

District I (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II (575) 748-1283
811 S. First St., Artesia, NM 88210
District III (505) 334-6178
1000 Rio Brazos Road, Aztec, NM 87410
District IV (505) 827-8198
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-106
Revised August 1, 2011

ACT Permit No.

3-2

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator WPX Energy Production, LLC

Address 721 S. Main, Aztec, NM 87410 County San Juan

Lease(s) to be served by this ACT Unit Communitization Agreement (CA) NMNM 134816 (NMNM 119283, NMNM 023233 and NMNM119786)

Pool(s) to be served by this ACT Unit Basin Mancos

Location of ACT System: Unit D Section 33 Township 24N Range 8W

Order No. authorizing commingling between leases if more than one lease is to be served by this system.

Communitization Agreement (CA) NMNM 134816 Date 07/15/2015

Order No. authorizing commingling between pools if more than one pool is to be served by this system

N/A Date _____

Authorized transporter of oil from this system Western Refining

Transporter's address 3303 North 1st Street, Bloomfield, NM 87413

OIL CONS. DIV DIST. 3
OCT 27 2015

Maximum expected daily through-put for this system: 2,000 BBL/Day

If system fails to transfer oil due to malfunction or otherwise, waste by overflow will be averted by:

CHECK ONE: A. Automatic shut-down facilities as required by 19.15.18.15.C(8) NMAC
B. Providing adequate available capacity to receive production during maximum unattended time of lease operation 19.15.18.15.C(9) NMAC

If "A" above is checked, will flowing wells be shut-in at the header manifold or at the wellhead?

_____ Maximum well-head shut-in pressure _____

If "B" above is checked, how much storage capacity is available above the normal high working level of the

surge tank 500 BBLs.

What is the normal maximum unattended time of lease operation? Sixteen (16) Hours.

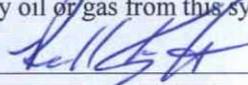
What device will be used for measuring oil in this ACT unit?

CHECK ONE: Positive displacement meter Weir-type measuring vessel
 Positive volume metering chamber Other; describe Coriolis Meter

Remarks: This LACT will be selling to trucks, not pipeline.

OPERATOR:

I hereby certify above information is true and complete to best of my knowledge and subject ACT system will be installed and operated in accordance with Rule 19.15.18.15 NMAC. Approval of this Form C-106 does not eliminate necessity of an approved C-104 prior to running any oil or gas from this system.

Signature 

Printed Name & Title Russell Knight, Operations Superintendent

E-mail Address russell.knight@wpxenergy.com

Date 10-16-15 Telephone (505) 333-1842

OIL CONSERVATION DIVISION

Approved by: 

Title: **DEPUTY OIL & GAS INSPECTOR**

DISTRICT #3

Date: 10-28-15

INSTRUCTIONS: Submit one copy of Form C-106 with following attachments to appropriate district office.

- 1) Lease plat showing all wells which will be produced in ACT system.
- 2) Schematic diagram of battery and ACT equipment showing all major components and means employed to prove accuracy of measuring device.

Handwritten initials and date: KR 27

**NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT
MC 5 COM #112H/#113H/#119H/#906H TRUCK LACT UNIT**

WELLS TO BE SERVED BY TRUCK LACT UNIT:

- ✓ MC 5 COM #112H / API #30-045-35605 / UNIT D (NW/NW) Sec. 33, T24N, R8W, NMPM
- ✓ MC 5 COM #113H / API #30-045-35602 / UNIT D (NW/NW) Sec. 33, T24N, R8W, NMPM
- ✓ MC 5 COM #119H / API #30-045-35601 / UNIT D (NW/NW) Sec. 33, T24N, R8W, NMPM
- ✓ MC 5 COM #906H / API #30-045-35606 / UNIT D (NW/NW) Sec. 33, T24N, R8W, NMPM

19.15.18.15 AUTOMATIC CUSTODY TRANSFER EQUIPMENT:

A. Oil shall be received and measured in facilities of an approved design. The facilities shall permit the testing of each well at reasonable intervals and may be comprised of manually gauged, closed stock tanks for which the operator of the ACT system has prepared proper strapping tables, or of ACT equipment. The division shall permit ACT equipment's use only after the operator complies with the following. The operator shall file with the division form C-106 and receive approval for use of the ACT equipment prior to transferring oil through the ACT system. The carrier shall not accept delivery of oil through the ACT system until the division has approved form C-106.

- *Summary is attached to Form C-106 Notice of Intent to Utilize Automatic Custody Transfer Equipment*

B. The operator of the ACT system shall submit form C-106 to the appropriate division district office, which is accompanied by the following:

- (1) plat of the lease showing all wells that the any well operator will produce into the ACT system;

- *Attached as part of Form C-106 Notice of Intent*

(2) schematic diagram of the ACT equipment, showing on the diagram all major components such as surge tanks and their capacity, extra storage tanks and their capacity, transfer pumps, monitors, reroute valves, treaters, samplers, strainers, air and gas eliminators, back pressure valves and metering devices (indicating type and capacity, *i.e.* whether automatic measuring tank, positive volume metering chamber, weir-type measuring vessel or positive displacement meter); the schematic diagram shall also show means employed to prove the measuring device's accuracy; and

- *Attached as part of Form C-106 Notice of Intent*

- (3) letter from transporter agreeing to utilization of ACT system as shown on schematic diagram.

- *Attached as part of Form C-106 Notice of Intent*

C. The division shall not approve form C-106 unless the operator of the ACT system will install and operate the ACT system in compliance with the following requirements.

(1) Provision is made for accurate determination and recording of uncorrected volume and applicable temperature, or of temperature corrected volume. The system's overall accuracy shall equal or surpass manual methods.

- *The LACT system is more accurate when compared to a manual tank sale. It is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a volumetric prover that meets the requirements set forth in Onshore Order #4. The LACT also has a temperature RTD which will be calibrated semi-annually, unless more frequent verification is requested by the division.*

(2) Provision is made for representative sampling of the oil transferred for determination of API gravity and BS&W content.

- *The LACT is equipped with a flow proportional sampler (sample probe and actuated valve). The sampled fluid is stored in a sealed cylinder that is used for API gravity and S&W determination.*

(3) Provision is made if required by either the oil's producer or the transporter to give adequate assurance that the ACT system runs only merchantable oil.

- *The LACT is equipped with a water cut analyzer that communicates with the flow computer. When the S&W set point is reached the divert valve will engage sending non-merchantable oil to a divert tank. The set point can be adjusted in the flow computer but only if agreed upon by both shipper and producer.*

(4) Provision is made for set-stop counters to stop the flow of oil through the ACT system at or prior to the time the allowable has been run. Counters shall provide non-reset totalizers that are visible for inspection at all times.

- *The Coriolis meter has non-resettable totalizer which is always visibly available on the LCD display.*

(5) Necessary controls and equipment are enclosed and sealed, or otherwise arranged to provide assurance against, or evidence of, accidental or purposeful mismeasurement resulting from tampering.

- *Required ports are sealed and tracked in the seal log.*

(6) The ACT system's components are properly sized to ensure operation within the range of their established ratings. All system components that require periodic calibration or inspection for proof of continued accuracy are readily accessible; the frequency and methods of the calibration or inspection shall be as set forth in Paragraph (12) of Subsection C of 19.15.18.15 NMAC.

