



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



In Reply Refer To:
3105 (NMF0110)

NMNM-138042 (CA)

MAR 07 2018 PM 03:14

R-107

March 5, 2018

BP America Production Co.
Attn: Craig T. Ferguson
737 N. Eldridge Parkway
E3, 12.173B
Houston, TX 77079

Dear Mr. Ferguson:

Enclosed is one approved Communitization Agreement (CA) NMNM-138042, involving 280.00 acres of minerals in Fee lease, 360.00 acres of Federal minerals in lease NMNM-03358, and 320.00 acres of Federal minerals in lease NMSF-078988 located in San Juan County, New Mexico. This acreage comprises 960.00 acres, more or less in the Mancos spacing unit for the Northwest Blanco Unit 605 Com #1H well.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Mancos formation in the S/2 of Section 11, T.31 N., R.7 W., S/2 of Section 12, T.31 N., R.7 W., and S/2 of Section 7, T.31 N., R.6 W., NMPM, and is effective March 5, 2018. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM-138042 as assigned above, must be posted on the well and facility signs for the Northwest Blanco Unit 605 Com #1H well. The sign shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township and 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 wells' 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 wells 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(s) 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,



Richard A. Fields
Farmington Field Office Manager


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-138042)
Lease File (NMNM03358 & NMSF078988)
LR2000/AFMSS/21110: vbarber/CA/BPAmerica/03-05-18

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.
- B. Approve the attached communitization agreement covering:
S/2 Section 11, T.31 N., R.7 W., S/2 Section 12, T.31 N., R.7W.,
S/2 Section 7, T.31 N., R.6 W., San Juan County, New Mexico, as
to natural gas and associated liquid hydrocarbons producible from
the Basin Mancos formation. This approval will become invalid *ab initio* by the Authorized Officer should then public interest
requirements under Section 3105.2-3(e) not be 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.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: March 5, 2018


Richard A. Fields
Farmingotn Field Office Manager

Effective: March 5, 2018

Contract No.: Com. Agr. NMNM 138042

COPY

Assigned No. NMNM138042Effective Date: 03/05/18**UNIT COMMUNITIZATION AGREEMENT**

Unit Name	Unit Operator				
<i>Northeast Blanco Unit</i>	<i>BP America Production Company</i>				
Well Name / Number	DED	SEC	TWN	RNG	FORM
<i>Northeast Blanco Unit 605 Com 1H API #30-045-35851</i>	<i>S/2</i>	<i>11</i>	<i>31N</i>	<i>07W</i>	<i>Mancos Gas</i>
	<i>S/2</i>	<i>12</i>	<i>31N</i>	<i>07W</i>	<i>Mancos Gas</i>
	<i>S/2</i>	<i>7</i>	<i>31N</i>	<i>06W</i>	<i>Mancos Gas</i>
Number of Acres Dedicated	<i>960.00</i>	<i>San Juan</i>		County	<i>NM</i>

The Lands described below are committed to the referenced Unit Agreement under tract assignments. The Unit Agreement divides the Area into specified drilling blocks.

The referenced Unit Agreement provides for purposes of settlement, among royalty interest owners, that all production from a well be allocated to the drilling block on which the well is located so long as such lands are not included in a participating area. To satisfy Federal Regulations, production and royalties will be reported under the number assigned above.

Whereas, the referenced well currently has not yet been determined for inclusion into the participating area or has been deemed non-commercial for unit purposes.

This agreement shall remain in force and effect for a period of two years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities, and subject lands are not included in a participating area.

Now therefore, for purposes of royalty settlement, the Operator affirms that production from the subject well should be allocated as stated below:

Lease Type	Serial #	Unit Tr. #	Acres	Description	% Allocation
<i>Fee</i>	<i>N/A</i>	<i>1</i>	<i>280.0</i>	<i>SESW, SE Sec 11, W2SW Sec 12</i>	<i>29.17%</i>
<i>Federal</i>	<i>NMNM-03358</i>	<i>2</i>	<i>360.0</i>	<i>N2SW/4, SWSW Sec 11, E2SW, SE Sec 12</i>	<i>37.50%</i>
<i>Federal</i>	<i>NMSF-078988</i>	<i>3</i>	<i>320.0</i>	<i>S2 Sec 7</i>	<i>33.33%</i>
Total			<i>960.0</i>		<i>100.00%</i>

(SEE ATTACHED EXHIBIT "A" FOR AFFECTED AREAS)

Submitted this _____ day of _____, 2018

BUREAU OF LAND MANAGEMENT
APPROVED

By: Debra Bacon
Debra Bacon
Land Manager, West Business Unit
BP America Production Company

By: /s/ Richard A. Fields
Date: 03/05/18

