



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
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Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



NM72332
3105.2 (P0220)

NOV 07 2014

Lynx Petro Consultants, Inc.
Box 1708
Hobbs, NM 88241-1708

Gentlemen:

Communitization Agreement NM72332 was approved August 25, 1983, effective June 1, 1981. This agreement communitized the S2 of sec. 13, T. 19 S., R. 31 E., NMPM, Eddy County, New Mexico, involving 80 acres of Federal land in lease NM09003, 40 acres of land in lease NM0309377A, 40 acres of land in lease NM0309377, and 160 acres of land in lease NM05470C, comprising a 320 acre well spacing unit as to natural gas and associated liquid hydrocarbons producible from the Morrow formation.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the subject well, HJ Fed 1, in the above-described communitized spacing unit, CA NM72332 (3001523781), located on Federal land in the S2 of sec. 13, T. 19 S., R. 31 E., produced from the Morrow formation. The Morrow formation last produced January 1, 2009.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA NM72332 is considered to have expired by its own terms as of January 31, 2009, the last day of the month during which the Morrow formation last produced. Leases NM09003, NM0309377A, NM0309377, and NM05470C, are eligible for a two year extension ending January 31, 2011, pursuant to 43 CFR 3107.4 as a result of the termination of the subject agreement. However leases NM05470C, NM0309377A, and NM09003 are held by production. Lease NM 0309377 is not held by production and should be terminated.

If you have any questions regarding this termination, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve T Caffey", written in a cursive style.

Steve Caffey
Assistant Field Manager,
Lands and Minerals

cc:

ONRR, Denver
New Mexico Taxation and Revenue Department, Revenue Processing Division,
NM 9200
NM P0220, File Room