- *The Coriolis is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a volumetric prover that meets the requirements set forth in Onshore Order #4. The prover is NIST traceable and water drawn on a bi-annual basis. Proving will be consistent with Onshore Order #4, unless a variance is granted by the Division. NMOCD representatives are sent the schedule to witness if desired. The temperature transmitter is verified on a semi-annual basis, unless more frequent verification is requested by the Division. The water cut analyzer is calibrated as needed.*

(7) The control and recording system includes adequate fail-safe features that provide assurance against mismeasurement in the event of power failure, or the failure of the ACT system's component parts.

- *In the event of power failure, the divert valve mechanically goes to "failed state" and no longer sales oil but only sends it to the divert tank.*
- *All of the historized volume data is stored in flow computer memory with battery backup and is also transmitted by SCADA, multiple times a day, to an office server. So even during a power failure no oil volume is lost.*
- *In the event of a malfunction, the LACT unit is programmed to shut off and divert valve is forced to close and no longer sales oil but only sends it to the divert tank. The malfunction is also logged by the flow computer.*

(8) The ACT system and allied facilities include fail-safe equipment as may be necessary, including high level switches in the surge tank or overflow storage tank that, in the event of power failure or malfunction of the ACT or other equipment, will shut down artificially lifted wells connected to the ACT system and will shut in flowing wells at the well-head or at the header manifold, in which latter case the operator of the ACT system shall pressure test all flowlines to at least 1½ times the maximum well-head shut-in pressure prior to the ACT system's initial use and every two years thereafter.

- *Hi level switches are in place and will shut the well in at the inlet to the production unit in the event of a full tank. Flow lines were tested to 1 ½ times shut in pressure at initial construction. Testing will commence every two years to ensure piping integrity.*

(9) As an alternative to the requirements of Paragraph (8) of Subsection C of 19.15.18.15 NMAC the producer shall provide and at all times maintain a minimum of available storage capacity above the normal high working level of the surge tank to receive and hold the amount of oil that may be produced during maximum unattended time of lease operation.

- *N/A*

(10) In all ACT systems employing automatic measuring tanks, weir-type measuring vessels, positive volume metering chambers or any other volume measuring container, the container and allied components shall be properly calibrated prior to initial use and shall be operated, maintained and inspected as necessary to ensure against incrustation, changes in clingage factors, valve leakage or other leakage and improper action of floats, level detectors, etc.

- *N/A – Coriolis Meter*

(11) In ACT systems employing positive displacement meters, the meter and allied components shall be properly calibrated prior to initial use and shall be operated, maintained and inspected as necessary to ensure against oil mismeasurement.

- *The Coriolis is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a volumetric prover that meets the requirements set forth in Onshore Order #4. The prover is NIST traceable and water drawn on a bi-annual basis. Monthly proving will continue per the rule, unless a variance is granted by the Division. NMOCD representatives are sent the schedule to witness if desired. The temperature transmitter is verified on a semi-annual basis, unless more frequent verification is requested by the Division.*

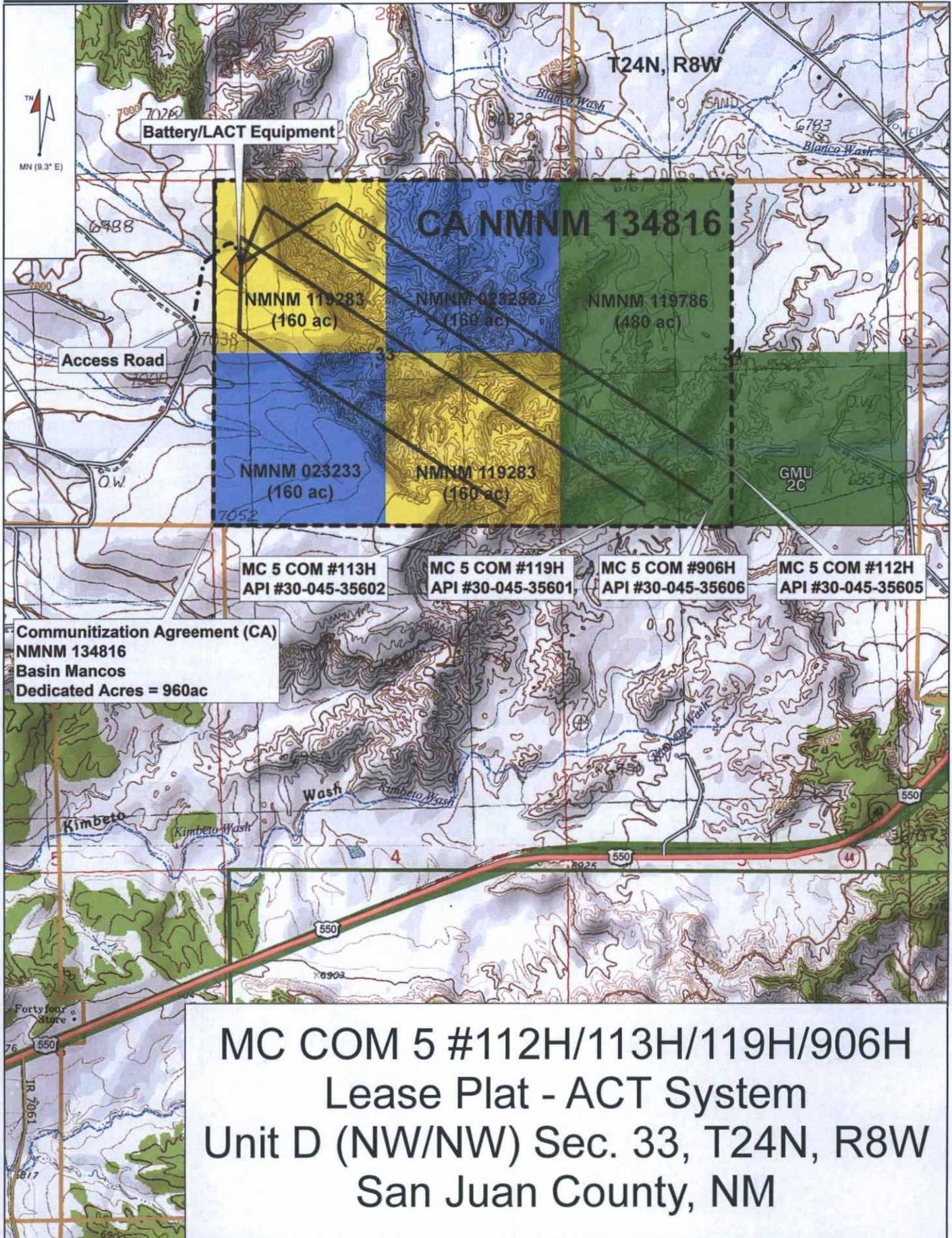
(12) The operator of the ACT system shall check the measuring and recording devices of ACT systems for accuracy at least once each month unless it has obtained an exception to such determination from the division. Where applicable, the operator of the ACT system shall use API standard 1101, Measurement of Petroleum Hydrocarbons by Positive Displacement Meter. Meters may be proved against master meters, portable prover tanks or prover tanks permanently installed on the lease. If the operator of the ACT system uses permanently installed prover tanks, the distance between the opening and closing levels and the provision for determining the opening and closing readings shall be sufficient to detect variations of 5/100 of one percent. The operator of the ACT system shall file reports of determination on the division form entitled "meter test report" or on another acceptable form in duplicate with the appropriate division district office.

