



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



NM 70965X
3180 (P0220)

JUL 30 2018

Your Reference:

Proposed Expansion of the
James Ranch Unit NM70965X
Eddy County, New Mexico

XTO Energy Inc.
Land Dept. Loc. 115
22777 Springwoods Village Pkwy
Spring, TX 77389-1425

Mr. Hilger:

The James Ranch Unit NM70965X, Eddy County, New Mexico, was approved June 16, 1953. Request for final approval for expansion of the unit was received by letter dated May 19, 2011. All of the requirements set forth in Section 2 (a) of the unit agreement have been fulfilled. Said expansion is hereby approved, to be effective as of July 20, 2018.

The basic information is as follows:

1. The expansion of the unit area was given preliminary approval by Bureau of Land Management letter dated February 23, 2015.
2. The unit expansion will require two (2) horizontal obligation wells which will be placed on separate drill islands, if possible and the location of each well will be mutually agreed upon. The unit operator should be aware that due to the requirements of Secretarial Order 3324 the AO does not expect the timing of obligation wells to fall in line with section 9 of the Unit Agreement. However, it will be up to the unit operator to request additional time as stated in the previous paragraph.
3. This expansion will add 13,224.68 acres to the 15,094.41 acres, resulting in an enlarged unit area of 28,319.09 acres, more or less, of which 22,675.13 acres (80.07%) are Federal lands, 5362.96 acres (18.94%) are State lands, and 280 acres (0.99%) are patented lands.

4. The following Federal leases embrace lands within the expanded unit area:

Tract No.	Serial Number	Description	Acres
26	NM-0554220	<u>T. 22 S., R. 29 E</u>	640.00
		Section 13: All	
27	NM-0554238	<u>T. 22 S., R. 30 E</u>	641.88
		Section 7: Lots 1-4, E/2,	
		E/2W2	
28	NM-0554239	<u>T. 22 S., R. 29 E</u>	641.40
		Section 18: Lots 1-4, E/2, E/2W/2	
29	NM-0554488	<u>T. 22 S., R. 29 E</u>	640.00
		Section 14: All	
30	NM-85912	<u>T. 21 S., R. 30 E</u>	1280.00
		Section 25, All	
		Section 26, All	
31	*NM-105216	<u>T. 22 S., R. 30 E</u>	1201.68
		Section 3: Lots 1-4, S/2 N/2, S/2	
		Section 10, E/2, E/2 W/2,	
		NW/4 NW/4,SW/4 SW/4	
32	NM-130866	<u>T. 21 S., R. 30 E</u>	1440.00
		Section 27: S/2	
		Section 33: All	
		Section 34: NE/4, W/2	
33	NM-0554236	<u>T. 21 S., R. 30 E</u>	652.04
		Section 31, Lots 1-8,	
		SE/4 NE/4, W/2 NE/4, E/2 W/2,	
		SE/4	
34	NM-130867	<u>T. 21 S., R. 30 E</u>	40.00
		Section 31: NE/4 NE/4	
35	NM-0355544	<u>T. 22 S., R. 29 E</u>	1120.00

		Section 11: E/2, N/2 NW/4, S/2 SW/4	
		Section 12: All	
36, 37	NM-135238	<u>T. 22 S., R. 29 E</u>	1244.28
		Section 1: W/2, NE/4, E/2 SE/4, NW/4 SE/4	
		<u>T. 22 S., R. 30 E</u>	
		Section 6: All	
50	NM-137454	<u>T. 21 S., R. 30 E</u>	160.00
		Section 34, SE/4	
		Total Federal Acres	9701.28

* indicates committed leases to be considered for segregation

5. All lands in the expanded area are fully committed except Tract 35, totaling 1120 acres (8.47 percent of expansion) which is not committed and Tracts 29 and 49, totaling 680 acres (5.14 percent of expansion) which are partially committed.

In view of the foregoing commitment status, effective control of operations within the expanded unit area is assured. We are of the opinion that the expansion is necessary and advisable in the public interest for the purpose of more properly conserving natural resources.

The expansion is regarded as acceptable on the basis of the geologic/reservoir information accompanying your application. We hereby concur in the proposed expansion, provided it is accomplished pursuant to Section 2 of the unit agreement. The effective date of the proposed expansion will be July 20, 2018 and it shall become effective as of this date or from the onset of production of unitized substance, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and in accordance with your application, pursuant to Section 2(a).

Approval of this expansion 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.

Copies of the approved expansion are being distributed to the appropriate Federal offices. You are requested to furnish all interested parties with appropriate evidence of this approval.

Please contact Chris Walls, Petroleum Engineer at 575-234-2234 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "J Stovall".

Jim Stovall
District Manager,
Pecos District Office

cc: Commissioner of Public Lands
ONRR, Denver (MS357B-1)
New Mexico Taxation & Revenue Dept.,
Revenue Processing Division
LLNM9210
NMP0220, Unit File