

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
NMNM112942

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
MOONLIGHT BUTTRESS 26 FEDERAL 1H

9. API Well No.  
30-025-42969

10. Field and Pool, or Exploratory  
WC025 G08 S2535240

11. County or Parish, and State  
LEA COUNTY COUNTY, NM

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
ENDURANCE RESOURCES LLC  
Contact: PEGGY REDMAN  
E-Mail: peggy@enduranceresourcesllc.com

3a. Address  
203 WEST WALL SUITE 1000  
MIDLAND, TX 79701

3b. Phone No. (include area code)  
Ph: 432-242-4680  
Fx: 432-242-4689

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 26 T25S R35E SWSW 90FSL 660FWL

**HOBBS OCD**  
**FEB 29 2016**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

**RECEIVED**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Endurance Resources LLC requests approval to surface commingle, store, measure production and sales of production off lease for the Moonlight Buttress 26 Federal Well No. 1H on a shared well pad with the Coronado 35 Federal Well No. 1H.

Moonlight Buttress 26 Federal Well No. 1H Section 26, T25S, R35E, 30-025-42969  
Coronado 35 Federal Well No. 1H Section 35, T25S, R35E, 30-025-42376

The two wells are located on a common lesae line drilling pad as previously approved by the BLM to minimize the operational footprint of the two wells referenced above.

Endurance Resources LLC understand the requested approval will not constitute the granting of any right-of way or construction rights not granted by the lease instrument. Working, royalty and

14. I hereby certify that the foregoing is true and correct.  
**Electronic Submission #330467 verified by the BLM Well Information System For ENDURANCE RESOURCES LLC, sent to the Hobbs**

Name (Printed/Typed) WESLEY R RANDALL Title PRODUCTION MANAGER

Signature (Electronic Submission) Date 02/02/2016

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By *J.D.W. Haddock* Title *LPET* Date *2/24/16*

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office *CFO* *KZ*

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

**MAR 02 2016**  
*[Signature]*

**Additional data for EC transaction #330467 that would not fit on the form**

**32. Additional remarks, continued**

overriding interest owners have been notified of this proposal via certified mail.

Discussion and Exhibits Attached

FEB 29 2016

**RECEIVED**

**Well & Lease Information:**

Proposal for Moonlight Buttress 26 Federal #1H Well & Coronado 35 Federal #1H Well  
Endurance Resources LLC is requesting approval for the Central Tank Battery Commingling:

Federal Lease NMNM 112942				Oil			
Well Name	Location	API #	Pool 97597	BOPD	Gravities	MCFPD	BTU
*Moonlight Buttress 26 Federal #1H	Section 26, SW4/SW4 T25S, R35E	30-025- 42969	Jabalina; Delaware SW Pool Brushy Canyon	1100*	41.1*	1000*	1,394*

Federal Lease NMNM 112943 & NMNM 45706				Oil			
Well Name	Location	API #	Pool 97088	BOPD	Gravities	MCFPD	BTU
Coronado 35 Federal #1H	Section 35, NW4/NW4 T25S, R35E	30-025- 42575	WC-025 G-08 S2535340 3 <sup>rd</sup> Bone Spring	200	42.9	270	1,360

Attached map shows the federal leases and well locations in Section 26 and 35, T25S, R35E, Lea County, New Mexico. See exhibit 2.

\*Oil and Gas quality values provided from Endurance’s Yates 16 well located in Sec 16, T25S, R35E and completed in the same Basal Brushy interval as the Moonlight Buttress. Actual data from the Moonlight Buttress 26 Federal #1H production will be provided after completion.

The BLM’s interest in both wells is the same. Lease NMNM 112942 royalty rate is 12.5%. Leases NMNM 112943 & NMNM 45706 both have a royalty rate of 12.5%.

**Oil & Gas Metering, Process & Flow Descriptions:**

The proposed comingle tank battery is located offsetting the shared well pad for the Moonlight Buttress 26 Federal #1H Well & Coronado 35 Federal #1H Well located in the NW/4NW/4 of Section 35, T25S, R35E, Lea County, New Mexico on Federal Lease NMNM 45706. The production from both wells will come to a common production header with isolation line to route each wells production. From this point each well will route through their respective production vessels. At no point during this operation will the wells production be commingled prior to being metered separately.

