



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



IN REPLY REFER TO:
NMNM 133450 (CA)
3105 (NMF0110)

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2014 OCT 28 P 2: 56

October 14, 2014

Burlington Resources Oil and Gas Company, LP
Attn: Valerie Wells
3401 E 30th Street
Farmington, NM 87499-4289

30-045-08943

Dear Ms. Wells:

Enclosed is one approved Communitization Agreements (CA) NMNM 133450, involving 198.43 acres more or less of Federal minerals in lease NMSF 080469, 78.40 acres of Federal minerals more or less in lease NMSF 079962 and 40.00 acres more or less of Federal minerals in lease NMNM 04601B located in San Juan County, New Mexico. This acreage comprises 316.86 acres, more or less in the Fruitland Coal spacing unit for the Payne No 2 well.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Fruitland Coal formation in Lots 6-12, NESE (S2) of Section 35, T. 30 N., R 11W. NMPM, and is effective February 19, 1995. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM133450 as assigned above, must be posted on the well and facility signs for the Payne No 2 well. The signs 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 on Form 2014s, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/coassign.pdf> or call 1-800-525-9167.

If you have questions concerning reporting on Oil and Gas Operations Reports, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/operasgn.pdf> or call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact me at the above address or telephone (505) 564-7741.

Sincerely,



Cynthia Marquez
Land Law Examiner
Petroleum Management Branch

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.)