



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

[www.blm.gov/nm](http://www.blm.gov/nm)



30 015 42166

IN REPLY REFER TO:

NM138197

3105.2 (P0220)

APR 24 2018 PM03:04

04/18/2018

## Reference:

Communitization Agreement

Hornsby 35 Fed Com 2H, 4H, 7H, 8H & 10H

Sec. 26: Entire Section

Sec. 35: N2N2, Lots 1-4

T. 26 S., R. 27 E.

Eddy County, NM

Cimarex Energy Co.

600 N. Marienfeld, Suite 600

Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138197 involving 640 acres of Federal land in lease NMNM120350 and 256.40 acres of Federal land in lease NMNM117116, Eddy County, New Mexico, which comprise a 896.40 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 26: Entire Section and Sec. 35: N2, T. 26 S., R.27 E., NMPM, Eddy County, NM, and is effective 07/01/2017. Per development changes and request of Cimarex Energy Co., to which BLM, Carlsbad Field Office concurs, this approved CA, NMNM138197 will replace the terminated Communitization Agreement NMNM134622. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Chris Walls, Petroleum Engineer at (575) 234-2234 or Deborah Ham at (575) 234-5965.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cody R. Layton".

Cody R. Layton  
Assistant Field Manager,  
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

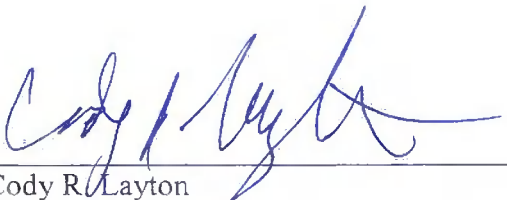
NM (P0220-CFO, File Room)

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. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
  
- B. Approve the attached Communitization Agreement covering sec. 26: Entire Section and sec. 35, N2, T. 26 S., R. 27 E., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not 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.

Approved: 04/18/2018

  
\_\_\_\_\_  
Cody R. Layton  
Assistant Field Manager  
Lands and Minerals

Effective: 07/01/2017

Contract No.: Com. Agr. NM138197



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## BUREAU OF LAND MANAGEMENT

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Carlsbad, New Mexico 88220-6292  
www.nm.blm.gov



In Reply Refer to  
NM138197  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM138197

Date of Completion:	07/21/2017
Date of First Production:	07/21/2017
Field:	Hay Hollow
Operator, Well Name & No, API Number:	Cimarex Energy Co.; Hornsby 35 Fed Com 4H; 30-015-42166
Surface Location:	sec. 35, Lot 3, T.26 S., R.27 E.
Bottom Location:	sec. 26, NENW, T.26 S., R.27 E.
Total Depth:	14,536 MD; 7,709 TVD
Surface Elevation:	3,225 GL
Producing Formation:	Bone Spring (7,853 – 14,463)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 308 BBL; Gas 951 MCF; Water 1746 BBL
Current Status:	Producing Gas Well
Remarks:	CA NM138197, effective 07/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 26, Entire Section and sec. 35, N2, T. 26 S., R. 27 E., NMPM, and comprises 640 acres of Federal land in lease NMNM120350, and 256.40 acres of Federal land in lease NMNM117116 for a 896.40 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ **Deborah Ham**

04/18/2018

cc:  
ONRR-MS 63230B  
First Production File  
LLNM (P0220, File Room)