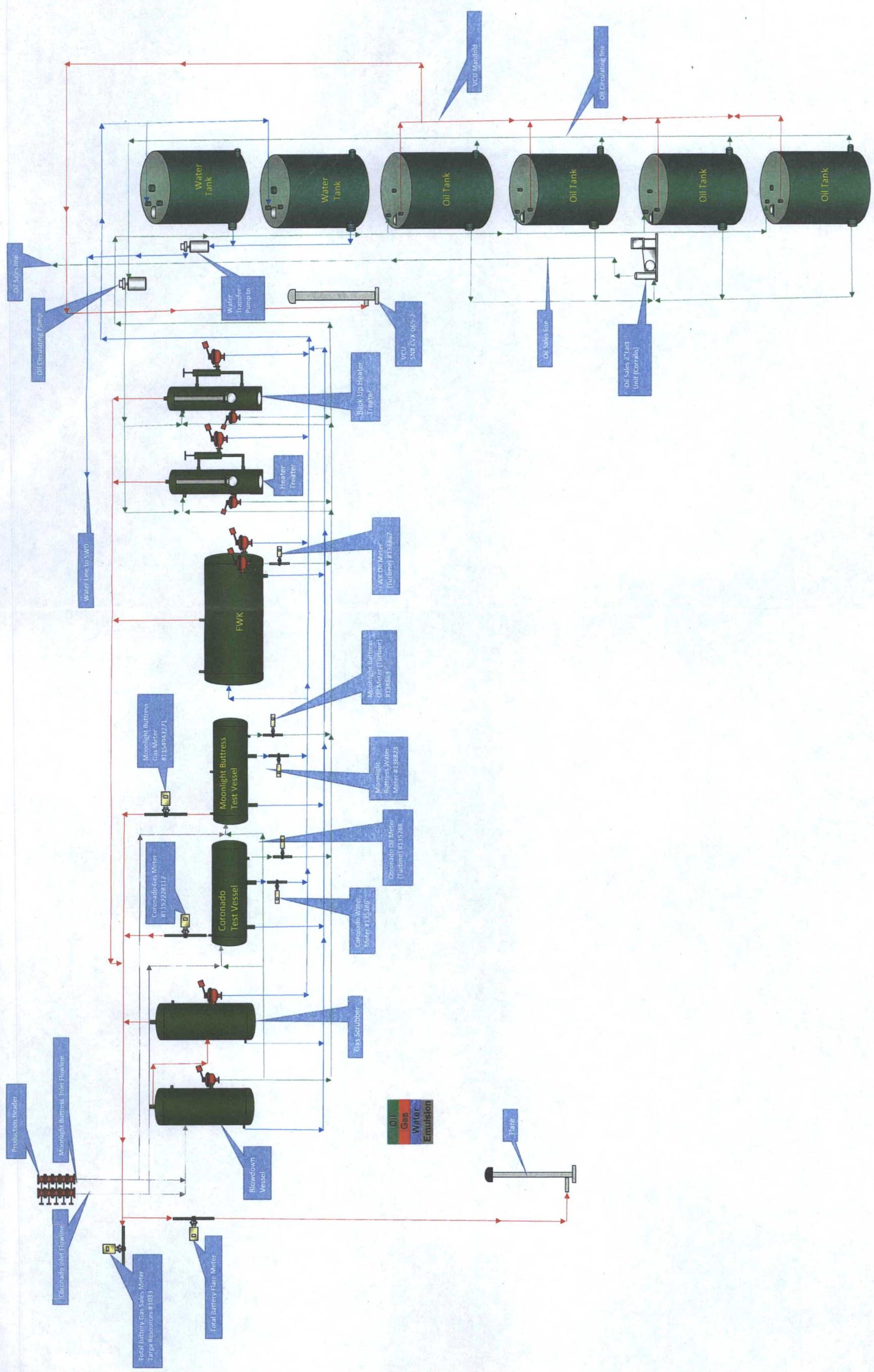
The Coronado 35 Federal Tank Battery has four oil tanks, two water tanks, blow down vessel, gas scrubber, two 3-phase metering horizontal separators (one for each well), two heater treaters (one production and one back-up), one free water knock-out (FWK). See exhibit 1. Both wells will utilize and have a common gas sales meter via Targa Resources delivery point #1033 which is located on the northwest side of the facility at the Coronado 35 Federal Tank Battery. Oil, gas and water volumes from each well producing to this battery will be determined by individual gas allocation meters (Coronado #T152228112 and Moonlight Buttress #T154943271), oil allocation meters (Coronado #135288 and Moonlight Buttress #138863) and water allocation meters at their respective production vessels so that both wells production is being continuously metered. Produced water from the two water tanks will be transferred to Endurance Resources’ disposal facility, located in Section 36; T25S; R35E.

The Moonlight Buttress 26 Federal #1H will flow into the Moonlight Buttress Production Vessel (3-Phase metering horizontal separator) where after separation gas is routed through the Moonlight Buttress Gas Meter (#T154943271) for allocation and onto the Total Battery Gas Sales Meter (Targa #1033), produced water and oil are separated, the oil is metered with Moonlight Buttress Oil Meter (turbine meter #138863) and water is metered using the Moonlight Buttress Water Meter. Upon exiting the 3-phase separator, water will flow into the free water knock-out (FWK). After running through the FWK, any water separated will enter into the water line to the water tanks, oil will run through the oil meter (turbine meter #138867). Oil from the FWK will be allocated on a daily basis based on the proportion method, (oil metered from the FWK turbine meter will be proportionally allocated to each well based on the daily metered water volumes). The oil will flow into an oil production line where it is combined with the other well oil and flows to the production heater treater. Gas production from the heater treater will be allocated on a daily basis based on the subtraction method, (subtract both horizontal 3-phase separators gas from the Targa Gas Meter #1033). The oil from the heater treater will flow to the 500 bbl. oil tanks. The oil from the tanks will enter into the oil gathering line after passing through the Coronado Tank Battery LACT unit (#7002). The water from the Coronado Test Vessel flows to the 500 bbl. produced water tank, along with the water from the other well. Produced water will then be sent to the disposal well located in Section 36.

The Coronado 35 Federal #1H (currently producing) will flow into the Coronado Production Vessel (3-phase metering horizontal separator) where after separation gas is routed through the Coronado Gas Meter (#T152228112) for allocation and onto the Total Battery Gas Sales Meter (Targa #1033), produced water and oil are separated, the oil is metered with Coronado Oil Meter (turbine meter #135288) and water is metered using the Coronado Water Meter. Upon exiting the 3-phase separator, water will flow into the free water knock-out (FWK). After running through the FWK, any water separated will enter into the water line to the water tanks, oil will run through the oil meter (turbine meter #138867). Oil from the FWK will be allocated on a daily basis based on the proportion method, (oil metered from the FWK turbine meter will be proportionally allocated to each well based on the daily metered water volumes). The oil will flow into an oil production line where it is combined with the other well oil and flows into the production heater treater. Gas production from the heater treater will be allocated on a daily basis on the subtraction method, (subtract both horizontal 3-phase separators gas from the Targa Gas Meter #1033). The oil from the heater treater will flow into the 500 bbl. oil tanks. The oil from the tanks will enter into the oil gathering line after passing through the Coronado Tank Battery LACT unit (#7002). The water from the Coronado Test Vessel flows to the 500 bbl. produced water tank, along with the water from the other well. Produced water will then be sent to the disposal well located in Section 36.

