



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



IN REPLY REFER TO:

NM135876

3105.2 (P0220)

Reference:

05/31/2016

Communitization Agreement

Cottonberry 20 Fed Com 3H

Section 20: W2E2

T. 25 S., R. 27 E., N.M.P.M.

Eddy County, NM

RECEIVED OGD
2016 JUN - 6 P 3: 29

Cimarex Energy Company
600 N. Marienfeld St., Suite 600
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135876 involving 120 acres of Fee land and 40 acres of Federal land in lease NMNM130854, 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 the W2E2 of Sec. 20, T. 25 S., R. 27 E., NMPM, Eddy County, NM and is effective August 24, 2015. 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.

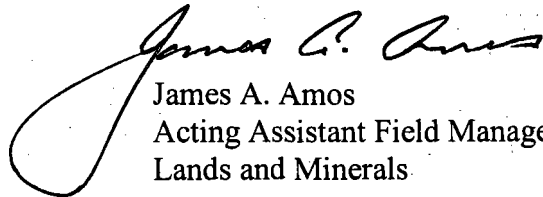
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Edward Fernandez, Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

A handwritten signature in dark ink, appearing to read "James A. Amos". The signature is fluid and cursive, with a large loop at the end of the last name.

James A. Amos
Acting Assistant Field Manager,
Lands and Minerals

1 Enclosure:

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

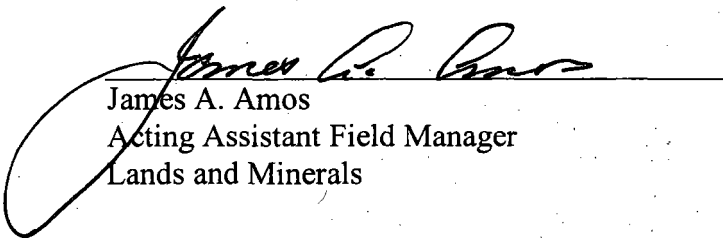
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 the W2E2 of sec. 20, T. 25 S., R. 27 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.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- 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:



James A. Amos
Acting Assistant Field Manager
Lands and Minerals

Effective: August 24, 2015

Contract No.: Com. Agr. NM135876



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BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM135876
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135876

Date of Completion:	02/03/2016
Date of First Production:	02/03/2016
Field:	WC 015 S252715A
Operator, Well Name & No, API Number:	Cimarex Energy Co.; Cottonberry 20 Fed Com 3H; 30-015-43454
Surface Location:	sec. 17, SWSE, T.25 S., R.27 E.
Bottom Location:	sec. 20, SWSE, T.25 S., R.27 E.
Total Depth:	12,324 MD; 7,471 TVD
Surface Elevation:	3,135 GL
Producing Formation:	Bone Spring (7,685 – 12,295)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 178 BBL; Gas 559 MCF; Water 1339 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM135876, effective 08/24/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 20, W2E2, T. 25 S., R. 27 E., NMPM, and comprises 120 acres of Fee land and 40 acres of Federal land in lease NM130854, for a 160-acre well spacing unit, whose leases are held by actual production. Per wellbore perms, surface location is not within com boundary.

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

/S/ Deborah Ham
05/31/2016

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