



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



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APR 24 2018 PM03:04

IN REPLY REFER TO:
NMNM137971
3105.2 (P0220)

04/12/2018

Reference:
Communitization Agreement
Cottonwood 28-33 Federal Com 3H & 4H
Section 28: E2
Section 33: Lots 1 & 2, N2NE
T. 26 S., R. 26 E., N.M.P.M.
Eddy County, NM

Chisholm Energy Operating LLC
801 Cherry Street, Suite 1200
Ft. Worth, TX 76102-6825

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM137971 involving 423.21 acres of Federal land in lease NMNM 113944, and 23.23 acres of Federal land in lease NMNM 121472, Eddy County, New Mexico, which comprise a 446.44 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath the E2, Sec. 28 and Lots 1, 2, N2NE Sec. 33, T. 26 S., R. 26 E., NMPM, Eddy County, NM, and is effective November 1, 2017. 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,



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

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 the E2 of sec. 28 and Lots 1, 2, N2NE of Sec. 33, T. 26 S., R. 26 E., NMPM, as to all producible hydrocarbons from the Wolfcamp 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: 04/12/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: November 1, 2017

Contract No.: Com. Agr. NMNM137971



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In Reply Refer to
NM137971
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137971

Date of Completion:	01/04/2018
Date of First Production:	01/16/2018
Field:	Purple Sage
Operator, Well Name & No, API Number:	Chisholm Energy.; Cottonwood 28/33 Fed Com WCA 3H; 30-015-43687
Surface Location:	sec. 21, SESE, T.26 S., R.26 E.
Bottom Location:	sec. 33, Lot 2, T.26 S., R.26 E.
Total Depth:	13,710 MD; 6,685 TVD
Surface Elevation:	3,384 GL
Producing Formation:	Wolfcamp (9,057 – 15,747)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 349 BBL; Gas 1592 MCF; Water 3217 BBL
Current Status:	Producing Gas Well
Remarks:	CA NM137971, effective 11/01/2017, communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath sec. 28, E2, and sec. 33, NE, T. 26 S., R. 26 E., NMPM, and comprises 423.21 acres of Federal land in lease NMNM113944 and 23.23 acres of Federal land in lease NMNM121472 for a 446.44 acre well spacing unit, whose leases are held by actual production. Per penetration for production, surface location of well not within agreement boundary;

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

/S/ Deborah Ham

04/12/2018

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