Oil production will be allocated on a daily basis based from the Oil Turbine meters on each wells' production vessel. The test meters are Cameron MC-III WP turbine meters (Coronado Oil Meter and Moonlight Buttress Oil Meter). These meters will be proven, as per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter. Gas production will be individually tested through the gas meters on each respective vessel and added up as a reference check against the Total Battery Gas Sales Meter. The gas production from the production equipment and the test gas meters will commingle and flow through Targa Resources #1033 sales meter on the northwest side of the facility. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

Signed: Wesley Randall  
Printed Name: Wesley Randall  
Title: Engineer  
Date: 1/28/2016





# T25S / R35E

22

23

24

27

26

25

34

35

36

NMNM  
112942

Moonlight Buttress 26 Federal #1H Well  
Jabaline ; Delaware ; SW Pool (97597)

NMNM  
112943

Coronado 35 Federal #1H Well  
WC-025 G-08 S2535340 ; BS Pool (97088)

NMNM  
45706

**ENDURANCE RES. LLC.**

 Endurance Leases

EXHIBIT 1



Serial Register Pages from LR 2000

Attached as Exhibit 4 are the serial register pages from LR 2000 for Federal Lease NMNM 112942, Federal Lease NMNM 112943 & Federal Lease NMNM 45706. The three leases make up all of the agreements covering the Moonlight Buttress 26 Federal #1H well and the Coronado 35 Federal #1H well. Each serial register page reflects the royalty rate for each of the above referenced leases to be 12.5%.

Signed:   
Printed Name: WESLEY RANDALL  
Title: ENGINEER  
Date: 1/28/2016

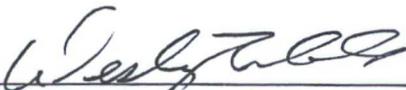
### Interest Owner Notification

All interest owners were notified of the proposed commingling by letter dated January 14, 2016 via certified mail. Attached as Exhibit 5 is a copy of a letter that was sent to the interest owners. Attached as Exhibit 6 is a list of all of the interest owners, their respective address and the certified mailing number for each letter.

Signed:   
Printed Name: WESLEY RANDALL  
Title: ENGINEER  
Date: 1/28/2016

Application and Forms Submitted to the NMOCD

Holland & Hart, on behalf of Endurance Resources LLC, submitted the surface commingling letter to David Catanch of the NMOCD on January 14, 2016. Attached as Exhibit 7 is the Administrative Application Checklist, Form C-107-B, cover letter and the two approved C-102s that were submitted to the NMOCD on January 14, 2016.

Signed:   
Printed Name: WESLEY RANDALL  
Title: ENGINEER  
Date: 1/28/2016

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 08:46 AM

Page 1 of 2

Run Date: 01/13/2016

01 12-22-1987;101STAT1330;30USC181 ET SE  
Case Type 312021: O&G LSE COMP PD -1987  
Commodity 459: OIL & GAS  
Case Disposition: AUTHORIZED

Total Acres 960.000  
Serial Number NMNM-- - 112943

			Serial Number: NMNM-- - 112943	
Name & Address			Int Rel	% Interest
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	OPERATING RIGHTS	0.000000000
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	LESSEE	50.000000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATING RIGHTS	0.000000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	LESSEE	50.000000000
ENDURANCE PROPERTIES INC	15455 DALLAS PKWY STE 1050	ADDISON TX 750016721	OPERATING RIGHTS	0.000000000

							Serial Number: NMNM-- - 112943		
Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency	
23	0250S	0350E	028	ALIQ	NW,SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT	
23	0250S	0350E	033	ALIQ	S2SW,W2SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT	
23	0250S	0350E	035	ALIQ	N2,SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT	

**HOBBS OCD**

FEB 29 2016

						Serial Number: NMNM-- - 112943	
Act Date	Code	Action	Action Remark	Pending Office			
10/19/2004	299	PROTEST FILED					
10/19/2004	387	CASE ESTABLISHED	200410072;				
10/20/2004	143	BONUS BID PAYMENT RECD	\$1920.00;				
10/20/2004	191	SALE HELD					
10/20/2004	267	BID RECEIVED	\$211200.00;				
10/26/2004	143	BONUS BID PAYMENT RECD	\$209280.00;				
12/17/2004	237	LEASE ISSUED					
12/17/2004	298	PROTEST DISMISSED					
12/20/2004	974	AUTOMATED RECORD VERIF	GSB				
01/01/2005	496	FUND CODE	05;145003				
01/01/2005	530	RLTY RATE - 12 1/2%					
01/01/2005	868	EFFECTIVE DATE					
01/27/2005	963	CASE MICROFILMED/SCANNED					
05/02/2005	140	ASGN FILED	DEVON ENE/CHESAPEAK;1				
07/18/2005	139	ASGN APPROVED	06/01/05;				
07/18/2005	974	AUTOMATED RECORD VERIF	MGR;				
06/11/2008	817	MERGER RECOGNIZED	CHESA LLC/CHESA LP				
08/22/2008	817	MERGER RECOGNIZED					
11/27/2012	140	ASGN FILED	CHESAPEAK/CHEVRON U;1				
04/09/2013	139	ASGN APPROVED	EFF 12/01/12;				
04/09/2013	974	AUTOMATED RECORD VERIF	ANN				
10/01/2014	677	SUS OPS OR PROD/PMT REQD	/A/				
10/08/2014	673	SUS OPS/PROD APLN FILED					
10/23/2014	974	AUTOMATED RECORD VERIF	JA				
10/31/2014	932	TRF OPER RGTS FILED	DEVON ENE/ENDURANCE;1				
12/04/2014	933	TRF OPER RGTS APPROVED	EFF 11/01/14;				
12/04/2014	974	AUTOMATED RECORD VERIF	JS				
07/06/2015	932	TRF OPER RGTS FILED	CHEVRON U/ENDURANCE;1				
11/02/2015	933	TRF OPER RGTS APPROVED	EFF 08/01/15;				
11/02/2015	974	AUTOMATED RECORD VERIF	JS				

**RECEIVED**

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

EXHIBIT 4

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 09:55 AM

Page 1 of 2

Run Date: 01/13/2016

01 12-22-1987;101STAT1330;30USC181 ET SE  
Case Type 312021: O&G LSE COMP PD -1987  
Commodity 459: OIL & GAS  
Case Disposition: AUTHORIZED

