



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

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MAR - 7 P 3: 36

IN REPLY REFER TO:
NM135623
3105.2 (P0220)

Reference:
Communitization Agreement
Coronado 35 Federal 1H
T. 25 S., R. 35 E.,
Sec. 35, W2W2
Lea County, NM.

03/01/2016

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135623 involving 80 acres of Federal land in lease NMNM112943 and 80 acres of Federal land in lease NMNM45706, Lea County, New Mexico, which comprise a 160 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2W2 of sec. 35, T. 25 S., R. 35 E., NMPM, and is effective 10/01/2015. 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.

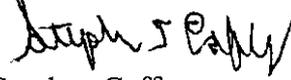
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Edward G. Fernandez Petroleum Engineer at (575) 234-2220.

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

Sincerely,



Stephen Caffey
Assistant Field Manager,

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 W2W2 of sec. 35, T. 25 S., R. 35 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:



Stephen Caffey
Asst. Field Mgr.
Authorized Officer

Effective: 10/01/15

Contract No.: Com. Agr. NM135623



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM135623
3107 (P0220)

Memorandum

To: State Director (9210)

From: Legal Instrument Examiner (P0220)

Subject: First Production, Communitization Agreement NM135623

Date of Completion: 10/02/2015
Date of First Production: 10/02/2015
Field: WC-025 G-08 S2535340
Operator, Well Name & No, API Number: Endurance Resources; Coronado 35 Fed 1H; 30-025-42575
Surface Location: NWNW, sec. 35, T. 25 S., R. 35 E.
Bottom Location: SWSW, sec. 35, T. 25 S., R. 35 E.
Total Depth: 16,395 MD; 12,274' TVD
Surface Elevation: 3186' GR
Producing Formation: Bone Spring (8,958' – 12,158')
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 1166 BBL; Gas 967 MCF; Water 2175 BBL
Current Status: Producing Oil Well

Remarks: CA NM135623, effective 10/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the W2W2 of sec. 35, T. 25 S. R. 35 E., NMPM, and is comprised of 80 acres of Federal land in lease NMNM112943 and 80 acres of Federal land in lease NMNM45706 for a 160 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
03/01/2016

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