



# 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  
NMNM136868 (CA)  
3105 (NMF0110)

March 20 2017

LOGOS Operating LLC  
Attn Bryan Lewis  
2010 Afton Place  
Farmington NM 87401

RECEIVED  
7 11 AM - 4 12 1 1

Dear Mr Lewis

Enclosed is one approved Communitization Agreements (CA) NMNM136868 involving 80 00 acres of Federal minerals in lease NMNM18463 and 80 00 acres of Fee minerals in State lease V0 9131 0001 located in San Juan County New Mexico This acreage comprises 160 00 acres more or less in the Gallup spacing unit for the Heros 2308 09L Com No 1H well

The agreement communitizes all rights as to crude oil and associated liquid hydrocarbons gas producible from the Gallup formation in W2SW of Section 9 W2NW Section 16 T 23 N R 8 W NMPM and is effective March 20 2017 You are requested to furnish all interested principals with appropriate evidence of this approval

CA number NMNM136868 as assigned above must be posted on the well and facility signs for the Heros 2308 09L Com No 1H 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 15<sup>th</sup> 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 by email at [cmarquez@blm.gov](mailto:cmarquez@blm.gov) or telephone (505) 564 7741

Sincerely



*acting  
for*

Dave Mankiewicz  
Assistant Field Manager Minerals

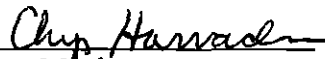
Distribution  
NMSO 1  
ONRR 1 MS 357 B1 Denver CO  
NMOCD 1 Santa Fe (w/o encl)  
NM Tax & Rev Dept 1  
CA file NMMN136868 1  
NMF01110 CMarquez cm 03/20/2017 X7741 CA

## 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 W2SW Section 9 W2NW Section 16 T 23 N R 8 W San Juan County New Mexico as to crude oil and associated liquid hydrocarbons producible from the Gallup 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 March 20 2017

*acting for*  
  
Dave Mankiewicz  
Assistant Field Manager Minerals

Effective March 20 2017  
Contract No NMNM 136868

ONLINE Version  
COMMUNITIZATION AGREEMENT

Contract No NMNM 136868

THIS AGREEMENT entered into as of the date shown in Section 10 hereof by and between the parties subscribing ratifying or consenting hereto such parties being hereinafter referred to as parties hereto

WITNESSETH

WHEREAS the Act of February 25 1920 41 Stat 437 as amended and supplemented authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease or any portions thereof with other lands whether or not owned by the United States when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well spacing program for the field or area, and such communitization or pooling is determined to be in the public interest and

WHEREAS the Commissioner of Public Lands of the State of New Mexico herein called the Commissioner is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest and

WHEREAS the parties hereto own working royalty or other leasehold interests or operating rights under the oil and gas leases and land subject to this agreement which 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

WHEREAS the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement

NOW THEREFORE in consideration of the premises and the mutual advantages to the parties hereto it is mutually covenanted and agreed by and between the parties hereto as follows

1 The lands covered by this agreement (hereinafter referred to as communitized area ) are described as follows

Subdivisions Section 9 W2SW and Section 16 W2NW

Sect      T 23N R 8W NMPM San Juan County NM

containing 160 acres more or less and this agreement shall include only the

Gallup Formation

underlying said lands and the crude oil and associated natural gas (hereinafter

referred to as communitized substances ) producible from such formation

- 2 Attached hereto and made a part of this agreement for all purposes is Exhibit B designating the operator of the communitized area and showing the acreage percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization if any for communitizing or pooling any patented or fee lands within the communitized area
- 3 All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner
- 4 Operator shall furnish the Secretary of the Interior or his authorized representative and the Commissioner or his authorized representative with a log and history of any well drilled on the communitized area, monthly reports of operations statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico as specified in the applicable oil and gas operating regulations
- 5 The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement
- 6 The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided Except as herein modified and changed the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued It is agreed that for any federal lease bearing a sliding or step scale rate of royalty such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed and separately as to any noncommunitized lease production provided however as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production
- 7 There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area