Total Acres 680.000  
Serial Number NMNM-- - 112942

Name & Address		Serial Number: NMNM-- - 112942	Int Rel	% Interest
ENDURANCE PROPERTIES INC	15455 DALLAS PKWY STE 1050	ADDISON TX 750016721	LESSEE	100.000000000

Serial Number: NMNM-- - 112942								
Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	02505	0350E	021	ALIQ	SESW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	02505	0350E	026	ALIQ	W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	02505	0350E	027	ALIQ	NE,SW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 112942				
Act Date	Code	Action	Action Remark	Pending Office
10/19/2004	299	PROTEST FILED		
10/19/2004	387	CASE ESTABLISHED	200410071;	
10/20/2004	143	BONUS BID PAYMENT RECD	\$1360.00;	
10/20/2004	191	SALE HELD		
10/20/2004	267	BID RECEIVED	\$210800.00;	
11/02/2004	143	BONUS BID PAYMENT RECD	\$209440.00;	
12/17/2004	237	LEASE ISSUED		
12/17/2004	298	PROTEST DISMISSED		
12/20/2004	974	AUTOMATED RECORD VERIF	GSB	
01/01/2005	496	FUND CODE	05;145003	
01/01/2005	530	RLTY RATE - 12 1/2%		
01/01/2005	868	EFFECTIVE DATE		
01/27/2005	963	CASE MICROFILMED/SCANNED		
05/16/2005	140	ASGN FILED	GONZALES/LANDRETH;1	
05/16/2005	140	ASGN FILED	LANDRETH/CHESAPEAK;1	
07/13/2005	139	ASGN APPROVED	02EFF 06/01/05;	
07/13/2005	139	ASGN APPROVED	EFF 06/01/05;	
07/13/2005	974	AUTOMATED RECORD VERIF	MV	
06/11/2008	817	MERGER RECOGNIZED	CHESA LLC/CHESA LP	
08/22/2008	817	MERGER RECOGNIZED		
11/27/2012	140	ASGN FILED	CHESAPEAK/CHEVRON U;1	
04/09/2013	139	ASGN APPROVED	EFF 12/01/12;	
04/09/2013	974	AUTOMATED RECORD VERIF	ANN	
08/01/2014	677	SUS OPS OR PROD/PMT REQD	/A/	
08/18/2014	673	SUS OPS/PROD APLN FILED		
09/04/2014	974	AUTOMATED RECORD VERIF	JA	
12/15/2014	140	ASGN FILED	CHEVRON U/ENDURANCE;1	
12/31/2014	763	EXPIRES		
01/26/2015	139	ASGN APPROVED	EFF 01/01/15;	
01/26/2015	974	AUTOMATED RECORD VERIF	JS	

Serial Number: NMNM-- - 112942	
Line Nr	Remarks
0002	STIPULATIONS ATTACHED TO LEASE:

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**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 09:57 AM

Page 1 of 2

Run Date: 01/13/2016

01 02-25-1920;041STAT0437;30USC226

Total Acres  
1,400.000

Serial Number  
NMNM-- - 045706

Case Type 311111: O&G LSE NONCOMP PUB LAND  
Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 045706

Name & Address			Int Rel	% Interest
BETTIS BROTHERS INC	500 W TEXAS #830	MIDLAND TX 79701	OPERATING RIGHTS	0.000000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATING RIGHTS	0.000000000
ENDURANCE PROPERTIES INC	15455 DALLAS PKWY STE 1050	ADDISON TX 750016721	OPERATING RIGHTS	0.000000000
OCCIDENTAL PERMIAN LP	5 E GREENWAY PLAZA #110	HOUSTON TX 770460521	OPERATING RIGHTS	0.000000000
OCCIDENTAL PERMIAN LP	5 E GREENWAY PLAZA #110	HOUSTON TX 770460521	LESSEE	100.000000000
TRITEX ENERGY A LP	15455 DALLAS PKWY STE 600	ADDISON TX 750016760	OPERATING RIGHTS	0.000000000
WESTALL OIL & GAS LLC	PO BOX 4	LOCO HILLS NM 88255	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- - 045706

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0250S	0350E	001	ALIQ	SWNW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0350E	024	ALIQ	NWSE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0350E	026	ALIQ	NESE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0350E	027	ALIQ	NW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0350E	028	ALIQ	NE,SW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0350E	034	ALL	ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0350E	035	ALIQ	SW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 045706

Act Date	Code	Action	Action Remark	Pending Office
07/01/1971	387	CASE ESTABLISHED		
07/01/1971	496	FUND CODE	05;145003	
07/01/1971	530	RLTY RATE - 12 1/2%		
07/01/1971	868	EFFECTIVE DATE		
03/26/1981	209	CASE CREATED BY SEGR	OUT OF NMNM14007;	
02/07/1983	650	HELD BY PROD - ACTUAL		
02/07/1983	658	MEMO OF 1ST PROD-ACTUAL		
06/29/1983	500	GEOGRAPHIC NAME	UNDEFINED FLD;	
06/29/1983	510	KMA CLASSIFIED		
05/09/1984	909	BOND ACCEPTED	EFF 05/02/84;NM0322	
05/08/1987	963	CASE MICROFILMED/SCANNED	CNUM 560,735 RW	
08/14/1991	932	TRF OPER RGTS FILED	AMOCO PROD/MW PETRO	
10/17/1991	933	TRF OPER RGTS APPROVED	EFF 09/01/91;	
06/18/1992	974	AUTOMATED RECORD VERIF		TF/MV
05/13/1994	932	TRF OPER RGTS FILED	MW/BETTIS	
05/31/1994	932	TRF OPER RGTS FILED	AMOCO/BETTIS BROTHERS	
08/23/1994	933	TRF OPER RGTS APPROVED	2EFF 06/01/94;	
08/23/1994	933	TRF OPER RGTS APPROVED	EFF 06/01/94;	
08/23/1994	974	AUTOMATED RECORD VERIF		JDS
07/25/1996	932	TRF OPER RGTS FILED	BETTIS BROS/WESTALL	
08/22/1996	932	TRF OPER RGTS FILED	BETTIS BROS/WESTALL	
10/23/1996	933	TRF OPER RGTS APPROVED	EFF 08/01/96;	
10/23/1996	974	AUTOMATED RECORD VERIF	MV/MV	
11/01/1996	933	TRF OPER RGTS APPROVED	EFF 09/01/96;	
11/01/1996	974	AUTOMATED RECORD VERIF	MV/MV	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM



