



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

301 Dinosaur Trail

Santa Fe, New Mexico 87508

<https://www.blm.gov/new-mexico>



In Reply Refer To:

NMNM144071

3105.2 (NM920)

Reference:

Communitization Agreement

Ouray Fed Com #302H,

Section 4: Lot 3, SENW, E2SW;

Section 9: E2W2;

T.24 S., R.35 E., N.M.P.M.

Lea County, NM

Franklin Mountain Energy

44 Cook St. Suite 1000

Denver, CO 80206

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM144071 involving 80.14 acres of Federal land in lease NMNM36001, 80.00 acres of Federal land in lease NMNM008447, 40.00 acres of Federal land in lease NMNM001228, 40.00 acres of Federal land in lease 138886, and 80.00 acres of Federal land in lease NMNM001228-A, Lea County, New Mexico, which comprise a 320.14 acre well spacing unit.

The agreement communitizes all rights to oil and associated natural gas from the Bone Spring formation beneath Lot 3, SENW, E2SW of Sec. 4 and the E2W2 of Sec. 9 of T. 24 S., R. 35 E., NMPM, Lea County, NM, and is effective March 1, 2021. 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 of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Emily Tanner by email at etanner@blm.gov or by phone (505) 954-2158. Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

1 Enclosure:
1 - Communitization Agreement

cc:
ONRR, Denver
NM Taxation & Revenue Dept. (Revenue Processing Div.)
NMOCD
NM (P0220-CFO, File Room)
NMSO (NM925, File)

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. 266(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine and certify that the plan of development and operation contemplated in the attached Communitization Agreement is necessary, advisable, and in the public interest for the purpose of more properly conserving the natural resources.
- B. Approve the attached Communitization Agreement NMNM144071 involving Federal Lease(s) NMNM36001, NMNM008447, NMNM001228, NMNM138886, and NMNM001228-A. This Communitization Agreement is in Sec. 4 and 9, T. 24 S., R. 35 E., NMPM, Lea County, New Mexico, for production of oil and gas producible from the Bone Spring Formation.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said Communitization Agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the Communitization Agreement.

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. In addition, approval of this agreement does not warrant or certify that the State or Patented land descriptions and acreages are consistent with the latest survey for those lands.

This approval is granted subject to the condition that the requirements of Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982 be satisfied for all wells drilled anywhere within the communitized area.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a leases site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells, as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for civil penalties for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.2(e)(2).

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

Effective: March 1, 2021
Contract No.: NMNM144071

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/oed/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 534799

CONDITIONS

Operator: Coterra Energy Operating Co. 6001 Deauville Blvd Midland, TX 79706	OGRID: 215099
	Action Number: 534799
	Action Type: [IM-SD] Well File Support Doc (ENG) (IM-AWF)

CONDITIONS

Created By	Condition	Condition Date
carlos.wilcox	None	12/15/2025