



XTO Energy Inc.
810 Houston Street
Fort Worth, Texas 76102-6298
(817) 870-2800
(817) 885-1806 Fax

VIA FEDERAL EXPRESS

January 24, 2017

BAGAM, Ltd.
P.O. Box 37
Graham, TX 76450

RE: XTO - Corral Canyon 16H
E/2E/2 of Section 8-25S-29E
E/2E/2 of Section 17-25S-29E
Eddy County, New Mexico

Dear Working Interest Owner:

XTO Energy Inc. hereby proposes the drilling of an approximate 8,545' TVD and 18,900' TMD well to test the 2nd Bone Spring formation at a surface location of 200' FSL and 710' FEL of Section 5, T25S-R29E and a bottom hole location of 200' FSL and 990' FEL of Section 17, T25S-29E, Eddy County, New Mexico. The proposed proration unit for this well is the E/2E/2 of Section 8, T25S-29E and E/2E/2 of Section 17, T25S-29E, Eddy County, Mexico.

The approximate cost to drill this test is \$1,876,176.00 with a total completion cost of \$6,562,176.00 as evidenced on the enclosed Authority for Expenditure (AFE). Should you wish to participate with your interest, please sign the enclosed AFE and return to the undersigned. A Joint Operating Agreement using a \$7,500 drilling/ \$750 producing well rate will be prepared for your execution.

Should you wish to discuss another option rather than participate, please contact the undersigned.

Should you have any questions regarding this matter, I can be contacted at (817) 885-2746 or via email at angie_repka@xtoenergy.com.

Sincerely,


Angie Repka, CPL
Division Landman

Encl.

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: XTO ENERGY, INC..
Hearing Date: June 8, 2017

An ExxonMobil Subsidiary



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

| | |
|---|----------------------------------|
| AFE NO.: 1402610 | DISTRICT: PERMIAN BASIN |
| AFE DESC: D&C - HORZ IN 2ND BONE SPRING | FIELD: OPERATED |
| DATE: 03/13/2014 | ACCOUNTING ID: 21722 |
| AFE TYPE: DEVELOPMENT DRILLING | WELL NAME: CORRAL CANYON FED 16H |
| OPERATOR: 81 - XTO ENERGY INC. | STATE/COUNTY: New Mexico / Eddy |
| SECTION/TOWNSHIP/RANGE: 5/2SS/29E | XTO WI DECIMAL: 0.999990000 |

