.00	0.00	0.00	10,000.00
SWD SYSTEMS	0.00	5,000.00	0.00	0.00	5,000.00
ELECTRICAL DISTR. SYSTEMS	0.00	4,000.00	0.00	0.00	4,000.00
LEASE AND FLOW LINES	0.00	10,000.00	0.00	0.00	10,000.00
SEP,DEHY,TREATERS,HEAT EXCH,SC	0.00	10,000.00	0.00	0.00	10,000.00
PACKER & SUB-SURFACE EQUIPMENT	0.00	20,000.00	0.00	0.00	20,000.00
SUB-SURFACE PUMP, RODS & ACCES	0.00	160,000.00	0.00	0.00	160,000.00
AUTOMATION EQUIPMENT	0.00	3,000.00	0.00	0.00	3,000.00
GAS LIFTS-SINGLE WELL.	0.00	10,000.00	0.00	0.00	10,000.00
SURFACE CASING	18,000.00	0.00	0.00	0.00	18,000.00
INTERMEDIATE CASING	56,000.00	0.00	0.00	0.00	56,000.00
PRODUCTION/LINER CASING	0.00	250,000.00	0.00	0.00	250,000.00
TUBING HEAD/X-MAS TREE	0.00	18,000.00	0.00	0.00	18,000.00
CMPL CONTINGENCIES	0.00	5,000.00	0.00	0.00	5,000.00
WIP-Lease & Well Equip. TOTA	107,676.00	573,000.00	0.00		680,676.00
TOTAL THIS AFE:	1,876,176.00	4,694,000.00		0.00	6,570,176.00

*** This AFE is an estimate only. By returning one signed copy, you agree to pay your share of the actual costs incurred. ***

REMARKS: D&C A 2-MILE HORIZONTAL IN THE 2ND BONE SPRING FORMATION. CORRAL CANYON FED 15H WILL BE DRILLED TO A TD OF +/-18,900'MD/8545'TVD WHERE 5-1/2" CASING WILL BE CEMENTED IN PLACE. DRILLING COSTS BASED ON 26 DAYS SPUD-RR WITH A 5 DAY RIG MOVE. WELL WILL THEN BE FRACTURE STIMULATED.



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Non Operator Approval

Prepared By: STEPHANIE RABADUE

Approved By: KENDAL DECKER

Signature: _____

DATE _____

COMPANY _____

BY _____

TITLE _____