



30-025-43458
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:
NM136909
3105.2 (P0220)

Reference:
Communitization Agreement
Talco 9 26 35 Fed Com 3H
T. 26 S., R. 35 E.,
Sec. 4, W2E2
Sec. 9, W2NE
Lea County, NM

04/102017

Endurance Resources LLC
15455 Dallas Parkway, Suite 1050
Addison, TX 75001

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136909 involving 160 acres of Federal land in lease NMNM115000 and 80 acres of Federal land in lease NMNM117126, Lea County, New Mexico, which comprise a 240 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath the W2E2 of sec. 4 and the W2NE of sec. 9, T. 26 S., R. 35 E., NMPM, and is effective 11/01/2016. 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.

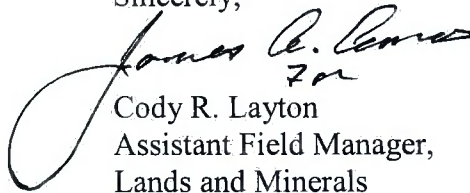
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

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 Chris Walls, Petroleum Engineer at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,


Cody R. Layton
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)

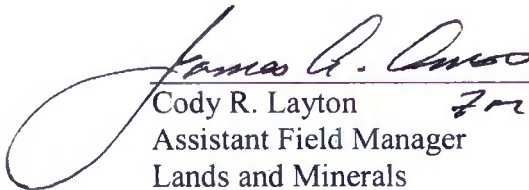
NM (P0220-CFO, File Room)

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 the W2E2 of sec. 4 and the W2NE of sec. 9, T. 26 S., R. 35 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 (c) are not met.
- 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: 04/10/2017


Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: 11/01/16

Contract No.: Com. Agr. NM136909



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM136909
3107 (P0220)

Memorandum

To: State Director (9210)

From: Legal Instrument Examiner (P0220)

Subject: First Production, Communitization Agreement NM136909

Date of Completion:	02/24/2017
Date of First Production:	02/24/2017
Field:	Wild Cat
Operator, Well Name & No, API Number:	Endurance Resources; Talco 9 26 35 Fed Com 3H; 30-025-43458
Surface Location:	Sec. 9, SWNE, T. 26 S., R. 35 E.
Bottom Location:	Sec. 4, NWNE, T. 26 S., R. 35 E.
Total Depth:	19,222 MD; 12,607' TVD
Surface Elevation:	3174' GR
Producing Formation:	Wolfcamp (12,482' – 13,030')
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 1081 BBL; Gas 1058 MCF; Water 2686 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM136909, effective 11/01/2016, communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath Sec. 4, W2E2 and Sec. 9, W2NE, T. 26 S. R. 35 E., NMPM, and is comprised of 160 acres of Federal land in lease NMNM115000 and 80 acres of Federal land in lease NMNM117126 for a 240 acre spacing unit whose 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**
04/10/2017

cc:
ONRR-MS 63230B
First Production File
LLNM (P0220, File Room)