

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:
NMNM136273 (CA)
3105 (NMF0110)

September 15, 2016

XTO Energy, Inc.
Attn: Debra Churchill
810 Houston Street
Fort Worth, TX 76102-6298

30-045-31059

RECEIVED 000
2016 SEP 22 P 2 13

Dear Ms. Churchill:

Enclosed is one approved Communitization Agreement (CA) NMNM136273, involving 80.00 acres of Federal minerals in lease NMNM 0468128 and 240.00 acres of Fee minerals in San Juan County, New Mexico. This acreage comprises of a 320.00 acre Basin Fruitland Coal spacing unit (R-11814 & R-11814-A) for the F-RPC-21 No. 2 well.

The agreement communitizes all rights as to crude oil and associated natural gas producible from the Basin Fruitland Coal formation in the W2 of Section 21, T. 29 N., R. 13 W. NMPM, and is effective October 1, 2002 and approved September 15, 2016. You are requested to furnish all interested principals with appropriate evidence of this approval.

Richardson Operating Company had made reasonable attempts to obtain the Working Interest Owners signatures with some success. Upon receipt of any additional joinders signatures, please submit to the Bureau of Land Management, Farmington Field Office, Farmington, New Mexico. The BLM is in receipt of the Certified Mail Receipt showing Richardson Operating Company had sent a certified letter to Paramount Petro Corporation. Federal lease NMNM0468128 reveal Richardson Operating Company, (now XTO Energy, Inc.) has only operating rights and Paramount Petro Corp. is listed as Lessee and holder of operating rights. XTO Energy, Inc. has operated this Fee well since May 1, 2007.

CA number NMNM136273 as assigned above, must be posted on the well and facility signs for the F-RPC 21 No. 2 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 well 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 well 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.

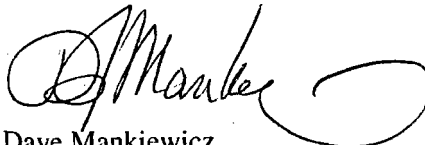
If the communitized well are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

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 Cynthia Marquez by email cmarquez@blm.gov, at the above address above or telephone (505) 564-7741.

Sincerely,



Dave Mankiewicz
Assistant Field Manager, Mineral

Distribution:

1 - Approved Communitization Agreement
ONRR, MS-357 B1, Denver, CO-1
NMOC, Santa Fe (w/o encl.)-1
NM Tax & Rev. Dept-1
NMSO (93000) (w/o encl.)-1
CA file NMNM136273-1
Lease files: NMNM-0468128 (w/o encl.)-1
NMF01110: CMarquez: cm: 09/08/2016: X7741: U: CA/XTO/NMNM136273

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.
- B. Approve the attached Communitization Agreement covering: W/2 Section 21, T. 29 N., R. 13 W., San Juan County, New Mexico, as to natural gas and associated natural gas producible from the Fruitland Coal formation. This approval will become invalid *ab initio* by the Authorized Officer should then public interest requirements under Section 3105.2-3(e) not be 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.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: September 16, 2016


Dave Mankiewicz
Assistant Field Manager, Minerals

Effective: October 1, 2002
Contract No.: NMNM 136273