



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:

30-039-29554, SAN JUAN 29 5 UNIT #065F

3105 (NM925)
NMNM 140535

Reference:
Communitization Agreement
San Juan 29-5 Unit #65F
Section 28: W2.
T. 29 N., R. 5 W., N.M.P.M.
Rio Arriba County, NM

SEP - 6 2019

Hilcorp San Juan LP
1111 Travis Street
Houston, TX 77002

To Whom It May Concern:

Enclosed is one approved Communitization Agreement (CA) NMNM 140535, involving 200 acres of Federal minerals in lease NMNM 03188, and 120 acres of Fee land located in Rio Arriba County, New Mexico. This acreage comprises 320 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 W2 of Section 28, T.29 N., R.5 W., NMPM, and is effective August 1, 2018. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM 140535 as assigned above, must be posted on the well and facility signs for the San Juan 29-5 Unit #65F 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

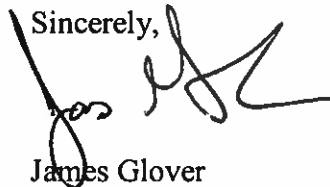
to ONNR by the 15th day of the second month following the production month. Royalty payments, along with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold.

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
NM STATE LAND OFFICE

Determination – Approval – Certification

Pursuant to the authority nested 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.

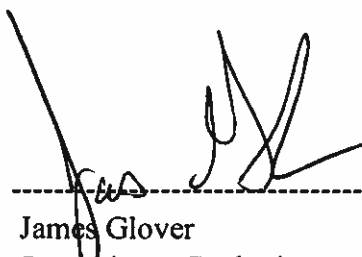
- B. Approve the attached Communitization Agreement covering the W2 of sec. 28, T. 29 N., R. 5 W., NMPM, as to all producible hydrocarbons from the Pictured Cliffs formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

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 - 6 2019



James Glover
Supervisory Geologist
Branch of Reservoir Management
Division of Minerals

Effective: August 1, 2018

Contract No: Com. Agr. NMNM 140535

RECEIVED

AUG 23 2019

ASSIGNED NO. NMNM 140535EFFECTIVE DATE: 8/1/2018

BLM, NMSO

SANTA FE

UNIT COMMUNITIZATION AGREEMENT

Unit Name:	Unit Operator:				
San Juan 29-5 Unit	Hilcorp San Juan L.P.				
Well Name/Number:	DED	SEC	TWN	RNG	FORM
San Juan 29-5 Unit 065F	W/2	28	29N	5W	Pictured Cliffs
Number of Acres Dedicated:	320.00	Rio Arriba		County,	New Mexico

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 noncommercial 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
Federal	NMNM 03188	28	200.00	See Exhibit A	62.500000%
Fee	Estate of Oralía Casaus	28	120.00	See Exhibit A	37.500000%
Total			320.00		100.000000%

(SEE ATTACHED EXHIBIT 'A' FOR AFFECTED LEASES)

Submitted this _____ day of _____, 20____

By: _____

Name: Curris D. Smith

Title: Sr. Vice President - land

BUREAU OF LAND MANAGEMENT

APPROVED

By: _____

Date: _____

EXHIBIT "A"

Plat of communitized area covering **320.00** acres in **W/2 Section 28, Township 29 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico.**

San Juan 29-5 Unit #065F – API No. 30-039-29554

