

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:
NM134920
3105.2 (P0220)

Reference:
Communitization Agreement
Battle Axe Fed Com 2H
T. 26 S., R. 33 E.,
Sec 2: W2NW
T. 25 S., R. 33 E.,
Sec. 35: W2W2
Lea County, NM

July 23, 2015

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2015 JUL 31 P 3:03

Endeavor Energy Resources, L.P.
110 North Marienfeld Street, Suite 200
Midland, TX 79701-4421

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134920 involving 40 acres of Fee land, 80 acres of State land, and 120 acres of Federal land in lease NM119277, Lea County, New Mexico, which comprises a 240 acre well spacing unit.

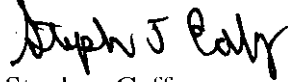
The agreement communitizes all rights to all producible hydrocarbons from the bone Spring formation beneath sec. 2, W2NW, T. 26 S., R. 33 E., and beneath sec. 35, W2W2, T. 25 S., R. 33 E., NMPM, and is effective 11/01/2014. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto. Approval is based on the enclosed copies of signed AFE's by working interest owners and is now part of the signatures pages of the agreement.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward G Fernandez, Petroleum Engineer at (575) 234-2220.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Caffey".

Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

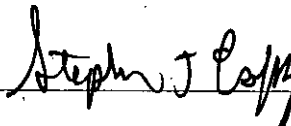
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering sec. 35, T. 25 S., R. 33 E., NMPM, as to all producible hydrocarbons from the Wolfcamp formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (e) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



Authorized Officer

Effective: 11/01/2014

Contract No.: Com. Agr. NM134920



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In Reply Refer to
NM134920
3107 (P0220)

Memorandum

To: State Director (9210)

From: Legal Instrument Examiner (P0220)

Subject: First Production, Communitization Agreement NM134920

Date of Completion:	02/06/2015
Date of First Production:	02/22/2015
Field:	Red Hills
Operator, Well Name & No, API Number:	Endeavor Energy; Battle Axe Fed Com 2H; 30-025-41370
Surface Location:	sec.2, T. 26 S., R. 33E.
Total Depth:	16,233 MD; 9,305' TVD
Surface Elevation:	3,322' GL
Producing Formation:	Bone spring (9,150' -16,130')
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 670 BBL; Gas 1136 MCF; Water 1100 BBL
Current Status:	Producing Oil Well

Remarks: CA NM134920, effective 11/01/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 2, W2NW, T. 26 S., R. 33 E., and beneath sec. 35: W2W2, T. 25 S., R. 33 E., NMPM, and is comprised of 40 acres of Fee land, 80 acres of State land, and 120 acres of Federal land in lease NMNM119277, for a 240 acre well spacing unit. Leases are held by actual production.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham

July 23, 2015

cc:

ONRR-MS 63230B

First Production File

LLNM (P0220, File Room)