



IN REPLY REFER TO:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

www.blm.gov/nm



IN REPLY REFER TO:

NM135506

3105.2 (P0220)

Reference:

Communitization Agreement

Rojo 7811 JV-P Fed Com 2H

T. 25 S., R. 33 E.,

Section 22, E2

Lea County, NM

January 27, 2016

BTA Oil Producers, LLC

104 South Pecos Street

Midland, TX 79701-5021

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135506 involving 160 acres of Federal land in lease NMNM15091, and 160 acres of Fee land, Lea County, New Mexico, which comprise a 320 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2 of sec. 22, T. 25 S., R. 33 E., NMPM, and is effective 05/14/2015. 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.

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.

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

Sincerely,


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 the E2 of sec. 22, T. 25 S., R. 33 E., NMPM, as to all producible hydrocarbons from the Bone Spring 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:



Authorized Officer

Effective: 05/14/2015

Contract No.: Com. Agr. NM135506



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM135506
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135506

Date of Completion: 05/06/2015
Date of First Production: 05/15/2015
Field: Red Hills
Operator, Well Name & No, API Number: BTA Oil Producers.; Rojo 7811 JV-P Fed Com 2H;
30-025-42414
Surface Location: Sec. 22, T. 25 S., R. 33 E.
Bottom Location: Sec. 22, T. 25 S., R. 33 E.
Total Depth: 14,092 MD; 9,371 TVD
Surface Elevation: 3345 GR
Producing Formation: Bone Spring
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 464 BBL; 663 MCF; Water 1647 BBL
Current Status: Producing Oil Well

Remarks: CA NM135506 effective 05/14/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E2 of sec. 22, T. 25 S., R. 33E, NMPM, and comprises 160 acres of Federal land in lease NMNM15091, and 160 acres of Fee land for a 320-acre well spacing unit. All 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
01/27/2016

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