

30-039-31231



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:
NMNM136953 (CA)
3105 (NMF0110)

April 24, 2017

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

Dear Mr. Lewis:

Enclosed is one approved Communitization Agreements (CA) NMNM136953, involving 320.00 acres of Federal minerals in lease NMNM117567, 80.00 acres of State minerals in lease VB-2878-0000 and 80.00 acres of State minerals in lease NM B1-1240-0098 located in Rio Arriba County, New Mexico. This acreage comprises 1480.00 acres, more or less in the Gallup spacing unit for the Escrito D14-2407 Com No. 01H well.

The agreement communitizes all rights as to crude oil and associated liquid hydrocarbons gas producible from the Gallup formation in N/2 of Sec. 15, NE/4 of Sec. 16, T. 24 N., R. 7 W. and is effective April 24, 2017. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM136953 as assigned above, must be posted on the well and facility signs for the Escrito D14-2407 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 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.

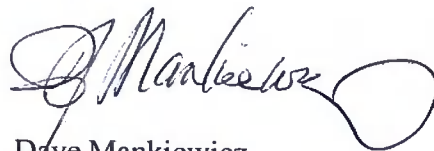
If the communitized well(s) are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 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 or telephone (505) 564-7741.

Sincerely,



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 NMNM136953-1
Lease file: NMNM117567-1
NMF01110: CMarquez: cm: 04/24/2017: 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: N/2 Section 15, NE/4 Section 16, T. 24 N., R. 7 W., Rio Arriba 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: April 24, 2017


Daye Mankiewicz
Assistant Field Manager, Minerals

Effective: April 24, 2017
Contract No.: NMNM-136953

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. NmNm-136953

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 15: N2 and Section 16: NE,

Sect _____, T 24N, R 7W, NMPM Rio Arriba County NM

containing 480 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.

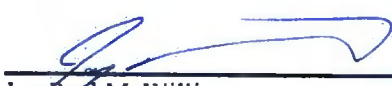
8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized 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 April Month 24 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

4/13/2017
Date

By: 
Name: Jay Paul McWilliams
Title: President

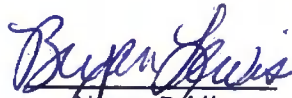
ACKNOWLEDGEMENT

STATE OF NEW MEXICO)

COUNTY OF SAN JUAN)

The foregoing instrument was acknowledged before me this 13th day of April, 2017 by Jay Paul McWilliams, President of LOGOS Operating, LLC, for and on behalf of said limited liability company.

June 15, 2019
My Commission Expires


Notary Public

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

LOGOS Resources, LLC

4/13/2017
Date

By: 

Name: Jay Paul McWilliams

Title: President

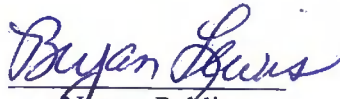
ACKNOWLEDGEMENT

STATE OF NEW MEXICO)

COUNTY OF SAN JUAN)

The foregoing instrument was acknowledged before me this 13th day of April, 2017 by Jay Paul McWilliams, President of LOGOS Resources, LLC, for and on behalf of said limited liability company.

June 15, 2019
My Commission Expires


Notary Public

LOGOS Resources II, LLC

4/13/2017
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 13th day of April, 2017 by Jay Paul McWilliams, President of LOGOS Resources II, LLC, for and on behalf of said limited liability company.

June 15, 2019
My Commission Expires


Notary Public

T.H. McElvain Oil & Gas LLLP

By: McElvain Energy Inc., General Partner

4/20/17
Date

By: [Signature]
Name: David W. Siple
Title: Vice President, Land

ACKNOWLEDGEMENT

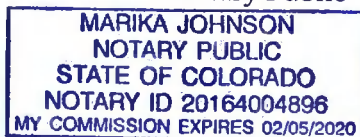
STATE OF Colorado)

COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 20th day of April, 2017 by David W. Siple, Vice President-Land of McElvain Energy, Inc., in its capacity as General Partner of T.H. McElvain Oil & Gas LLLP.

My Commission Expires

Notary Public



[Signature]

Encana Oil & Gas (USA) Inc.

Date

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENT

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of April, 2017 by _____ of Encana Oil & Gas (USA) Inc., for and on behalf of said corporation.

My Commission Expires

Notary Public

T.H. McElvain Oil & Gas LLLP

Date

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENT

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of April, 2017 by _____, _____ of T.H. McElvain Oil & Gas LLLP, for and on behalf of said limited liability limited partnership.

My Commission Expires

Notary Public

Encana Oil & Gas (USA) Inc.
by Encana Services Company Ltd, its
authorized representative

Date

By: *Constance D. Heath* *mlb*
Name: Constance D. Heath
Title: Director, Land Negotiations, Western Operations

ACKNOWLEDGEMENT

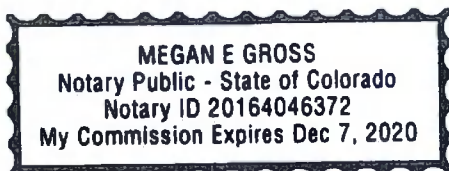
STATE OF COLORADO)

COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 12th day of April, 2017 by Constance D. Heath, Director, Land Negotiations of Encana Oil & Gas (USA) Inc., for and on behalf of said corporation. Encana Services Company Ltd, authorized representative for

12.07.2020
My Commission Expires

Megan E. Gross
Notary Public



Southland Royalty Company LLC

4/13/17
Date

By: [Signature]
Name: VAUGHN D. VERNERBERG, II
Title: PRESIDENT John

ACKNOWLEDGEMENT

STATE OF Texas)

COUNTY OF Tarrant)

The foregoing instrument was acknowledged before me this 13th day of April, 2017 by Vaughn Vernerberg, President of Southland Royalty Company LLC, for and on behalf of said limited liability company.

12/05/2020
My Commission Expires

[Signature]
Notary Public

