



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm

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TAKE PRIDE IN AMERICA

2015 JUN 23 P 3:30

IN REPLY REFER TO:
NM134664
3105.2 (P0220)

Reference:
Madera 25 Fed Com 2H 6/18/15
Communitization agreement
Section 25: W2 E2
Section 36: NWNE
And Lot 2
Township 26 South, Range 34 E, N.M.P.M.
Lea County, NM

RMR
2515 McKinney Ane., #900
Dallas, TX 75201

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134664 involving 160 acres of Federal land in lease NM65441, and 74.75 acres of Fee land, Lea County, New Mexico, which comprise a 234.75 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Delaware formation beneath the W2E2 of sec.25, and Lot 2 and the NWNE of sec. 36, T. 26 S., R. 34 E., NMPM, Lea County, NM, and is effective 7/1/2013. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

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

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,



Steve Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NM State Land Comm. (Only CA with "State" acreage)

Determination - Approval - Certification

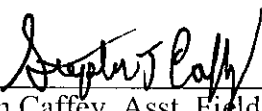
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 W2E2 of sec.25, and Lot 2 and the NWN of sec. 36, T. 26 S., R. 34 E., NMPM, as to all producible hydrocarbons from the Delaware formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (e) 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), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement. Operator will be required to obtain like approval from the BLM on these sundries to confirm that the public interest requirements are 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.

Approved:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 7/1/2013

Contract No.: Com. Agr. NM134664



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM134664
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134664

Date of Completion: 1/3/15
Date of First Production: 1/3/15
Field: Brushy Canyon D
Operator, Well Name & No, API Number: RMR; Madera 25 Fed Com 2H; 3002540633
Surface Location: sec. 25, T.26 S., R. 34 E.
Total Depth: 15,827 MD; 9,050' TVD
Surface Elevation: 3,198 GL
Producing Formation: Brushy Canyon D (8,926 – 15,827)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 238 BBL; Gas 226 MCF; Water 1,500 BBL
Current Status: Producing Oil Well
Remarks: CA NM134664, effective 7/1/13, communitizes production of all gas and fluid hydrocarbons in the Delaware formation beneath the W2E2 of sec. 25, and Lot 2 and the NWNE of section 36, T. 26 S., R. 34 E., NMPM, Lea County, and comprises 160 acres of Federal land in lease NM65441, and 74.75 acres of Fee land for a 234.75 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Arthur Morrison at ajmorrison@blm.gov.

/S/ Arthur Morrison
6/18/2015

cc:
ONRR-MS 63230B
First Production File
LLNM (P0220, File Room)