- 8 The commencement completion continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto
- 9 Production of communitized substances and disposal thereof shall be in conformity with allocation allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes This agreement shall be subject to all applicable Federal and State laws or executive orders rules and regulations and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by or is such failure results from compliance with any such laws orders rules or regulations
- 10 The date of this agreement is March Month 20 Day 2017 Year and it shall become effective as of this date or from the onset of production of communitized substances whichever is earlier upon execution of the necessary parties notwithstanding the date of execution and upon approval by the Secretary of Interior or his duly authorized representative and by the Commissioner or his duly authorized representative and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities provided that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior or his duly authorized representative and all requirements of the Commissioner with respect to any dry hole or abandoned well this agreement may be terminated at any time by mutual agreement of the parties hereto This agreement shall not terminate upon cessation of the capability of production if within sixty (60) days thereafter reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence As to lands owned by the State of New Mexico written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement
- 11 The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates and any grant, transfer or conveyance of any such land or interest subject hereto whether voluntary or not shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee transferee or other successor in interest and as to Federal lands shall be subject to approval by the Secretary of the Interior and as to State of New Mexico lands shall be subject to approval by the Commissioner

- 12 It is agreed by the parties hereto that the Secretary of the Interior or his duly authorized representative shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas operating regulations of the Department of the Interior It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico
- 13 The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs executors administrators successors and assigns
- 14 This agreement may be executed in any number of counterparts no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument, in writing specifically referring hereto and shall be binding upon all parties who have executed such a counterpart ratification or consent hereto with the same force and effect as if all parties had signed the same document
- 15 Nondiscrimination In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F R 12319) as amended which are hereby incorporated by reference in this agreement

**IN WITNESS WHEREOF** the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution

**LOGOS Operating LLC**

1/3/2017  
Date

By:   
Name Jay Paul McWilliams  
Title President

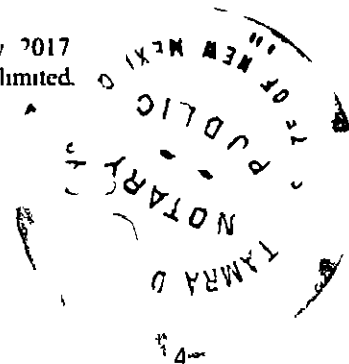
**ACKNOWLEDGEMENT**

STATE OF NEW MEXICO )  
COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this 3 day of January 2017 by Jay Paul McWilliams President of LOGOS Operating LLC for and on behalf of said limited liability company

2-8-20  
My Commission Expires

  
Notary Public



**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**LOGOS Resources II, LLC**

1/3/2017  
Date

By [Signature]  
Name Jay Paul McWilliams  
Title President

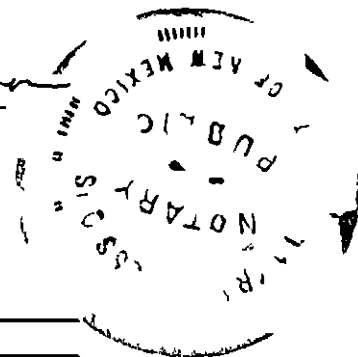
**ACKNOWLEDGEMENT**

STATE OF NEW MEXICO )  
COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this 3 day of January 2017 by Jay Paul McWilliams President of LOGOS Resources II LLC for and on behalf of said limited liability company

2-8-20  
My Commission Expires

[Signature]  
Notary Public



**WPX Energy Production, LLC**

\_\_\_\_\_  
Date

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of January 2017 by \_\_\_\_\_ of WPX Energy Production LLC for and on behalf of said limited liability company

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public



**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**LOGOS Resources II, LLC**

\_\_\_\_\_ By \_\_\_\_\_  
Date Name Jay Paul McWilliams  
Title President

**ACKNOWLEDGEMENT**

STATE OF NEW MEXICO )  
COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of January 2017 by Jay Paul McWilliams President of LOGOS Resources II LLC for and on behalf of said limited liability company

