



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:

NM135273

3105.2 (P0220)

Reference:

Communitization Agreement

October 26, 2015

Corral Canyon Federal 4H

Sec. 5, E2E2 (Lot 1, SENE, E2SE)

Sec. 32, E2SE

T. 25 S., R. 29 E.

Eddy County, NM

XTO Energy Inc.

810 Houston Street

Fort Worth, TX 76102-6298

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM135273 involving 159.71 acres of Federal land in lease NMNM15302, and 80 acres of State land, Eddy County, New Mexico, which comprise a 239.71-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 5, E2E2(Lot 1, SENE, E2SE), Sec. 32, E2SE, T. 25 S., R. 29 E., NMPM, Eddy County, NM, and is effective 10/28/2014. 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.

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 Fernandez, Petroleum Engineer at (575) 234-2220.

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2015 OCT 29 P 3:07

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

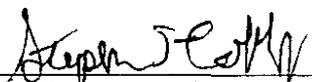
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 sec. 5, E2E2(Lot 1, SENE, E2SE), sec. 32, E2SE, T. 25 S., R. 29 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: 10/28/2014

Contract No.: Com. Agr. NM135273



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
NM135273
3107 (P0220)

Memorandum

To: State Director (9210)

From: Legal Instrument Examiner (P0220)

Subject: First Production, Communitization Agreement NM135273

Date of Completion: 05/15/2015
Date of First Production: 05/15/2015
Field: Willow Lake
Operator, Well Name & No, API Number: XTO Energy; Corral Canyon Fed 4H; 30-015-42923
Surface Location: SESE; sec.5, T. 25 S., R. 29 E.
Bottom Location: NESE; sec. 32, T. 25 S., R. 29 E.
Total Depth: 15,935' MD; 8,582' TVD
Surface Elevation: 2,948' GL
Producing Formation: Bone Spring (8,800' – 15,792')
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 980 BBL; Gas 1681 MCF; Water 1752 BBL
Current Status: Producing Oil Well

Remarks: CA NM135273, effective 10/28/2014, communitizes production of all gaseous and fluid hydrocarbons in the Bone Spring formation beneath the E2E2 (Lot 1, SENE, E2SE) of sec. 5, and beneath the E2SE of sec. 32, T. 25 S., R. 29 E. NMPM, and is comprised of 159.71 acres of Federal land in lease NMNM15302 and 80 acres of State land for a 239.71 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**
October 26, 2015

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