**Jordan L. Kessler**  
**Associate**  
Phone (505) 988-4421  
Fax (505) 983-6043  
jlkessler@hollandhart.com

January 14, 2016

**HOBBS OCD**

**FEB 29 2016**

**RECEIVED**

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PARTIES**

**Re: Application Endurance Resources, LLC for administrative approval to surface commingle production from the Jabalina; Delaware; SW Pool (97597) and the WC-025 G-08 S253524O; Bone Spring Pool (97088) from wells located in the W/2 W/2 of Section 26 and the W/2 W/2 of Section 35, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Jason South  
Land Manager  
Endurance Resources, LLC  
(432) 242-4683  
jason@enduranceresourcesllc.com

Sincerely,

Jordan L. Kessler  
**ATTORNEY FOR ENDURANCE RESOURCES LLC**

**EXHIBIT 5**

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

## Certified Mailing List

**Wells and Leases:** Moonlight Buttress 26 Federal #1H Well (NMNM 112942) and the Coronado 35 Federal #1H Well (112943 & 45706)

Respondent Name/Address:

Certified Mailing Number:

Devon Energy Production Company, LP  
330 West Sheridan Ave., Oklahoma City, OK 73102  
Attn: Melissa Miller

7015 1730 0000 3819 4520

Occidental Permian Limited Partnership  
5 Greenway Plaza, Suite 110, Houston, Texas, 77046  
Attn: Joel Johnson

7015 1730 0000 3819 4513

Robert N. Enfield, as Trustee of the  
Robert N. Enfield Revocable Trust dated 3-16-1999  
PO BOX 40909, AUSTIN, TX 78704

7015 0640 0006 1646 5043

Sunshine Co.  
PO BOX 1496, ROSWELL, NM 88202-1496

7015 0640 0007 1135 5522

Bryan Bell Family Limited Partnership No. 1  
1331 THIRD ST, NEW ORLEANS, LA 70130

7015 0640 0007 1135 5560

Howard A. Rubin, Inc.  
623 1/2 CAMINO RANCHEROS, SANTA FE, NM 87505-2837

7015 0640 0007 1135 5539

Nuevo Seis Limited Partnership  
PO BOX 2588, ROSWELL, NM 88202-2588

7015 0640 0007 1135 5553

Robert H. Hannifin and Maxine B. Hannifin, as Trustees  
of the Robert and Maxine Hannifin Trust under Trust Agreement  
dated 3-1-2005  
PO BOX 218, MIDLAND, TX 79702

7015 0640 0006 1646 5036

Morris E. Schertz  
PO DRAWER 2588, ROSWELL NM 88202

7015 0640 0007 1135 5546

Rubie C. Bell Family Limited Partnership No. 1  
1331 THIRD ST, NEW ORLEANS, LA 70130

7015 0640 0007 1135 5577

Bureau of Land Management-Carlsbad  
620 E. Green Street  
Carlsbad, New Mexico 88220

7015 0640 0006 1646 5050

Robert E. Landreth and wife, Donna P. Landreth  
110 W. Louisiana St., Suite 404, Midland, Texas 79701

7015 0640 0007 1135 5584

HOBBS OCD

HOLLAND & HART



Jordan L. Kessler  
Associate  
Phone (505) 988-4421  
Fax (505) 983-6043  
JKessler@hollandhart.com

FEB 29 2016

RECEIVED

January 14, 2016

**VIA HAND DELIVERY:**

David Catanach  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED  
FEB 29 11 20 2016

**Re: Application Endurance Resources, LLC for administrative approval to surface commingle production from the Jabalina; Delaware; SW Pool (97597) and the WC-025 G-08 S2535240; Bone Spring Pool (97088) from wells located in the W/2 of Section 26 and the W/2 of Section 35, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico.**

Dear Mr. Catanach:

Endurance Resources, LLC (OGRID 270329) seeks approval to surface commingle production from the Jabalina; Delaware; SW Pool (97597) and the WC-025 G-08 S2535340; BS Pool (97088) *from existing and future wells* drilled in the following areas of common ownership in Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico:

(a): Federal lease NMNM 112942 covering the W/2 of Section 26. Moonlight Buttress 26 Federal No. 1H (30-025-42969) will be drilled on said lease and will produce from the Jabalina; Delaware; SW Pool (97597).<sup>1</sup>

(b): Federal Leases NMNM 112943 and NMNM 45706 covering the W/2 of Section 35. The Coronado 35 Federal No. 1H (30-025-42376) is located on said lease and is producing from the WC-025 G-08 S2535340; BS Pool (97088).<sup>2</sup>

Under NMAC 19.15.12.7, leases are contiguous geographical areas of identical ownership overlying a pool or portion of a pool for surface commingling purposes. Pursuant to NMAC 19.15.12.10.C, Endurance seeks authority to surface commingle oil and gas production *from existing and future wells* in these separate areas of common ownership at the Moonlight

<sup>1</sup> On November 30, 2015, the Division approved the change of operator for this proposed well from Chevron USA, Inc. to Endurance Resources, LLC. A copy of this sundry is attached to this application as Exhibit 3.

<sup>2</sup> A communitization agreement was submitted to the Bureau of Land Management ("BLM") for this spacing unit on January 4, 2016. The agreement is currently being evaluated by the BLM.