\_\_\_\_\_ My Commission Expires \_\_\_\_\_ Notary Public

**WPX Energy Production LLC**

\_\_\_\_\_ By \_\_\_\_\_  
Date Name [Signature]  
Title VP, Land

DAS  
920  
LEGAL  
WBS

**ACKNOWLEDGEMENT**

STATE OF OKLAHOMA )  
COUNTY OF TULSA )

The foregoing instrument was acknowledged before me this 09 day of MARCH ~~January~~ 2017 by Gregory J. Geist VP, Land of WPX Energy Production LLC for and on behalf of said limited liability company

07-05-2017  
My Commission Expires

[Signature]  
Notary Public



Fncana Oil & Gas (USA) Inc

01 05 17  
Date

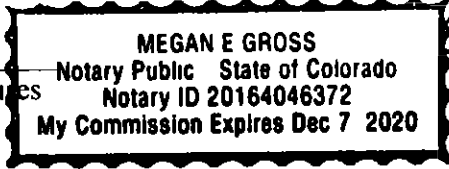
By *Constance D Heath*  
Name Constance D Heath  
Title Director Land Negotiation Western Operations

**ACKNOWLEDGEMENT**

STATE OF Colorado )  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 05 day of January 2017 by Constance D. Heath Director Land Negotiation, Western Operations of Fncana Oil & Gas (USA) Inc for and on behalf of said corporation

12 07 20  
My Commission Expires



*Megan E Gross*  
Notary Public

Dugan Production Corp

\_\_\_\_\_  
Date

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_ 2017 by \_\_\_\_\_ of Dugan Production Corp for and on behalf of said corporation

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**Encana Oil & Gas (USA) Inc**

\_\_\_\_\_  
Date

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of January 2017  
by \_\_\_\_\_ of Encana Oil & Gas (USA) Inc for and on  
behalf of said corporation

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**Dugan Production Corp**

1/3/17  
Date

By Kurt Fagrelus  
Name Kurt Fagrelus  
Title Vice President

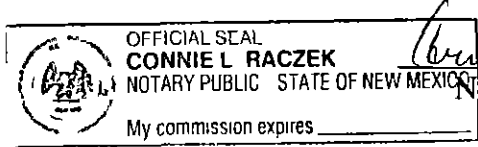
**ACKNOWLEDGEMENT**

STATE OF New Mexico )

COUNTY OF San Juan )

The foregoing instrument was acknowledged before me this 3rd day of  
January 2017 by Kurt Fagrelus Vice President of Dugan Production  
Corp for and on behalf of said corporation