- *The Coriolis is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a volumetric prover that meets the requirements set forth in Onshore Order #4. The prover is NIST traceable and water drawn on a bi-annual basis. Monthly proving will continue per the rule, unless a variance is granted by the Division. NMOCD representatives are sent the schedule to witness if desired. The temperature transmitter is verified on a semi-annual basis, unless more frequent verification is requested by the Division.*

(13) To obtain an exception to the requirement in Paragraph (12) of Subsection C of 19.15.18.15 NMAC that all measuring and recording devices be checked for accuracy once each month, either the producer or transporter may file a request with the director setting forth facts pertinent to the exception. The application shall include a history of the average factors previously obtained, both tabulated and plotted on a graph of factors versus time, showing that the particular installation has experienced no erratic drift. The applicant shall also furnish evidence that the other interested party has agreed to the exception. The director may then set the frequency for determination of the system's accuracy at the interval which the director deems prudent.

- *N/A*

D. The division may revoke its approval of an ACT system's form C-106 if the system's operator fails to operate it in compliance with 19.15.18.15 NMAC.



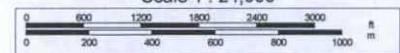
**MC COM 5 #112H/113H/119H/906H
Lease Plat - ACT System
Unit D (NW/NW) Sec. 33, T24N, R8W
San Juan County, NM**

Data use subject to license.

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www.delorme.com

Scale 1 : 24,000



1" = 2,000.0 ft

Data Zoom 13-0

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

AMENDED REPORT

AS DRILLED

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35605		*Pool Code 97232		*Pool Name BASIN MANCOS	
*Property Code 315059		*Property Name MC 5 COM			*Well Number 112H
*GRID No. 120782		*Operator Name WPX ENERGY PRODUCTION, LLC			*Elevation 7020'

¹⁰ Surface Location

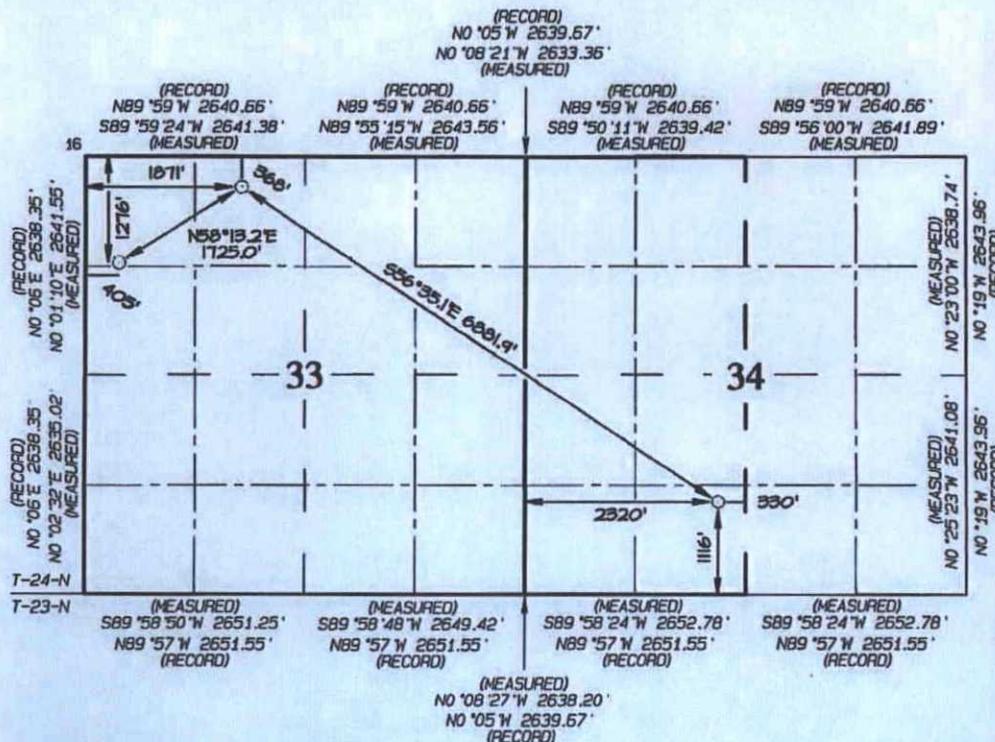
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	33	24N	8W		1276	NORTH	405	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	34	24N	8W		1116	SOUTH	2320	WEST	SAN JUAN

¹² Dedicated Acres 960.0	Entire Section 33 W/2 - Section 34	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSL-7329-0
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
LACEY GRANILLO
Printed Name _____
lacey.granillo@wpxenergy.com
E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: AUGUST 25, 2015
Survey Date: DECEMBER 12, 2013
Signature and Seal of Professional Surveyor _____



JASON C. EDWARDS
Certificate Number 15269

SURFACE LOCATION 1276' FNL 405' FWL SECTION 33, T24N, R8W LAT: 36.274567°N LONG: 107.694209°W DATUM: NAD1927	POINT-OF-ENTRY 368' FNL 1871' FWL SECTION 33, T24N, R8W LAT: 36.277057°N LONG: 107.689230°W DATUM: NAD1927	RSI TOOL 1127' FSL 2302' FWL SECTION 34, T24N, R8W LAT: 36.266649°N LONG: 107.669825°W DATUM: NAD1927	END-OF-LATERAL 1116' FSL 2320' FWL SECTION 34, T24N, R8W LAT: 36.266620°N LONG: 107.669763°W DATUM: NAD1927
LAT: 36.274579°N LONG: 107.694821°W DATUM: NAD1983	LAT: 36.277069°N LONG: 107.689841°W DATUM: NAD1983	LAT: 36.266662°N LONG: 107.670436°W DATUM: NAD1983	LAT: 36.266633°N LONG: 107.670374°W DATUM: NAD1983

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State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

AMENDED REPORT

AS DRILLED

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35602		*Pool Code 97232		*Pool Name BASIN MANCOS	
*Property Code 315059		*Property Name MC 5 COM		*Well Number 113H	
*GRID No. 120782		*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 7020'	