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Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

Buttress 26 Federal Tank Battery located in the NW/4 NW/4 (Unit D) of Section 35. Prior to commingling, oil and gas production from each of these spacing units will be separately metered using an orifice meter for gas, a Coriolis meter for oil, and a Vortex meter for water at this facility.

**Exhibit 1** is a land plat identifying the subject federal leases (NMNM 112943, NMNM 45706, and NMNM 112942), the existing wells on those leases, and the common surface facility to be located in the NW/4 NW/4 (Unit D) of Section 35.

**Exhibit 2** contains the Form C-102s for each of the existing wells in the subject spacing units.

**Exhibit 3** is a sundry form approving the change of operator for the Moonlight Buttress 26 Federal No. 1H (30-025-42969) from Chevron USA, Inc. to Endurance Resources LLC.

**Exhibit 4** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B with attachments.

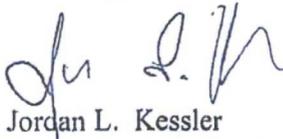
**Exhibit 5** is a plat of the proposed common facility area.

**Exhibit 6** is a diagram of the surface facilities.

**Exhibit 7** is a list of the interests owners affected by this request for approval to surface commingle. A copy of this application with all attachments has been sent by certified mail to all affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives Endurance's application. Since federal lands are involved, pursuant to NMAC 19.15.12.10(C)(4)(h), Endurance is also seeking authority for surface commingling from BLM. The BLM has been provided a courtesy copy of this application and all exhibits.

Your attention to this matter is appreciated.

Sincerely,



Jordan L. Kessler

ATTORNEY FOR ENDURANCE RESOURCES, LLC

cc: Bureau of Land Management-Carlsbad  
620 E. Green Street  
Carlsbad, New Mexico 88220

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR OMBION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jordan L. Kessler  
 Print or Type Name

*Jordan L. Kessler*  
 Signature

Attorney  
 Title

1/14/16  
 Date

jlkessler@hollandhart.com  
 e-mail Address

2016 JAN 14 PM 3:08  
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FEB 29 2016

Form C-107-B

Revised August 1, 2011

RECEIVED

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Endurance Resources LLC  
OPERATOR ADDRESS: 203 West Wall, Suite 1000, Midland, Texas 79701  
APPLICATION TYPE:

Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)  
LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
Jabalina; Delaware SW Pool (97597)	42.5/1370			N/A
WC-025 G-08 52535340-BSPool (97088)	43.2/1722			N/A

(2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify)  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Pool Name and Code.  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

(1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Wesley Randall TITLE: Production Manager DATE: 1/11/2016  
TYPE OR PRINT NAME Wesley RANDALL TELEPHONE NO.: 432-242-4680  
E-MAIL ADDRESS: wesley@enduranceresourcesllc.com



Exhibit A-1

JAN 04 2016

Form C-102

Division I  
1475 K. Pecos Dr. Hobbs, NM 88249  
Phone: (505) 393-6161 Fax: (505) 393-9726  
Division II  
811 S. Pecos St., Artesia, NM 88210  
Phone: (505) 746-1251 Fax: (505) 746-0720  
Division III  
1100 E. 24th Street, Lordsburg, NM 88050  
Phone: (505) 534-6179 Fax: (505) 534-6170  
Division IV  
1220 S. St. Francis Dr. Santa Fe, NM 87505  
Phone: (505) 476-1469 Fax: (505) 476-1462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

HOBBS OCD

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WELL LOCATION AND ACREAGE DEDICATION PLAT

FEB 29 2016

API Number <b>30-025-42969</b>	Pool Code <b>97597</b>	Property Name <b>JABALINA, DELAWARE, SW</b>
Property Code <b>315684</b>	Operator Name <b>MOONLIGHT BUTTRISS 26 FEDERAL</b>	
UGRID No. <b>4323</b>	Elevation <b>3187.6</b>	

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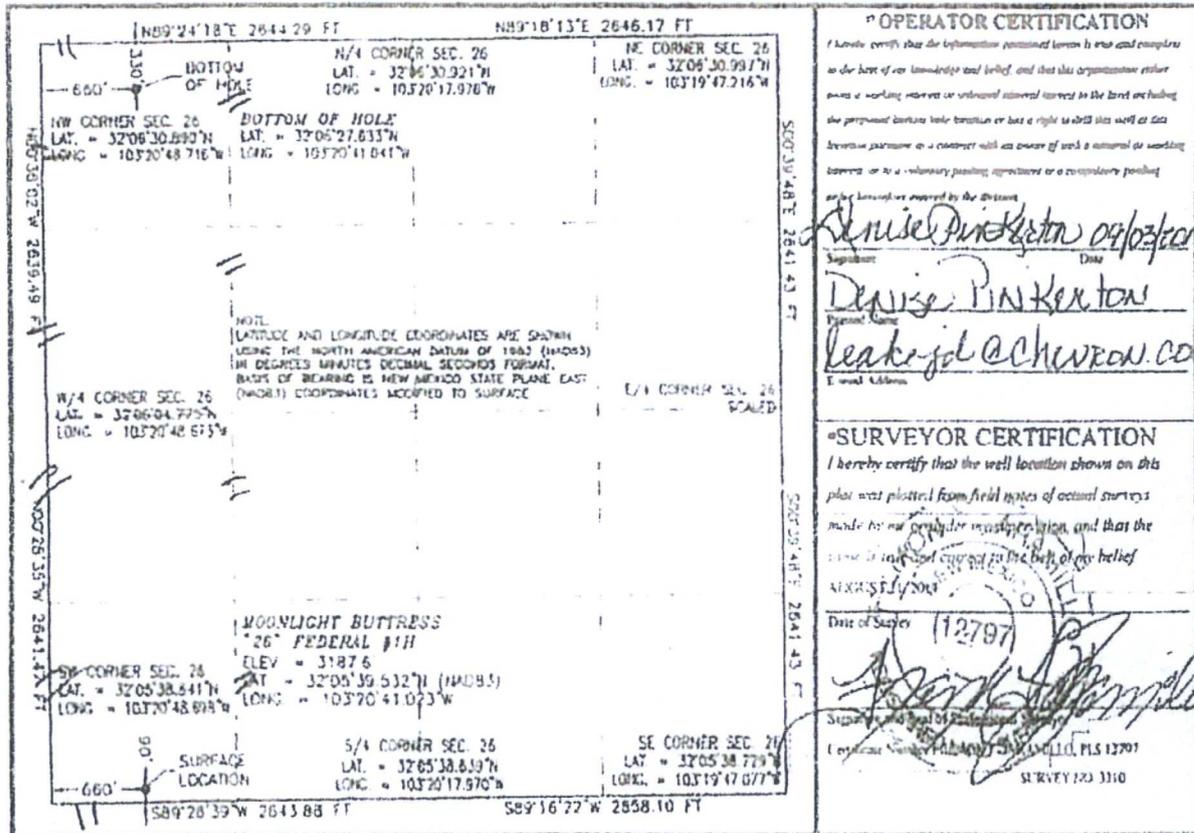
U.I. or lot no.	Section	Township	Range	Last 1/4	Feet from the	North/South line	Feet from the	East/West line	County
<b>M</b>	<b>26</b>	<b>25 S</b>	<b>35 E</b>		<b>90</b>	<b>SOUTH</b>	<b>660</b>	<b>WEST</b>	<b>LEA</b>

