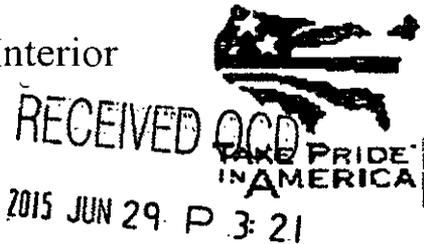




United States Department of the Interior

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. Greene Street
Carlsbad, New Mexico 88220-6292



IN REPLY REFER TO:
NMNM134710
3105.2 NM (P0220)

Reference:
8115 JV-P Mesa B Com 4H
T. 26 S., R. 33 E.
Sec. 7: Lot 1, NENW
Lot 2, SENW
Lots 3 & 4, E2SW
Lea County, New Mexico

JUN 25 2015

BTA Oil Producers, LLC
104 South Pecos
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement, NMNM134710, involving 79.31 acres of Federal land in lease NM59398, 79.33 acres of Federal land in lease NM67998, and 158.72 acres of Federal land in lease NMNM0160973, Lea County, New Mexico, comprising a 317.36 acre well spacing unit.

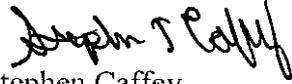
The agreement communitizes all rights as to the oil and associated liquid hydrocarbons producible from the Bone Spring formation beneath T. 26 S., R. 33 E. Sec. 7: Lot 1, NENW, Lot 2, SENW, Lots 3 & 4, E2SW, NMPM, and is effective 6/24/14. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto. Approval based on statewide spacing per NMOCD rules 19.15.15.8.

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 need assistance or clarification, please contact the Minerals Management Service 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,
Lands and Minerals

1 Enclosure:
1 Communitization Agreement

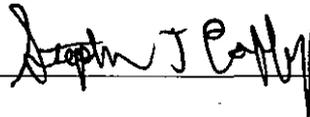
cc:
MMS, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)
NM Taxation & Revenue Dept.(Revenue Processing Div.)
Attention: Manuelita Martinez
NMOCD-Artesia
NM (9200)
NM (P0220-CFO, File Room)

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 beneath T. 26 S., R. 33 E. Sec. 7: Lot 1, NENW, Lot 2, SENW, Lots 3 & 4, E2SW, NMPM, Lea County, New Mexico, as to the oil and associated liquid hydrocarbons producible from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (e) 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: 6/24/14

Contract No. Com. Agr. NMNM134710



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. Greene Street
Carlsbad, New Mexico 88220-6292

IN REPLY REFER TO:
NM134710
3105.2 (522)

Memorandum

To: State Director (921)
From: Land Law Examiner (522)
Subject: First Production, Communitization Agreement (CA) NM134710

Date of Completion: 2/10/15
Date of Production: 2/10/15
Field: Red Hills Morrow
Operator/Well Name & No.: BTA Oil Producers/8115 JV-P Mesa B Com 4H
Location: sec. 7, T. 26 S., R., 33E.
Total Depth: MD 13,760', TVD 9,216'
Total Elevation: 3,230' GR
Production Formation: Bone Spring 9,442-13,620
Well Capable of Production
in Paying Quantities: Yes
Initial Daily Production: 884 BO; 1,204 MCFG; and 25 1,562
Current Status: Producing Oil Well

Remarks: CA NM134710, effective 6/24/14, communitizes all rights to the oil and associated hydrocarbons producible from the Bone Spring formation involving 79.31 acres of Federal land in lease NM59398, 79.33 acres of Federal land in lease NM-67998, and 158.72 acres of Federal land in lease NM0160973, comprising a 317.36-acre well spacing unit, whose leases are held by actual production.

Questions? Ajmorrison@blm.gov 6/25/2015

cc:
MMS, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)
First Production File
NM (522-CFO, File Room)