¹⁰ Surface Location

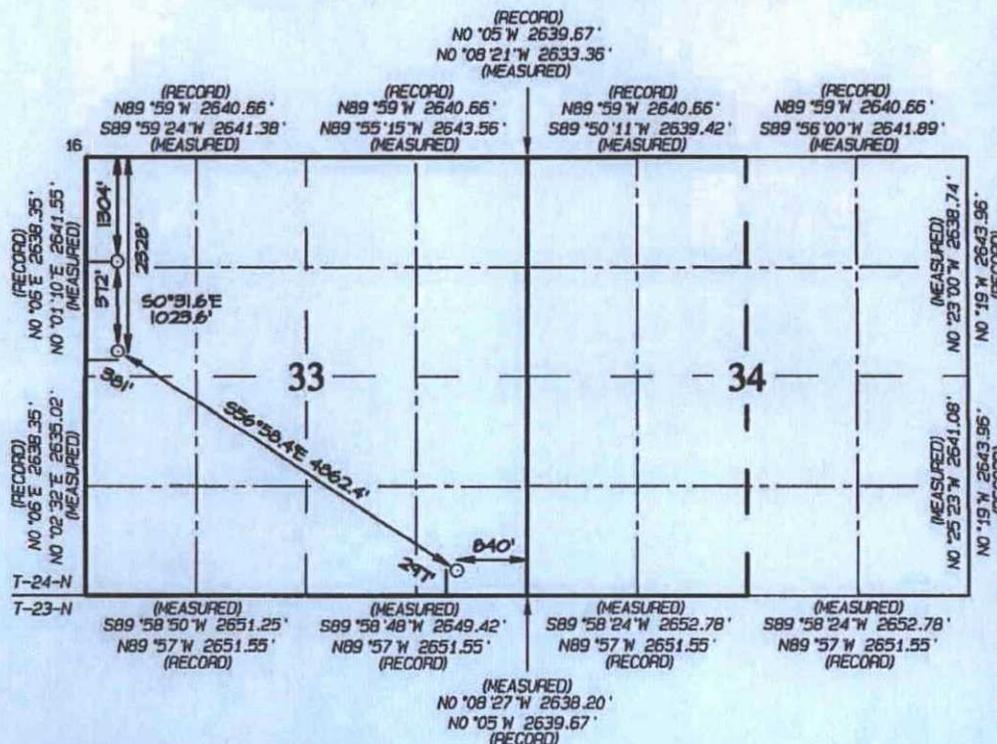
U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	33	24N	8W		1304	NORTH	372	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	33	24N	8W		297	SOUTH	840	EAST	SAN JUAN

¹² Dedicated Acres 960.0	Entire Section 33 W/2 - Section 34	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSL-7333-0
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SURFACE LOCATION
1304' FNL 372' FWL
SECTION 33, T24N, R8W
LAT: 36.274490°N
LONG: 107.694324°W
DATUM: NAD1927

POINT-OF-ENTRY
2328' FNL 381' FWL
SECTION 33, T24N, R8W
LAT: 36.271678°N
LONG: 107.694297°W
DATUM: NAD1927

RSI TOOL
335' FSL 895' FEL
SECTION 33, T24N, R8W
LAT: 36.264484°N
LONG: 107.680669°W
DATUM: NAD1927

END-OF-LATERAL
297' FSL 840' FEL
SECTION 33, T24N, R8W
LAT: 36.264381°N
LONG: 107.680481°W
DATUM: NAD1927

LAT: 36.274502°N
LONG: 107.694335°W
DATUM: NAD1983

LAT: 36.271690°N
LONG: 107.694909°W
DATUM: NAD1983

LAT: 36.264497°N
LONG: 107.681280°W
DATUM: NAD1983

LAT: 36.264393°N
LONG: 107.681092°W
DATUM: NAD1983

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
LACEY GRANILLO
Printed Name
lacey.granillo@wpxenergy.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: SEPTEMBER 21, 2015
Survey Date: DECEMBER 12, 2013

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

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State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

AMENDED REPORT

AS DRILLED

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35601		*Pool Code 97232		*Pool Name BASIN MANCOS	
*Property Code 315059		*Property Name MC 5 COM			*Well Number 119H
*GRID No. 120782		*Operator Name WPX ENERGY PRODUCTION, LLC			*Elevation 7020'

¹⁰ Surface Location

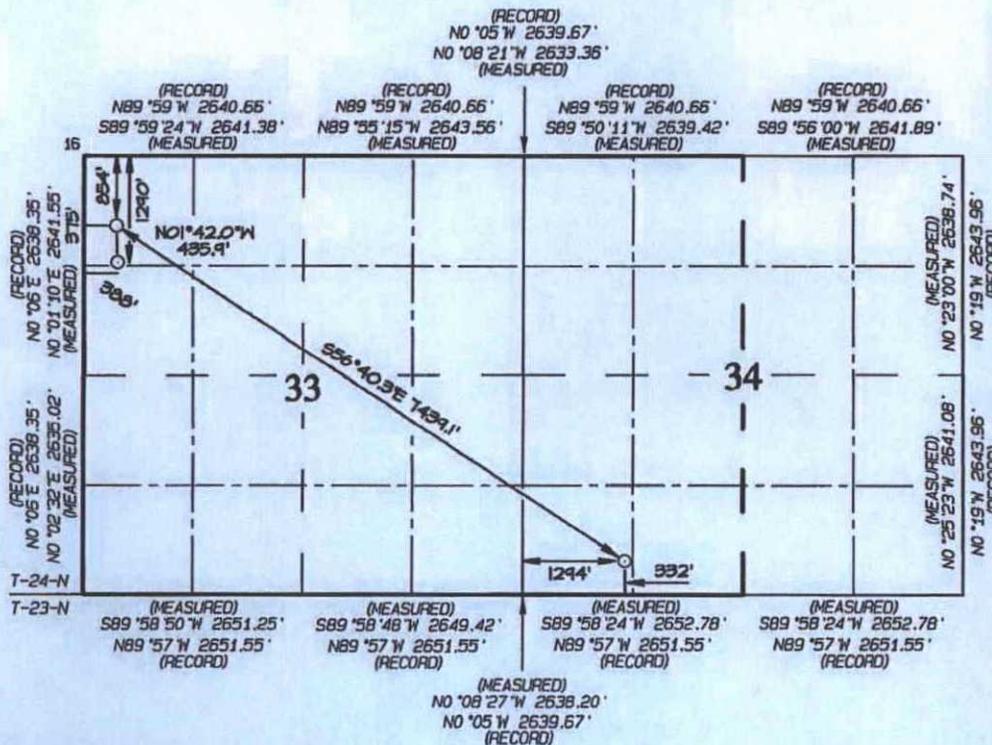
U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	33	24N	8W		1290	NORTH	388	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	24N	8W		332	SOUTH	1294	WEST	SAN JUAN

¹² Dedicated Acres 960.0	Entire Section 33 W/2 - Section 34	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSL-7275-A
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¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
LACEY GRANILLO
Printed Name
lacey.granillo@wpxenergy.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: SEPTEMBER 1, 2015
Survey Date: DECEMBER 12, 2013
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

- | | | | |
|--|---|--|--|
| SURFACE LOCATION
1290' FNL 388' FWL
SECTION 33, T24N, R8W
LAT: 36.274528°N
LONG: 107.694266°W
DATUM: NAD1927 | POINT-OF-ENTRY
854' FNL 375' FWL
SECTION 33, T24N, R8W
LAT: 36.275725°N
LONG: 107.694308°W
DATUM: NAD1927 | RSI TOOL
344' FSL 1278' FWL
SECTION 34, T24N, R8W
LAT: 36.264501°N
LONG: 107.673296°W
DATUM: NAD1927 | END-OF-LATERAL
332' FSL 1294' FWL
SECTION 34, T24N, R8W
LAT: 36.264470°N
LONG: 107.673245°W
DATUM: NAD1927 |
| LAT: 36.274541°N
LONG: 107.694878°W
DATUM: NAD1983 | LAT: 36.275737°N
LONG: 107.694920°W
DATUM: NAD1983 | LAT: 36.264514°N
LONG: 107.673907°W
DATUM: NAD1983 | LAT: 36.264483°N
LONG: 107.673856°W
DATUM: NAD1983 |

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State of New Mexico
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Form C-102
Revised August 1, 2011

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Santa Fe, NM 87505

AMENDED REPORT

AS DRILLED

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35606		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code 315059	*Property Name MC 5 COM		*Well Number 906H
*GRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 7020'

