



IN REPLY REFER TO:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

www.blm.gov/nm



IN REPLY REFER TO:

NM135498

3105.2 (P0220)

Reference:

Communitization Agreement

January 26, 2016

Penny Pincher Fed Com 1H

Sec. 21, W2W2

T. 19 S., R. 31 E.

Eddy County, NM

Cimarex Energy Co.

600 N. Marienfeld, Suite 600

Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM135498 involving 80 acres of Federal land in lease NMNM34657, and 80 acres of Federal land in lease NMLC063622, Eddy County, New Mexico, which comprise a 160-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 21, W2W2, T. 19 S., R. 31 E., NMPM, Eddy County, NM, and is effective 08/01/2010. 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.

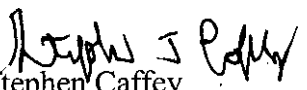
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of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

If you have any questions regarding this approval, please contact Edward Fernandez, Petroleum Engineer at (575) 234-2220.

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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:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

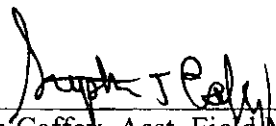
NM (P0220-CFO, File Room)

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 sec. 21, W2W2, T. 19 S., R. 31 E., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) 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:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 08/01/2010

Contract No.: Com. Agr. NM135498



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM135498
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135498

Date of Completion:	08/05/2010
Date of First Production:	08/05/2010
Field:	Hackberry
Operator, Well Name & No, API Number:	Cimarex Energy Co.; Penny Pincher Fed Com 1H; 30-015-37699
Surface Location:	Sec. 21, T. 19 S., R. 31 E.
Bottom Location:	Sec. 21, T. 19 S., R. 31 E.
Total Depth:	13,175 MD; 8,975 TVD
Surface Elevation:	3480 GL
Producing Formation:	Bone Spring
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 240 BBL; 485 MCF; Water 446 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM135498 effective 08/01/2010, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the W2W2 of sec. 21, T. 19 S., R. 31E, NMPM, and comprises 80 acres of Federal land in lease NMNM34657, and 80 acres of Federal land in lease NMLC063622, for a 160-acre well spacing unit. All leases are held by actual production.

If you have any questions regarding this memorandum please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham
01/26/2016

cc:
ONRR-MS 63230B
First Production File
LLNM (P0220, File Room)