

August 12th, 2015



Via Certified Mail RRR

R & R Royalty, Ltd.
ATTN: Rajan Ahuja
500 N. Shoreline Blvd Suite 322
Corpus, Christi, Texas 78401

RE: Chaco 2307-07N #410H
S/2 S/2 of Section 12- T23N-R8W
S/2 SW/4 of Section 7 – T23N-R7W
Rio Arriba and San Juan Counties, New Mexico

Mr. Ahuja:

WPX Energy Production, LLC, ("WPX"), as an owner of an interest in the oil and gas leasehold estate in and under Section 12- T23N-R8W, San Juan County, New Mexico, hereby proposes to drill the Chaco 24307-07N #410H Well as a horizontal well to a depth sufficient to test the Mancos formation. As the attached plat demonstrates, WPX plans to utilize a surface location approximately 956' FSL and 2223' FWL of Section 7-23N-R7W in Unit N, enter the formation in the SW/4 SW/4 (Unit N) of Section 7 7-23N-R7W, and then proceed horizontally to the West with the terminus of the wellbore located approximately at 1250' FSL, and 230' FWL in the SW/4 SW/4 (Unit M) of Section 12- T23N-R8W. A 240 acre project area consisting of the S/2 S/2 of Section 12- T23N-R8W and the S/2 SW/4 of Section 7 – T23N-R7W will be dedicated to this well. Please realize that minor discrepancies in the location of the bottom hole as outlined in this proposal and reflected on the provided plat are possible.

According to the title information now available for these sections, you own a 100% WI in the SW/4 of Section 7 – T23N-R7W, giving you a 33.33% WI in this well. As set forth in the attached AFE, the estimated dry hole cost for the Chaco 2307-07N #410H well is \$1,560,391 with an estimated completion cost of \$3,060,204. This results in an estimated completed well cost of \$4,620,595.

If you would like to participate in the drilling of the Chaco 2307-07N #410H Well, please indicate your election in the space indicated below and return a copy of this letter to the undersigned. Please also confirm your election to participate by signing and returning the attached AFE. In the event that you elect to participate, I will forward an Operating Agreement covering the SW/4 of Section 7 – T23N-R7W for your review and execution.

If you elect to not participate with your interest(s) in the proposed operations as outlined herein, please so indicate your election not to participate in the space provided below, and return a copy of this letter to the undersigned.

The Chaco 2307-07N #410H Well currently has an anticipated spud date of November 30th 2015. As such, your timeliest decision regarding participation is appreciated. Should you elect to

One Williams Center | Suite 4400 | Tulsa, OK 74172 | 539-573-6575 Tel | chuck.bassett@wpxenergy.com

**BEFORE THE OIL CONVERSION
DIVISION**

Santa Fe, New Mexico

Exhibit No. 7

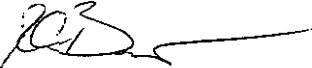
Submitted by: **WPX ENERGY PRODUCTION**

Hearing Date: November 12, 2015

participate in the Chaco 2307-07N #410H Well, and desire well information, please provide a well information data sheet along with a single email address.

Should you have any questions regarding the above provided information, please do not hesitate to contact the undersigned by phone at (539) 573-6575, or by email at chuck.bassett@wpenergy.com.

Regards,


Chuck Bassett
Staff Landman

☐ Elect to participate in the drilling of the Chaco 2307-07N #410H Well.

☐ Elect not to participate in the drilling of the Chaco 2307-07N #410H Well.

By: _____
Title: _____
Date: _____
Email: _____
Phone: _____