¹⁰ Surface Location

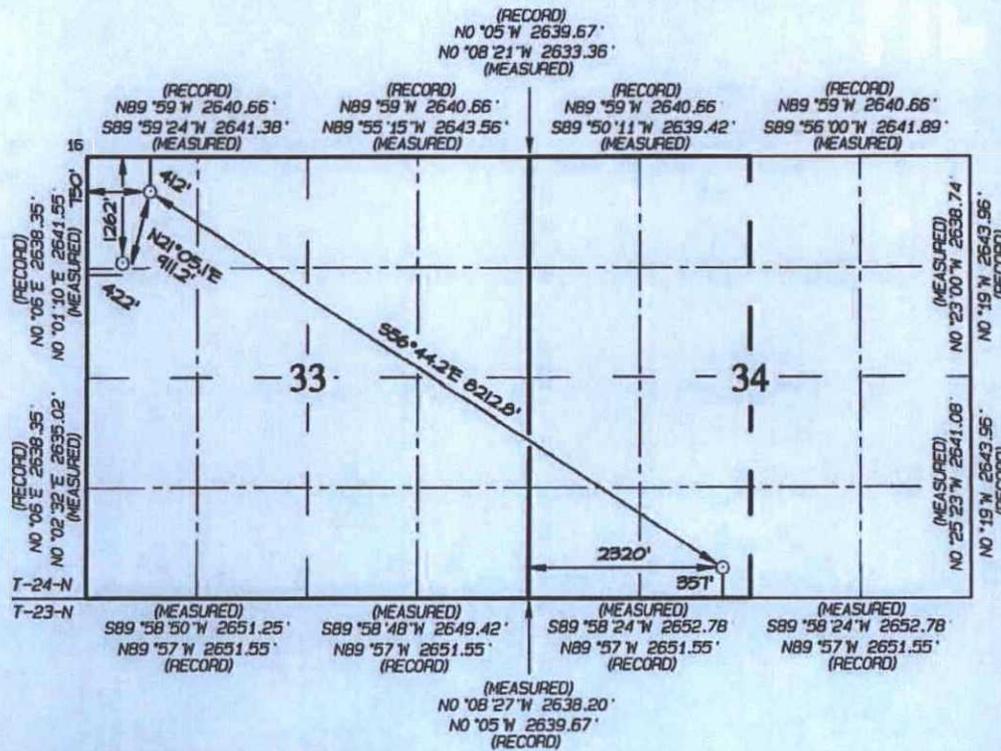
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	33	24N	8W		1262	NORTH	422	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	34	24N	8W		357	SOUTH	2320	WEST	SAN JUAN

¹² Dedicated Acres 960.0	Entire Section 33 W/2 - Section 34	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSL-7298
--	---------------------------------------	-------------------------------	----------------------------------	-------------------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
LACEY GRANILLO
Printed Name
lacey.granillo@wpxenergy.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: SEPTEMBER 30, 2015
Survey Date: DECEMBER 12, 2013

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

SURFACE LOCATION
1262' FNL 422' FWL
SECTION 33, T24N, R8W
LAT: 36.274606°N
LONG: 107.694152°W
DATUM: NAD1927

POINT-OF-ENTRY
412' FNL 750' FWL
SECTION 33, T24N, R8W
LAT: 36.276940°N
LONG: 107.693035°W
DATUM: NAD1927

RSI TOOL
368' FSL 2303' FWL
SECTION 34, T24N, R8W
LAT: 36.264565°N
LONG: 107.669821°W
DATUM: NAD1927

END-OF-LATERAL
357' FSL 2320' FWL
SECTION 34, T24N, R8W
LAT: 36.264536°N
LONG: 107.669764°W
DATUM: NAD1927

LAT: 36.274618°N
LONG: 107.694763°W
DATUM: NAD1983

LAT: 36.276952°N
LONG: 107.693647°W
DATUM: NAD1983

LAT: 36.264577°N
LONG: 107.670432°W
DATUM: NAD1983

LAT: 36.264548°N
LONG: 107.670375°W
DATUM: NAD1983

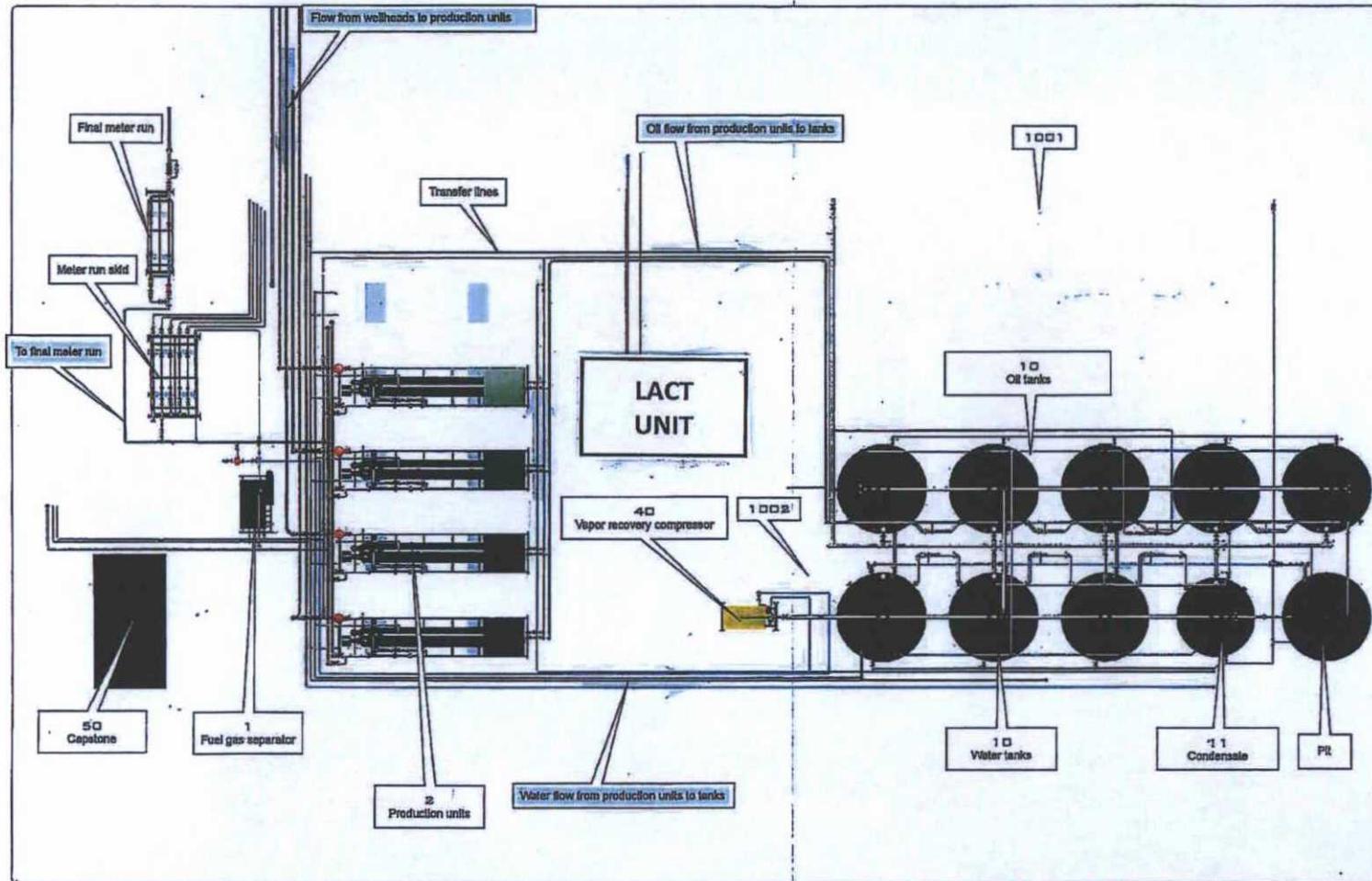
DRAFT

DRAFT

P2.1

FACILITY LAYOUT

Description and notes.