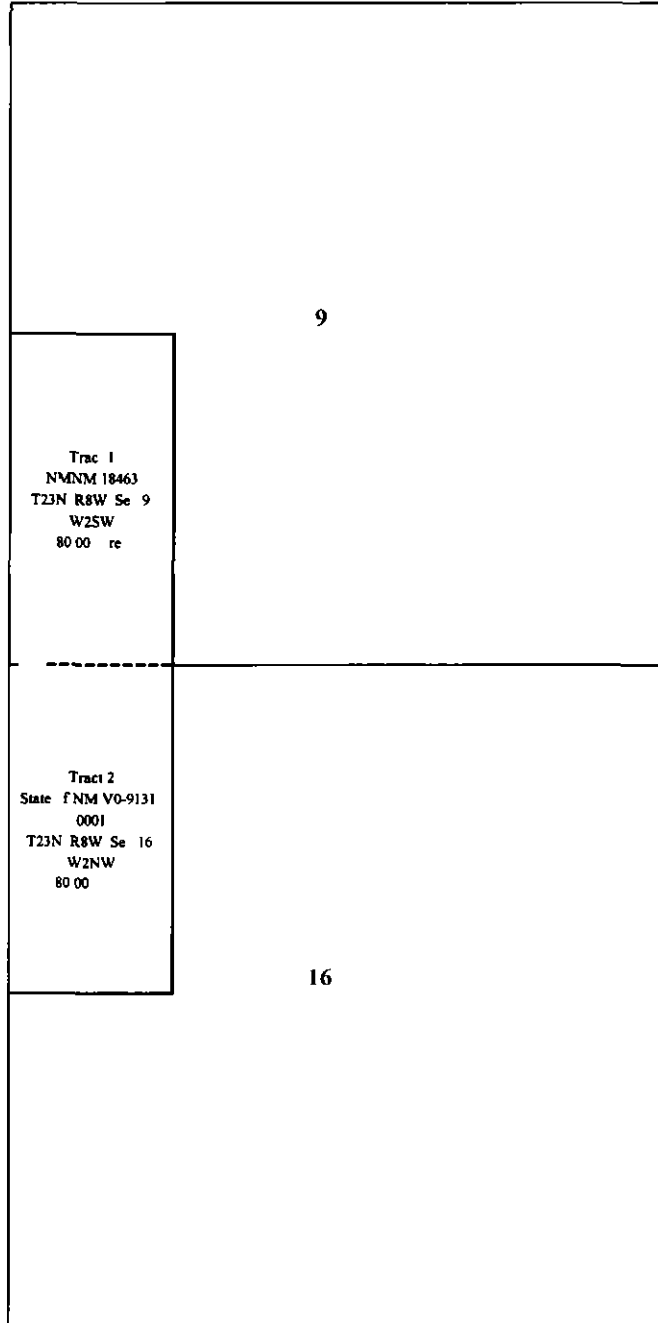
1/18/17  
My Commission Expires

 OFFICIAL SEAL  
CONNIE L. RACZEK  
NOTARY PUBLIC STATE OF NEW MEXICO  
\_\_\_\_\_  
Notary Public  
My commission expires \_\_\_\_\_

**EXHIBIT A”**

Plat of communitized area covering  
Township 23 North Range 8 West Section 9 W2SW and  
Township 23 North Range 8 West Section 16 W2NW  
San Juan County New Mexico

Communitized Formation Gallup Formation



**EXHIBIT B”**

To Communitization Agreement dated March 20, 2017 embracing the following described land in San Juan County New Mexico

**Operator of Communitized Area** LOGOS Operating LLC

DESCRIPTION OF LEASES COMMITTED

Tract No 1

Lease Serial Number	USA NMNM 18463
Lease Date	December 1 1973
Lease Term	10 years
Lessor	United States of America
Original Lessee	Harris D Butler Jr
Present Lessee	WPX Energy Production LLC
Description of Land Committed	<u>Township 23 North, Range 8 West, N M P M</u> Section 9 W2SW
Number of Acres	80 00 acres
Royalty Rate	12 50000%
Name and Percent ORRI Owners	Harris D Butler III – 4 00000% Mazzola & Co – 1 00000%
Name and Percent of Working Interest Owners	LOGOS Resources II LLC – 100 00000%

Tract No 2

Lease Serial Number	State of NM V0 9131 0001
Lease Date	February 1 2012
Lease Term	5 years
Lessor	State of New Mexico
Original Lessee	Contex Energy Co
Present Lessee	Encana Oil & Gas (USA) Inc

Description Of Land Committed	<u>Township 23 North, Range 8 West, N M P M</u> Section 16 W2NW
Number of Acres	80 00 acres
Royalty Rate	16 66667%
Name and Percent ORRI Owners	Dugan Production Corp – 0 83333%
Name and Percent of Working Interest Owners	Encana Oil & Gas (USA) Inc – 75 00000%
	Dugan Production Corp – 25 00000%

**RECAPITULATION**

<u>Tract No</u>	<u>No of Acres Committed</u>	<u>Percentage of Interest In Communitized Area</u>
1	80 00	50 00000%
2	<u>80 00</u>	<u>50 00000%</u>
<b>Total</b>	<b>160 00</b>	<b>100 00000%</b>

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS STATE OF NEW MEXICO**

**Logos Operating LLC  
Heros 2308 09L Com #1H  
Vertical Extent: Gallup  
Township 23 North, Range 8 West, NMPM  
Section 9 W2SW4  
Section 16 W2NW4  
San Juan County New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Consolidation Agreement for the development and operation of acreage which is described within the referenced Agreement dated January 20 2017 which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State with respect to state lands

NOW THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45 19-10-46 19-10-47 New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes

IN WITNESS WHEREOF this Certificate of Approval is executed, with seal affixed, this 25<sup>th</sup> day of January 2017



**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico