



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:
NMNM134607 (CA)
3105 (NMF0110)

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June 2, 2015

Burlington Resources Oil & Gas Co., LP
Attn: Yvonne Scott
3401 E. 30th Street, Room 430A
Farmington, New Mexico 87402

30-045-21461
30-045-09447

Dear Ms. Scott:

Enclosed is one approved Communitization Agreement (CA) NMNM134607, involving 152.83 acres of Federal minerals in lease NMSF077764 and 156370 acres of Fee minerals in San Juan County, New Mexico. This acreage comprises 309.53 acres, more or less, Fruitland Coal spacing unit for the Schumacher No. 3 well.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Fruitland Coal formation in Lots 1, 2, 11, 12, 13, 14, NENW, SENW, Section 18, T. 30 N., R. 10 W. NMPM, and is effective December 15, 1994. You are requested to furnish all interested principals with appropriate evidence of this approval.

The Farmington Field Office has adopted a streamlined CA procedure that will reduce delays involving the production of wells that involve communization of Federal lands. By minimizing delays, the payment of royalties will not be delayed and economic hardship will be eliminated. Upon the BLM issuing the CRS number to the operator, this includes a requirement to obtain the required signatures of Production Gathering Company within 120-days. In the event you are unable to obtain the required signatures or justification for a time extension in this period will be considered an incident of non-compliance.

CA number NMNM134607 as assigned above, must be posted on the well and facility signs for the Schumacher No. 3 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 well's 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.

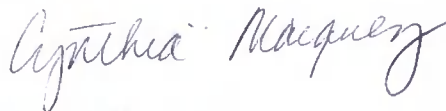
If the communitized well are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

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 me at the above address or telephone (505) 564-7741.

Sincerely,



Cynthia Marquez
Land Law Examiner
Petroleum Management Branch

Enclosure

1 - Approved Communitization Agreement
cc: ONRR, MS-357 B1, Denver, CO
NMOCD, Santa Fe (w/o encl.)
NM Tax & Rev. Dept.
NMSO (93000) (w/o encl.)