MATERIALS INDEX		
ID	Description	Qty
1	FUEL GAS SEPARATOR	1
2	5000 SEPARATOR	2
3	TANK	8
11	CONDENSATE	1
40	VRL UNIT	1
50	CAPSTONE BUILDING	1
1001	TALL CONTAINMENT PANEL, 43'	---
1002	SHORT CONTAINMENT PANEL, 24'	---
1003	GRATED 48" LINER (SOFT)	---
1004	SPRAYON LINER (SOFT)	---

Quantigy Engineering & Design
 516 DOAL AVENUE SE
 ALBUQUERQUE, NM 87102
 (415) 954-8416

ENGINEERING SERVICES
 INDUSTRIAL DESIGN, PROCESSING
 DESIGN, VERIFICATION
 ALUMINUM & COPPER DEVELOPMENT
 SYSTEMS MODELING
 PROJECT MANAGEMENT

WPXENERGY.

FACILITY LAYOUT

Project: WPX (Draw 1100-1100-1100-1100)
 Date: 08/23/15

Drawn by: JAMES LORREY
 Checked by: JAMES LORREY & ANTONIO GARCIA

P2.1

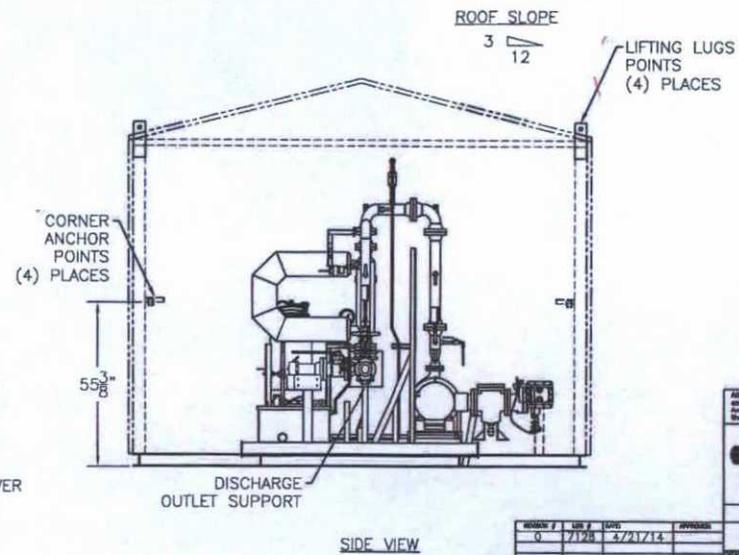
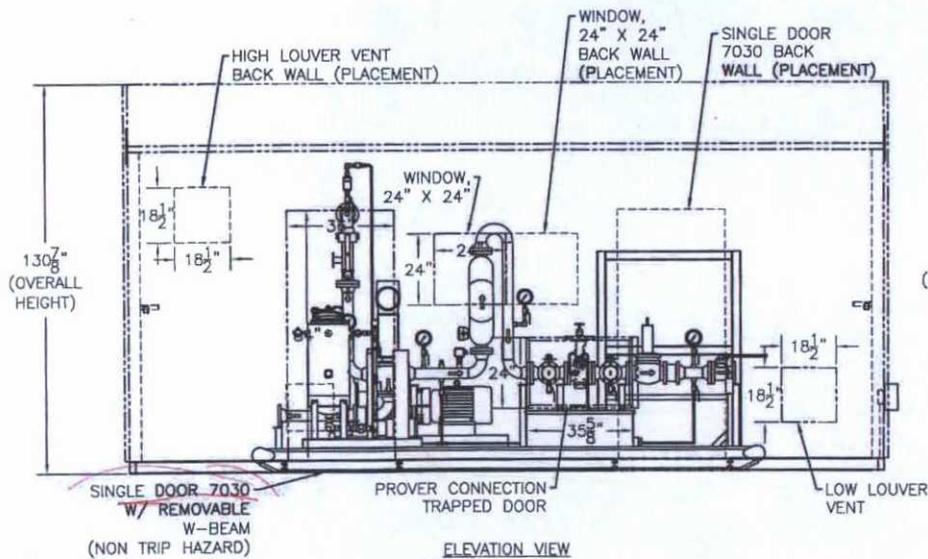
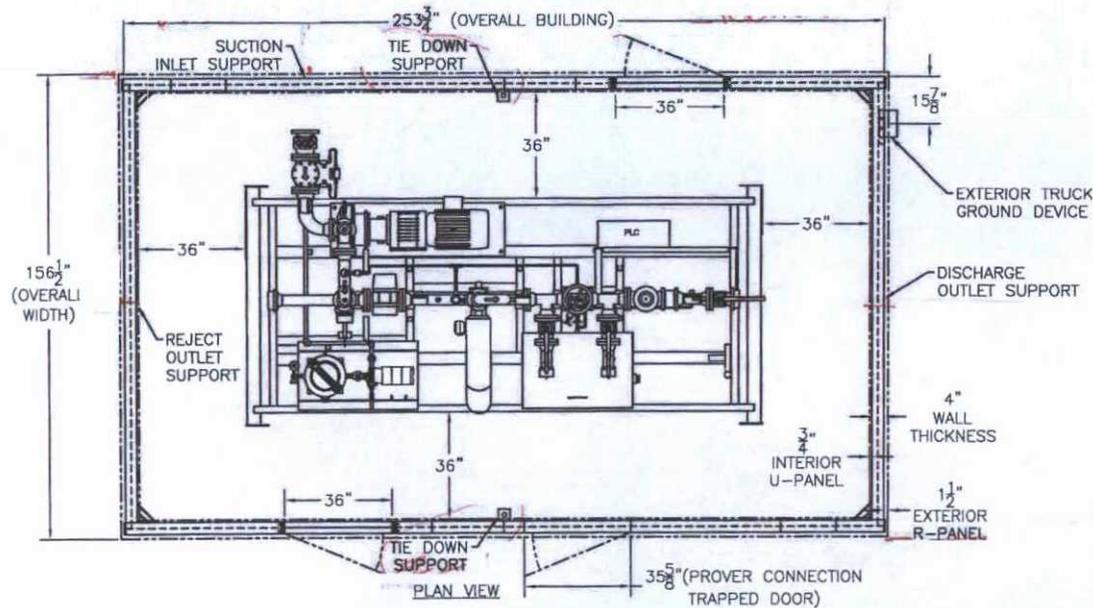
ANTONIO F. GARCIA
 NEW MEXICO
 20278

PROFESSIONAL ENGINEER

Antonio Garcia License # 20278
 610-HAYLARK

"I HEREBY CERTIFY THAT I, OR THE PERSON UNDER MY SUPERVISION, HAVE EXAMINED THIS ENGINEERING DOCUMENT AND THAT THE SAME HAS BEEN PREPARED BY AN INDIVIDUAL WITH SUDD ENGINEERING PRACTICE."