Bottom Hole Location if Different From Surface

U.I. or lot no.	Section	Township	Range	Last 1/4	Feet from the	North/South line	Feet from the	East/West line	County
<b>D</b>	<b>26</b>	<b>25 S</b>	<b>35 E</b>		<b>330</b>	<b>NORTH</b>	<b>660</b>	<b>WEST</b>	<b>LEA</b>

Dedicated Acres <b>160</b>	Joint or Infill	Consolidation Code	Order No.
-------------------------------	-----------------	--------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



DEC 01 2015  
JAN 04 2016  
OCD

FEB 29 2016

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Hobbs, NM  
1624 N. Phoenix Dr., Hobbs, NM 88240  
Phone: (505) 393-6141 Fax: (505) 393-0770  
Alamogordo, NM  
211 S. Pine St., Alamogordo, NM 88210  
Phone: (505) 748-1771 Fax: (505) 748-0720  
Roswell, NM  
1000 Old Executive Blvd., Roswell, NM 87418  
Phone: (505) 334-6175 Fax: (505) 334-6170  
Santa Fe, NM  
1220 S. St. Francis Dr., Santa Fe, NM 87503  
Phone: (505) 476-3460 Fax: (505) 476-3463

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form O-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-42575		Pool Code 97088		Pool Name WC025 G08 S2535240 Bone Spring			
Property Code 314826		Property Name CORONADO 35 FEDERAL			Well Number 1H		
OGRID No. 270329		Operator Name ENDURANCE RESOURCES, LLC			Elevation 3186.2		
" Surface Location							
UL or lot no. D	Section 35	Township 25 S	Range 35 E	Lot Ida	Feet from the North/South line 90	Feet from the East/West line 710	County LEA
" Bottom Hole Location If Different From Surface							
UL or lot no. M	Section 35	Township 25 S	Range 35 E	Lot Ida	Feet from the North/South line 262.08	Feet from the East/West line 363.83	County LEA
Dedicated Acres 160	Unit or Infill	Consolidation Code	Order No.				

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

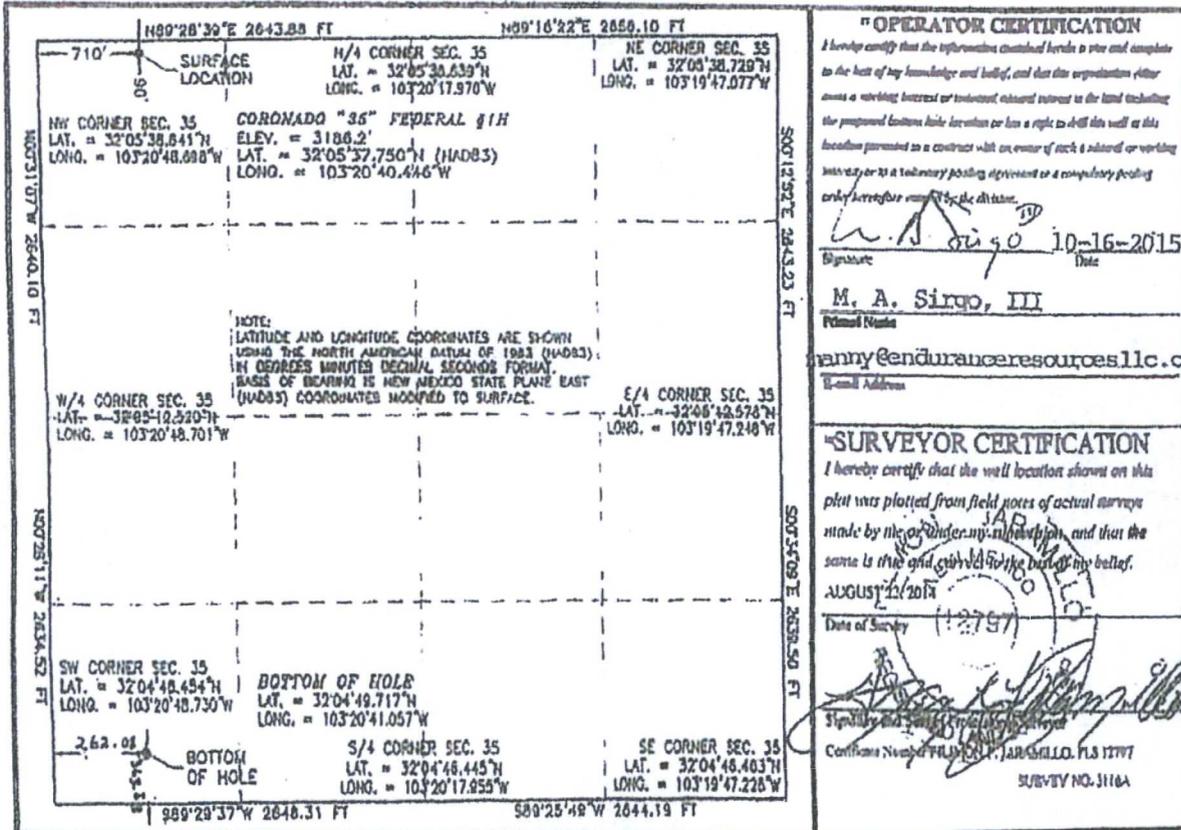
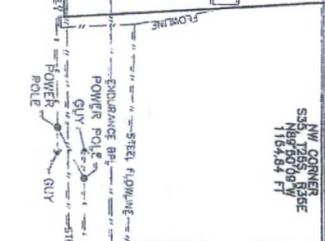
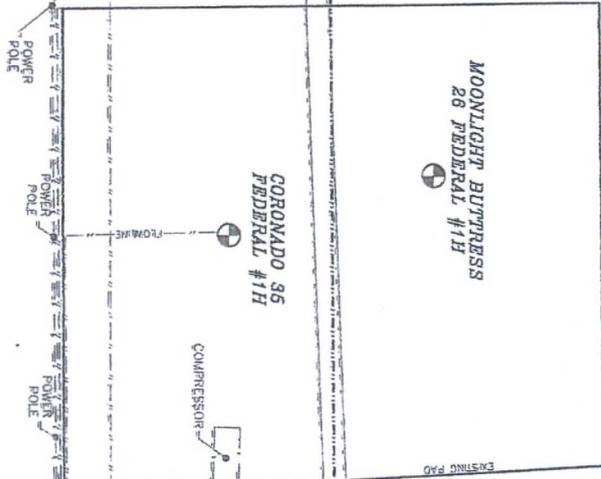


