



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



In Reply Refer To:
NMNM136729
3105 (NMF0110)

2011 FEB -8 P 2:19

February 6, 2017

N M & O Operating Company
320 South Boston Ave., Suite 2000
Tulsa, OK 74103

Dear Sir or Madam:

Enclosed is an approved Communitization Agreement (CA) NMNM136729, involving 80.00 acres in a Fee lease, 40.00 acres of Federal minerals in lease NMNM01385, 80.00 acres in lease NMSF081296, 40.00 acres in lease NMNM43760, and 80.00 acres in lease NMSF079333 in Rio Arriba County, New Mexico. This acreage comprises a 320.00 acre Mesaverde spacing unit for Hawk Federal #3.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Mesaverde formation in the S/2 of Section 35, T.25 N., R.2 W., NMPM and is effective December 27, 2003. You are requested to furnish all interested principals with appropriate evidence of this approval.

The Farmington Field Office has adopted a streamlined CA procedure that will reduce delays involving the production of wells that involve communization of Federal lands. By minimizing delays, the payment of royalties will not be delayed and economic hardship will be eliminated. Upon the BLM issuing the CRS number to the operator, this will include an order to obtain the required signatures of approval within 120 calendar days. Failure to respond with either signatures or a justification for a time extension in this period will be considered an incident of non-compliance.

CA NMNM136729 as assigned above must be posted on the well and facility signs for the Hawk Federal #3. The sign shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township, range, county and state (43 CFR 3162.6)

Pursuant to the terms and conditions of the approved CA and 43 CFR 3162.4 Well Records and Reports, you are required to file your well completion report within 30 days of the well' completion. Within five (5) days of commencement of production, you are also required to file a

notice of production startup. Penalties for non-compliance with such requirements are applicable to all well and facilities on State or privately owned mineral lands committed to a unit or CA, which affects Federal or Indian interests, notwithstanding any provision of the unit or CA to the contrary.

Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources Revenue (ONRR). The submission of form MMS-4054, Oil and Gas Operations Report (OGOR), must begin once drilling is completed. OGORs must be submitted to ONRR by the 15th day of the second month following the production month. Royalty payments, along with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold.

If the communitized well are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

If you have any questions concerning reporting, locate your company contact at <http://www.onrr.gov/ReportPay/PDFDocs/operasgn.pdf>. Questions concerning Form 2014, call 1-800-525-9167 and Oil and Gas Operations Reports, call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact Virginia Barber at vbarber@blm.gov or telephone (505) 564-7754.

Sincerely,



Dave Mankiewicz
Assistant Field Manager, Minerals

Enclosure 1 - Approved Communitization Agreement

cc: ONRR, MS-357 B1, Denver, CO

NMOCD, Santa Fe (w/o encl.)

NM Tax & Rev. Dept

NMSO (93000) (w/o encl.)

bcc: CA file (NMNM-136729)

Lease File (NMNM01385, NMNM43760, NMSF081296 & NMSF079333)

LR2000/AFMSS/21110: vbarber/CA/NM&O/02-06-17