WPX_Cham1100-1100-1100-1100.rvt
 June 2, 2015 10:58 PM



NOTES:

- SKID, WIDE FLANGED BEAM 4" 13.0# LONG RUNNERS.
- GUSSETS, PLATE 1/2" X 6" X 6" ALL (4) SIDES.
- BUILDING, WALLS PURLIN CHANNEL, 14 GA. X 2" X 4" FRAMING.
- ROOF STRUCTURE, SQUARE TUBING, 1/8" X 2" X 2"
- GABLE STYLE ROOF. FOUR POINTS LIFTING LUGS LOCATION.
- (EXTERIOR R-PANEL 26GA. NOT SHOWN BUT INCLUDED)
- (INTERIOR U-PANEL 29GA. NOT SHOWN BUT INCLUDED)
- (INTERIOR WALL INSULATION ONE (1) LAYER OF 2" FIBERGLASS WITH LINGER, R13 VALUE.)
- (INTERIOR ROOF INSULATION ONE (1) LAYER OF 2" FIBERGLASS WITH LINER, R13 VALUE.)

All information contained within this drawing is of a proprietary nature and is the sole property of C&J Equipment Manufacturing Corporation. The use of this drawing or reproduction is strictly prohibited without the written consent of C&J Equipment Manufacturing Corporation.

EQUIPMENT[®]
MANUFACTURING
 2250 NORTH FIRST STREET
 BLOOMFIELD, NEW MEXICO 87413

C&J EQUIPMENT MANUFACTURING	
WPX - LACT SET OVER BUILDING	
PLAN & ELEVATION LAYOUT	
DATE: 06/17/13	DRAWING NO: WPX-NA-01
SCALE: -	PLAT SIZE: 11x17
ISSUED BY: [Signature]	DATE: 4/21/14
APPROVED BY: [Signature]	

REVISION #	DATE	BY	APPROVED
0	7/1/13	4/21/14	

From: [Hixon, Melinda](#)
To: chrislopez@eis-llc.com
Cc: [White, Randy](#); [Knight, Russell](#); [Jordan, Robert](#); [Lepich, Mark](#)
Subject: LACT
Date: Friday, October 16, 2015 8:48:35 AM

"We have actively participated in the LACT unit pilot project with WPX on the Chaco #114H CDP and are in agreement to the use of the LACT unit off of the Chaco #114 H CDP on the **MC 5 COM #112H/113H/119H/906H**. We are in agreement on using the LACT as the sales point for these facilities as long as, these LACTS will be proved monthly to comply with regulations."

Mindy Hixon

Mindy Hixon
Terminal Manager
3303 N. 1st street
Bloomfield, NM 87413
Cell 505/320-2307
Office 505/634-4737
Melinda.Hixon@wnr.com



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

IN REPLY REFER TO:
NMNM134816 (CA)
3105 (NMF0110)

July 15, 2015

WPX Energy Production, LLC
One Williams Center
P. O. Box 3102
Tulsa, OK 74101-3102

Dear Mr. Brennan West:

Enclosed is one approved Communitization Agreement (CA) NMNM134816, involving 320.00 acres of Federal minerals in lease NMNM119283, 320.00 acres of Federal minerals in lease NMNM23233 and 320.00 acres of Federal minerals in lease NMNM119786 San Juan County, New Mexico. This acreage comprises a 960.00 acre Mancos spacing unit for Chaco 2408-33D No. 112H, No. 113H and No. 119H wells.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas and crude oil and associated natural gas producible from the Mancos formation in All of Section 33 and the W½ of Section 34, T. 24 N., R. 8 W. NMPM, and is effective November 17, 2014. You are requested to furnish all interested principals with appropriate evidence of this approval.

The Farmington Field Office has adopted a streamlined CA procedure that will reduce delays involving the production of wells that involve communitization of Federal lands. By minimizing delays, the payment of royalties will not be delayed and economic hardship will be eliminated. Upon the BLM issuing the CRS number to the operator, this includes a requirement to obtain the required signatures of R&R Royalty, LTD Company within 120-days. In discussions with Mr. West, it is the BLM understanding R&R Royalty LTD is going to participate in the CA. In the event you are unable to obtain the required signatures or justification for a time extension in this period will be considered an incident of non-compliance.

CA number NMNM134816 as assigned above, must be posted on the well and facility signs for the Chaco 2408-33D No. 112H, No. 113H and No. 119H wells. The signs shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township and range, county, and state. (43 CFR 3162.6).

Pursuant to the terms and conditions of the approved CA and 43 CFR 3162.4 Well Records and Reports, you are required to file your well completion report within 30 days of the well's completion. Within five (5) days of commencement of production, you are also required to file a notice of production startup.

Penalties for non-compliance with such requirements are applicable to all well and facilities on State or privately owned mineral lands committed to a unit or CA, which affects Federal or Indian interests, not withstanding any provision of the unit or CA to the contrary.

Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources Revenue (ONRR). The submission of form MMS-4054, Oil and Gas Operations Report (OGOR), must begin once drilling is completed. OGORs must be submitted to ONRR by the 15th day of the second month following the production month. Royalty payments, along with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold.

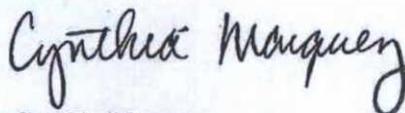
If the communitized wells are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

If you have any questions concerning reporting on Form 2014s, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/coassign.pdf> or call 1-800-525-9167.

If you have questions concerning reporting on Oil and Gas Operations Reports, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/operasgn.pdf> or call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact me at the above address or telephone (505) 564-7741.

Sincerely,



Cynthia Marquez
Land Law Examiner
Petroleum Management Branch

Enclosure

1 - Approved Communitization Agreement
cc: ONRR, MS-357 B1, Denver, CO
NMOCD, Santa Fe (w/o encl.)
NM Tax & Rev. Dept
NMSO (93000) (w/o encl.)

Federal Communitization Agreement

Contract No. NMNM:134816

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto".

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 24 North, Range 8 West, N.M.P.M.

Section 33: All

Section 34: W/2

San Juan County, New Mexico

Containing 960.00 acres, and this agreement shall include only the Mancos Formation underlying said lands and "the natural gas and associated liquid hydrocarbons" or "crude oil and associated natural gas", hereafter referred to as "communitized substances," producible from such formation. All pre-existing and future vertical wells within the

Communitization Agreement boundary drilled and completed in the Mancos formation are excluded from this agreement.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day,

such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is NOV 17 2014, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

WPX Energy Production, LLC

6-25-2015
Date

By: *Thomas E. Black, Jr.*
Thomas E. Black, Jr. - Attorney-in-Fact *EW*

EW
EW

ACKNOWLEDGEMENT

STATE OF OKLAHOMA)

COUNTY OF TULSA)

The foregoing instrument was acknowledged before me this 25 day of June 2015 by Thomas E. Black, Jr. of WPX Energy Production, LLC for and on behalf of said corporation.

1/21/2018
My Commission Expires



Shanna McClain
Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

R&R Royalty, LTD

7-22-2015
Date

By: [Signature]
Title: _____

Rajan D. Ahuja-
VP - Land of Magnum O&G, Inc.
General Partner of R&R Royalty, Ltd.

