



United States Department of the Interior
FEDERAL INDIAN MINERALS OFFICE
BIA-ONRR-BLM
6251 College Boulevard, Suite B
Farmington, New Mexico 87402



IN REPLY REFER TO:
CA NMNM133815


December 19, 2014

(No API)

APPROVAL-CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Allotted Land Leasing Act of March 3, 1909, 35 Stat. 783, 25 U.S. C. 396, as to Allotted Indian lands and delegated to the Director, Federal Indian Minerals Office, we do hereby:

- A. Approve the attached Communitization Agreement covering the
- B. E/2 of Section 25 Township 21 North, Range 7 West, N.M.P. M., Sandoval County, New Mexico, as to oil and associated gas, gas and associated liquids hydrocarbons, hereinafter, referred to as "communitized substances," producible from only the Basin Fruitland Coal Formation.
- C. Certify and determine that the Allotted Indian land leases, as to the lands committed to the attached Communitization 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 best interest of the Indian landowners.
- D. Certify and determine that the drilling, producing, rental and royalty requirements of the Indian leases committed to said Communitization Agreement is hereby established, altered, changed, or revoked to conform with the terms and conditions of this Agreement.


Johnna Oberly, Director
Federal Indian Minerals Office

Effective Date:
December 19, 2014

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December 19, 2014

IN REPLY REFER TO:
NMNM 133815 (CA)
3105 (NMF0110)

Pintado Oil & Gas LLC
Attn: Ms. Gravatt
100 Waugh Drive, Suite 400
Houston, TX 77007

Dear Ms. Gravatt:

Enclosed is one approved Communitization Agreements (CA) NMNM 133815, involving 160.00 of Navajo Allotted minerals in lease N0-G-1001-1767 and 160.00 of Navajo Allotted minerals in lease N0-G-1001-1768, located in Sandoval County, New Mexico. This acreage comprises 320.00 acres more or less in the Basin Fruitland Coal spacing unit for the Navajo 21-7-25 No 4 well.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from only the Basin Fruitland Coal formation in the E½ of Section 25, T. 21 N., R. 7 W. NMPM, and is effective December 19, 2014. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM133815 as assigned above, must be posted on the well and facility signs for the Navajo 21-7-25 No 4 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 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.

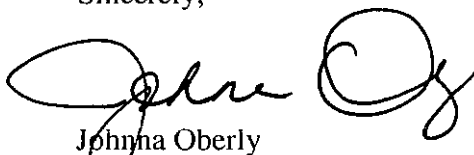
If the communitized well(s) are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (Sec 30 CFR 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 Realty Specialist the above address or telephone (505) 564-7640.

Sincerely,


Johnna Oberly
Director, FIMO

Enclosure 1 - Approved Communitization Agreement
cc: BLM, Farmington District Office
ONRR Royalty Mgmt. Prog., Box 25165 MS 357B1, Denver, Co 80225-5165
NM Tax & Rev. Dept.
Lease File
FIMO (ONRR/BIA) Chrono file