



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
www.blm.gov/new-mexico



In Reply Refer To:

3105 (NM925)
NMNM 140656

Reference:
Communitization Agreement
Hampton #1
Section 13: Lot 3, S2NW, NWNW.
T. 30 N., R. 11 W., N.M.P.M.
San Juan County, NM

SEP 25 2019

[30-045-09533](tel:30-045-09533) HAMPTON #001

Hilcorp San Juan LP
1111 Travis Street
Houston, TX 77002

To Whom It May Concern:

Communitization Agreement NMNM 73381 was approved 03/30/1956, effective 07/12/1955 and was terminated effective 01/07/1995 due to cessation of production. Production was restored to the well shortly after NMNM 73381 was terminated, but no replacement CA was established. The following replaces NMNM 73381 for any production from 01/07/1995 to present.

Enclosed is one approved Communitization Agreement (CA) NMNM 140656, involving 39.26 acres of Federal minerals in lease NMSF 078144, and 120 acres of Fee minerals located in San Juan County, New Mexico. This acreage comprises 159.26 acre spacing unit.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Pictured Cliffs formation beneath the Lot 3, S2NW, NWNW, of Section 13, T.30 N., R.11 W., NMPM, and is effective January 7, 1995. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM 140656 as assigned above, must be posted on the well and facility signs for the Hampton #1 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

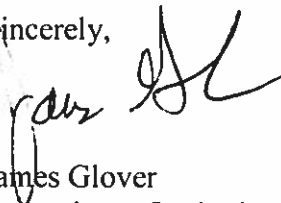
to all wells and facilities on State or privately owned mineral lands committed to a unit or CA, which affects Federal or Indian interests, notwithstanding any provision of the unit or CA to the contrary. Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources 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 Margie Dupre at either mdupre@blm.gov or 505 954-2142.

Sincerely,



James Glover
Supervisory Geologist
Branch of Reservoir Management
Division of Minerals

Enclosure 1 - Approved Communitization Agreement

cc: ONRR, MS-357 B1, Denver, CO
NMOCD, Santa Fe (w/o encl.)
NM Tax & Rev. Dept
NMSO (92000)
NM925 - CA File
State Land Office

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:

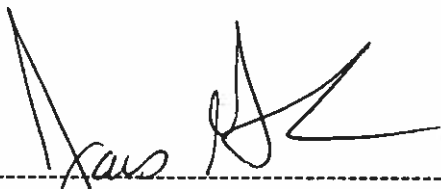
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 Lots 1,2, S2NE, SE of sec. 5, T. 29 N., R. 5 W., NMPM, as to all producible hydrocarbons from the Pictured Cliffs 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), Farmington 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: **SEP 25 2019**



 James Glover
 Supervisory Geologist
 Branch of Reservoir Management
 Division of Minerals

Effective: January 7, 1995

Contract No: Com. Agr. NMNM 140656