ACKNOWLEDGEMENT

STATE OF TEXAS)

COUNTY OF NUECES)

The foregoing instrument was acknowledge before me this 22ND day of July, 2015 by RAJAN D. AHUJA, VP-LAND of MAGNUM O&G, INC. for and on behalf of said corporation. GENERAL PARTNER OF RTR ROYALTY, LTD.

4-29-2016
My Commission Expires



[Signature]
Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Elm Ridge Exploration Company, LLC

Date

By: _____
Title: _____

ACKNOWLEDGEMENT

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledge before me this ____ day of _____, 2015 by _____, _____ of _____ for and on behalf of said corporation.

My Commission Expires

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

R&R Royalty, LTD

Date

By: _____
Title: _____

ACKNOWLEDGEMENT

STATE OF)
COUNTY OF)

The foregoing instrument was acknowledge before me this ____ day of _____, 2015 by _____, _____ of _____ for and on behalf of said corporation.

My Commission Expires

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Elm Ridge Exploration Company, LLC

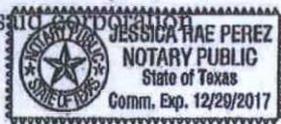
7/14/15
Date

By: [Signature]
Title: President

ACKNOWLEDGEMENT

STATE OF TEXAS)
COUNTY OF DALLAS)

The foregoing instrument was acknowledge before me this 14th day of July, 2015 by James M. Clark, Jr., President of Elm Ridge Exploration Company, LLC for and on behalf of said corporation



My Commission Expires

[Signature]
Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Bannon Energy Program 89A
Bannon Energy Program 88B

Date

By: _____
Title: _____

ACKNOWLEDGEMENT

STATE OF)
COUNTY OF)

The foregoing instrument was acknowledge before me this ____ day of _____, 2015 by _____, _____ of _____ for and on behalf of said corporation.

My Commission Expires

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Elm Ridge Exploration Company, LLC

7/14/15
Date

By: CEH
Title: President

ACKNOWLEDGEMENT

STATE OF)
COUNTY OF)

The foregoing instrument was acknowledge before me this 14th day of July, 2015 by James M. Clark Jr. of _____ for and on behalf of said corporation. President Elm Ridge Exploration Co LLC



My Commission Expires

Jessica Rae Perez
Notary Public

Exhibit "A"

Plat of Communitized Area Covering
All of Section 33 and W/2 of Section 34
Township 24 N, Range 8 W, N.M.P.M.
San Juan County, New Mexico
Mancos Formation

27

T
24
N

CHACO 2408-33D #112H
CHACO 2408-33D #119H
CHACO 2408-33D #113H

Tract #1
320 Acres
NMNM 119283

Tract #2

Tract #3
320 Acres
NMNM 119786

33

34

R-7-W

Tract #2
320 Acres
NMNM 23233

Tract #1

4

1,250 0 1,250 2,500
feet

WPXENERGY



Communization Agreement
San Juan Co. NM

Projection: NAD 1983 StatePlane New Mexico West 1125 Zone 5

1 inch = 1,250 feet

Date: 6/24/2015

EXHIBIT "B"

To Communitization Agreement dated NOV 17 2014 embracing the All of Section 33 and the W/2 of Section 34, T24N, R8W, N.M.P.M., San Juan County, New Mexico.

Operator of Communitized Area: WPX Energy Production, LLC

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number:	NM-119283
Lease Date:	November 27, 2007
Lease Term:	10 years
Lessor:	United States of America
Present Lessee:	R&R Royalty, LTD
Description of Land Committed:	<u>Township 24 North, Range 8 West,</u> <u>N.M.P.M.</u> Section 33: NW/4, SE/4
Number of Acres:	320.00
Pooling Clause:	Lease contains a provision authorizing pooling in accordance with the acreage requirement of the agreement.
Royalty Rate:	12.5%
Name and Percent ORRI Owners:	
Name and Percent of Working Interest Owners:	R&R Royalty, LTD .100%

Tract No. 2

Lease Serial Number:	NMNM-23233
Lease Date:	November 1, 1974
Lease Term:	10 years
Lessor:	United States of America
Present Lessee:	Elm Ridge Exploration Company, LLC
Description of Land Committed:	<u>Township 24 North, Range 8 West,</u> <u>N.M.P.M.</u> Section 33: NE/4, SW/4
Number of Acres:	320.00
Royalty Rate:	12.5%
Name and Percent ORRI Owners:	
Name and Percent of Working Interest Owners:	WPX Energy Production, LLC 100%

Tract No. 3

Lease Serial Number: NMNM-119786
Lease Date: May 1, 2008
Lease Term: 10 years
Lessor: United States of America
Present Lessee: WPX Energy Production, LLC
Description of Land Committed: Township 24 North, Range 8 West,
N.M.P.M.
Section 34: W/2
Number of Acres: 320.00
Royalty Rate: 12.5%
Name and Percent ORRI Owners:
Name and Percent of
Working Interest Owners: WPX Energy Production, LLC 100%

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	320.00	33.333333%
2	320.00	33.333333%
3	320.00	33.333333%
Total	960.00	100.000000%

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

R&R Royalty, LTD

7-22-2015
Date

By: [Signature]
Title: _____

Rajan D. Ahuja
VP - Land of Magnum O&G, Inc.
General Partner of R&R Royalty, Ltd.

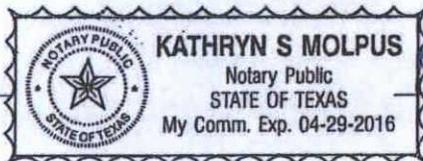
ACKNOWLEDGEMENT

STATE OF TEXAS)

COUNTY OF NUECES)

The foregoing instrument was acknowledge before me this 22ND day of JULY, 2015 by RAJAN D. AHUJA, VP-LAND of MAGNUM O&G, INC., for and on behalf of said corporation. GENERAL PARTNER OF R&R ROYALTY, LTD.

4-29-2016
My Commission Expires



[Signature]
Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Elm Ridge Exploration Company, LLC

Date

By: _____
Title: _____

ACKNOWLEDGEMENT

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledge before me this _____ day of _____, 2015 by _____, _____ of _____ for and on behalf of said corporation.

My Commission Expires

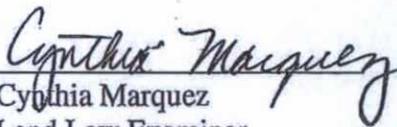
Notary Public

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.
- B. Approve the attached communitization agreement covering: 960.00 acres more or less, in all of Section 33 T. 24 N., R. 8 W. and W½ Section 34, T. 24 N., R. 8 W., San Juan County, New Mexico, as to natural gas or crude oil and associated liquid hydrocarbons producible from the Basin Mancos formation. The wells associated with this CA have a surface location on lease NMNM 119283 penetrate leases NMNM 23233 and NMNM 119786. This approval will become invalid *ab initio* by the Authorized Officer should then public interest requirements under Section 3105.2-3(e) not be met. All pre-existing and future *vertical* wells within the Communitization Agreement boundary drilled and completed in the Mancos formation are excluded from this 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.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: July 15, 2015


Cynthia Marquez
Land Law Examiner
Petroleum Management Branch

Effective: November 17, 2014
Contract No.: Com. Agr. NMNM134816