| DETAIL OF EXPENDITURES | DRYHOLE | COMPLETION | EQUIP / TIE-IN | SUPPLEMENT | TOTAL |
|--------------------------------|------------|-------------------|-------------------|------------|-------------------|
| FRAC FLUID/SW DISPOSAL | 0.00 | 150,000.00 | 0.00 | 0.00 | 150,000.00 |
| CMPL WATER TRANSFER SERVICE | 0.00 | 50,000.00 | 0.00 | 0.00 | 50,000.00 |
| TOTAL: | | 200,000.00 | 0.00 | | 200,000.00 |
| DRLG-DAYWK,FTG,& RIG MVG | 546,000.00 | 0.00 | 0.00 | 0.00 | 546,000.00 |
| COMPLETION RIG | 0.00 | 40,000.00 | 0.00 | 0.00 | 40,000.00 |
| CASING CREWS & LAYDOWN SERVICE | 7,500.00 | 0.00 | 0.00 | 0.00 | 7,500.00 |
| DIRECTIONAL TOOLS & SERVICES | 144,000.00 | 0.00 | 0.00 | 0.00 | 144,000.00 |
| ROADS AND LOCATION | 150,000.00 | 5,000.00 | 0.00 | 0.00 | 155,000.00 |
| DRILLING & COMPL FLUIDS & CHEM | 118,000.00 | 0.00 | 0.00 | 0.00 | 118,000.00 |
| WELL LOGGING: OPEN HOLE | 20,000.00 | 0.00 | 0.00 | 0.00 | 20,000.00 |
| SURF/INT CEMENT & SERVICE | 41,000.00 | 0.00 | 0.00 | 0.00 | 41,000.00 |
| BITS, MILLS & REAMERS | 47,000.00 | 0.00 | 0.00 | 0.00 | 47,000.00 |
| COMPLETION SERVICES-SURFACE | 0.00 | 160,000.00 | 0.00 | 0.00 | 160,000.00 |
| DRLG RENTALS: SUB-SURFACE | 66,000.00 | 0.00 | 0.00 | 0.00 | 66,000.00 |
| DRLG RENTALS: SURFACE | 97,000.00 | 0.00 | 0.00 | 0.00 | 97,000.00 |
| RIG FUEL, POWER & WATER | 118,000.00 | 0.00 | 0.00 | 0.00 | 118,000.00 |
| WELL LOGGING: CASSED HOLE | 0.00 | 240,000.00 | 0.00 | 0.00 | 240,000.00 |
| STIMULATION & PUMPING SERVICES | 0.00 | 2,200,000.00 | 0.00 | 0.00 | 2,200,000.00 |
| DRILLING SUPERVISION | 88,000.00 | 0.00 | 0.00 | 0.00 | 88,000.00 |
| MUD LOGGER | 26,000.00 | 0.00 | 0.00 | 0.00 | 26,000.00 |
| MISC SUPPLIES | 24,000.00 | 0.00 | 0.00 | 0.00 | 24,000.00 |
| TITLE WORK/OPINIONS | 18,000.00 | 0.00 | 0.00 | 0.00 | 18,000.00 |
| DRILLING OVERHEAD | 7,000.00 | 0.00 | 0.00 | 0.00 | 7,000.00 |
| TRUCKING & HOT SHOT | 28,000.00 | 8,000.00 | 0.00 | 0.00 | 36,000.00 |
| FLUID HAULING, SOLIDS CTRL | 191,000.00 | 28,000.00 | 0.00 | 0.00 | 219,000.00 |
| COMPLETION SERVICES | 0.00 | 100,000.00 | 0.00 | 0.00 | 100,000.00 |
| FLOWBACK | 0.00 | 120,000.00 | 0.00 | 0.00 | 120,000.00 |
| FRAC TANKS | 0.00 | 25,000.00 | 0.00 | 0.00 | 25,000.00 |
| PROD CSG CEMENT & SERVICE | 0.00 | 75,000.00 | 0.00 | 0.00 | 75,000.00 |
| DISTRICT TOOL-SUBSURFACE | 0.00 | 20,000.00 | 0.00 | 0.00 | 20,000.00 |
| PROD CSG CREW/LAYDOWN SVS | 0.00 | 9,000.00 | 0.00 | 0.00 | 9,000.00 |
| CMPL RENTALS: SUB SURFACE | 0.00 | 30,000.00 | 0.00 | 0.00 | 30,000.00 |
| CMPL RENTALS: SURFACE | 0.00 | 120,000.00 | 0.00 | 0.00 | 120,000.00 |
| CMPL ENGR/SUPERVISION | 0.00 | 15,000.00 | 0.00 | 0.00 | 15,000.00 |
| CMPL TRUCKING & HOT SHOT | 0.00 | 20,000.00 | 0.00 | 0.00 | 20,000.00 |
| CMPL FISHING/REMEDIAL SVS | 0.00 | 26,000.00 | 0.00 | 0.00 | 26,000.00 |
| CMPL CONTINGENCIES | 0.00 | 20,000.00 | 0.00 | 0.00 | 20,000.00 |
| CMPL MISC LABOR | 0.00 | 10,000.00 | 0.00 | 0.00 | 10,000.00 |



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AUTHORITY FOR EXPENDITURE

AFE NO.: 1402610
 AFE DESC: D&C - HORZ IN 2ND BONE SPRING
 DATE: 03/13/2014
 AFE TYPE: DEVELOPMENT DRILLING
 OPERATOR: 81 - XTO ENERGY INC.
 SECTION/TOWNSHIP/RANGE: 5/25S/29E

DISTRICT: PERMIAN BASIN
 FIELD: OPERATED
 ACCOUNTING ID: 21722
 WELL NAME: CORRAL CANYON FED 16H
 STATE/COUNTY: New Mexico / Eddy
 XTO WI DECIMAL: 0.999990000

