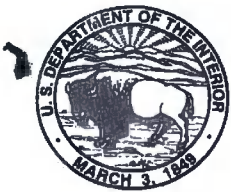


30 025 42268



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

MAY 10 2018 PM01:42

IN REPLY REFER TO:

NM138206

3105.2 (P0220)

Reference:

04/23/2018

Communitization Agreement

Lea 7 Fed Com 1H

Section 7: Lots 1-4

T. 20 S., R. 35 E., N.M.P.M.

Lea County, NM

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM138206 involving 79.67 acres of Fee land and 79.73 acres of Federal land in lease NMNM128835, Lea County, New Mexico, which comprise a 159.40 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec.7, W2W2, T. 20 S., R. 35 E., NMPM, Lea County, NM and is effective 02/01/2015. 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.

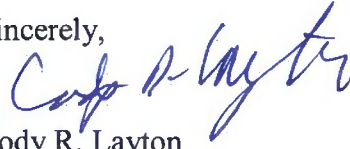
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Chris Walls, Petroleum Engineer at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,



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

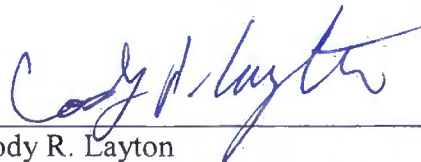
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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. 7, W2W2, T. 20 S., R. 35 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: 04/23/2018



Cody R. Layton
Acting Assistant Field Manager
Lands and Minerals

Effective: 02/01/2015

Contract No.: Com. Agr. NM138206



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
NM138206
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM138206

Date of Completion:	02/09/2015
Date of First Production:	02/17/2015
Field:	WC-025 G-08 S203506D
Operator, Well Name & No, API Number:	Cimarex Energy Co.; Lea 7 Fed Com 1H; 30-025-42268
Surface Location:	sec. 7, Lot 4, T.20 S., R.35 E.
Bottom Location:	sec. 7, Lot 1, T.20 S., R.35 E.
Total Depth:	15,433 MD; 11,064 TVD
Surface Elevation:	3,672 GL
Producing Formation:	Bone Spring (11,160 – 15,323)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 674 BBL; Gas 584 MCF; Water 118 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM138206, effective 02/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 7, W2W2, T. 20 S., R. 35 E., NMPM, and comprises 79.67 acres of Fee land and 79.73 acres of Federal land in lease NMNM128835 for a 159.40 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**
04/23/2018

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