EXHIBIT  
2

DEC 03 2015

MOONLIGHT BUTTRESS  
28 FEDERAL #11

CORONADO 36  
FEDERAL #11



**DESCRIPTION**

A CERTAIN PIECE OR PARCEL OF LAND AND REAL ESTATE LYING IN BUREAU OF LAND MANAGEMENT LAND IN THE NE/4 NW/4 NW/4 & NW/4 NE/4 NW/4 OF SECTION 36, TOWNSHIP 26 SOUTH, RANGE 36 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

BEGINNING AT THE NORTHWEST CORNER OF THE PARCEL, WHENCE THE NORTHWEST CORNER OF SECTION 35, TOWNSHIP 26 SOUTH, RANGE 36 EAST, N.M.P.M. BEGINS N89°50'09"N, A DISTANCE OF 1104.64 FEET;

THENCE N89°27'14"E A DISTANCE OF 378.52 FEET TO THE NORTHWEST CORNER OF THE PARCEL;

THENCE S02°02'43"E A DISTANCE OF 185.08 FEET TO THE SOUTHWEST CORNER OF THE PARCEL;

THENCE N87°13'28"E A DISTANCE OF 387.72 FEET TO THE SOUTHWEST CORNER OF THE PARCEL;

THENCE N01°48'44"E A DISTANCE OF 176.22 FEET TO THE NORTHWEST CORNER OF THE PARCEL, THE POINT OF BEGINNING.

CONTAINING 1.582 ACRES MORE OR LESS.

- GENERAL NOTES**
- 1) THE INTENT OF THIS SURVEY IS AN AS-BUILT SITE PLAN
  - 2) BASE OF BEARING IS NEW MEXICO STATE PLANE EAST ZONE ADAPTED TO THE SURFACE (NAD83)
  - 3) NO CORNERS FOUND OR SET

**DRIVING DIRECTIONS:** FROM STATE HWY. 128 AND OR. #2 (DUTILE AVE) GO SOUTHEAST ON HWY. 128 0.2 MILES, TURN RIGHT ON CALDER ROAD AND GO SOUTHWEST 4.2 MILES, SOUTH 0.7 MILES, TURN LEFT AND GO EAST 2.3 MILES, TURN RIGHT AND GO SOUTH 0.75 MILES, TURN LEFT ON SANDY TRAIL ROAD AND GO EAST 0.5 MILES TO THE WEST EDGE OF PAV. FOR CORONADO 36 FEDERAL #11 & #20, GO EAST 500 TO BATTERY.

MADRON SURVEYING, INC. 201 SOUTH 25th AVE CARLSBAD, NEW MEXICO

**SURVEYOR CERTIFICATE**

I, **FRANCO F. JARAMILLO**, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12707, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, AND THAT THE SURVEY AND PLAN MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD, NEW MEXICO, THIS 27th DAY OF JANUARY 2018.

**FRANCO F. JARAMILLO**  
NEW MEXICO PROFESSIONAL SURVEYOR NO. 12707  
MADRON SURVEYING, INC.  
201 SOUTH 25th AVE  
CARLSBAD, NEW MEXICO 88230  
Phone (505) 234-3341

SHEET: 2-2  
SURVEY NO. 3304

ENDURANCE RESOURCES, LLC  
CORONADO 35  
CENTRAL BATTERY

VERSION	DATE
AS-BUILT	JANUARY 6, 2015

SURVEYORS SEAL

SHEET TITLE

SITE PLAN

**Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**HOBBS OCD**

**FEB 29 2016**

**RECEIVED**

**Moonlight Buttress 26 Federal 1H & Coronado 35 Federal 1H  
3002542969, 3002542575  
Leases: NM112942, NM112943, NM45706 & CA: Pending**

**Endurance Resources LLC**

February 24, 2016

**Condition of Approval**

**Commingling of lease and CA production, variance to use Coriolis meter for oil measurement, and off lease storage, measurement and sales for the Moonlight Buttress 26 Fed 1H**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
11. Variance to Onshore Order #4 oil measurement to use Coriolis meters is approved with this approval.