



30-025-43554
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:
NM137147
3105.2 (P0220)

Reference:
Communitization Agreement
West Grama Ridge 8-5 Fed Com 2H
Section 5: E2W2
Section 8: E2W2
T. 22 S., R. 34 E., N.M.P.M.
Lea County, NM

06/20/2017

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM137147 involving 160.60 acres of Federal land in lease NMNM129268 and 160 acres of State land, Lea County, New Mexico, which comprise a 320.60 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec.5, E2W2 and Sec. 8, E2W2, T. 22 S., R. 34 E., NMPM, Lea County, NM and is effective 12/13/2016. 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.

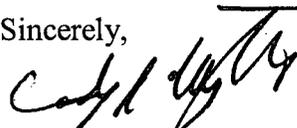
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of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

If you have any questions regarding this approval, please contact Chris Walls, Petroleum Engineer at (575) 234-2234 or Deborah Ham at (575) 234-5965.

2017 JUN 26 P 1:50
COMMUNITIZATION

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

Sincerely,

A handwritten signature in black ink, appearing to read "Cody R. Layton", written over a horizontal line.

Cody R. Layton
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 sec. 5, E2W2 and sec. 8, E2W2, T. 22 S., R. 34 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: 06/20/2017



Cody R. Layton
Acting Assistant Field Manager
Lands and Minerals

Effective: 12/13/2016

Contract No.: Com. Agr. NM137147



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM137147
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137147

Date of Completion:	04/13/2017
Date of First Production:	04/19/2017
Field:	Grama Ridge
Operator, Well Name & No, API Number:	Cimarex Energy Co.; West Grama Ridge 8-5 Fed Com 2H; 30-025-43554
Surface Location:	sec. 8, SESW, T.22 S., R.34 E.
Bottom Location:	sec. 5, Lot 3, T.22 S., R.34 E.
Total Depth:	20,343 MD; 10,813 TVD
Surface Elevation:	3,531 GL
Producing Formation:	Bone Spring (10,310 – 20,305)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 713 BBL; Gas 699 MCF; Water 1699 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM137147, effective 12/13/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 5, E2W2 and sec. 8, E2W2, T. 22 S., R. 34 E., NMPM, and comprises 160.60 acres of Federal land in lease NMNM129267 and 160 acres of State land for a 320.60 acre well spacing unit, whose 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

06/20/2017

cc:

ONRR-MS 63230B

First Production File

LLNM (P0220, File Room)