| DETAIL OF EXPENDITURES | DRYHOLE | COMPLETION | EQUIP / TIE-IN | SUPPLEMENT | TOTAL |
|---|---------------------|---------------------|-------------------|------------|---------------------|
| MISC LABOR/WELDING | 32,000.00 | 0.00 | 0.00 | 0.00 | 32,000.00 |
| CMPL FLUID/CHEM/TRANSP | 0.00 | 550,000.00 | 0.00 | 0.00 | 550,000.00 |
| COMPLETION BITS,SCRAPERS&MILLS | 0.00 | 50,000.00 | 0.00 | 0.00 | 50,000.00 |
| FRAC PIT | 0.00 | 50,000.00 | 0.00 | 0.00 | 50,000.00 |
| WIP-INTAN. DEVLPMT COST | 1,768,500.00 | 3,921,000.00 | 0.00 | | 5,689,500.00 |
| CONDUCTOR PIPE | 25,000.00 | 0.00 | 0.00 | 0.00 | 25,000.00 |
| TUBING | 0.00 | 50,000.00 | 0.00 | 0.00 | 50,000.00 |
| WELLHEAD | 8,676.00 | 10,000.00 | 0.00 | 0.00 | 18,676.00 |
| TANK BATTERIES | 0.00 | 10,000.00 | 0.00 | 0.00 | 10,000.00 |
| SWD SYSTEMS | 0.00 | 5,000.00 | 0.00 | 0.00 | 5,000.00 |
| ELECTRICAL DISTR. SYSTEMS | 0.00 | 4,000.00 | 0.00 | 0.00 | 4,000.00 |
| LEASE AND FLOW LINES | 0.00 | 10,000.00 | 0.00 | 0.00 | 10,000.00 |
| SEP.DEHY,TREATERS,HEAT EXCH,SC | 0.00 | 10,000.00 | 0.00 | 0.00 | 10,000.00 |
| PACKER & SUB-SURFACE EQUIPMENT | 0.00 | 20,000.00 | 0.00 | 0.00 | 20,000.00 |
| SUB-SURFACE PUMP, RODS & ACCES | 0.00 | 160,000.00 | 0.00 | 0.00 | 160,000.00 |
| AUTOMATION EQUIPMENT | 0.00 | 3,000.00 | 0.00 | 0.00 | 3,000.00 |
| GAS LIFTS-SINGLE WELL | 0.00 | 10,000.00 | 0.00 | 0.00 | 10,000.00 |
| SURFACE CASING | 18,000.00 | 0.00 | 0.00 | 0.00 | 18,000.00 |
| INTERMEDIATE CASING | 56,000.00 | 0.00 | 0.00 | 0.00 | 56,000.00 |
| PRODUCTION/LINER CASING | 0.00 | 250,000.00 | 0.00 | 0.00 | 250,000.00 |
| TUBING HEAD/X-MAS TREE | 0.00 | 18,000.00 | 0.00 | 0.00 | 18,000.00 |
| CMPL CONTINGENCIES | 0.00 | 5,000.00 | 0.00 | 0.00 | 5,000.00 |
| WIP-Lease & Well Equip. TOTA | 107,676.00 | 565,000.00 | 0.00 | | 672,676.00 |
| TOTAL THIS AFE: | 1,876,176.00 | 4,686,000.00 | | | 6,562,176.00 |

*** This AFE is an estimate only. By returning one signed copy, you agree to pay your share of the actual costs incurred. ***

REMARKS: D&C A 2-MILE HORIZONTAL WELL IN THE SECOND BONE SPRING FORMATION. THE CORRAL CANYON FED 16H WILL BE DRILLED TO A TD OF +/-18,900'MD/8545'TVD WHERE 5-1/2" CASING WILL BE CEMENTED IN PLACE. DRILLING COSTS BASED ON 26 DAYS SPUD-RR WITH A 5 DAY RIG MOVE. WELL WILL THEN BE FRACTURE STIMULATED.



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AUTHORITY FOR EXPENDITURE

AFE NO.: 1402610
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DATE: 03/13/2014
AFE TYPE: DEVELOPMENT DRILLING
OPERATOR: 81 - XTO ENERGY INC.
SECTION/TOWNSHIP/RANGE: 5/2SS/29E

DISTRICT: PERMIAN BASIN
FIELD: OPERATED
ACCOUNTING ID: 21722
WELL NAME: CORRAL CANYON FED 16H
STATE/COUNTY: New Mexico / Eddy
XTO WI DECIMAL: 0.999990000

Non Operator Approval

Prepared By: STEPHANIE RABADUE

Approved By: KENDAL DECKER

Signature: _____

DATE _____

COMPANY _____

BY _____

TITLE _____