



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



IN REPLY REFER TO:
NMNM137972
3105.2 (P0220)

APR 24 2018 PM03:04

04/12/2018

Reference:

Communitization Agreement
Lea South 25 Fed Com 3BS #7H
Section 25: W2E2
T. 20 S., R. 34 E., N.M.P.M.
Lea County, NM

Chisholm Energy Operating LLC
Attn: Davis Armour
801 Cherry Street #1200 Unit 20
Fort Worth, TX 76102

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM137972 involving 80 acres of Federal land in lease NMNM56265, and 80 acres of Federal land in lease NMLC066126, Lea County, New Mexico, which comprise a 160.00 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2E2 of Section 25, T. 20 S., R. 34 E, NMPM, Lea County, NM, and is effective October 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.

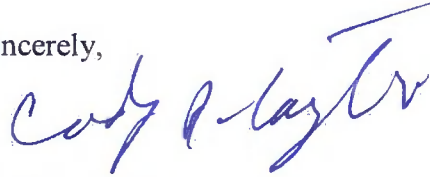
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is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

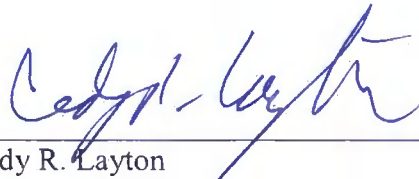
NM State Land Comm. (Only CA with "State" or "Fee" acreage)

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 W2E2 of Section 25, T. 20 S., R. 34 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: 04/12/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: October 1, 2017

Contract No.: Com. Agr. NMNM137972



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM137972
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137972

Date of Completion:	11/17/2017
Date of First Production:	11/23/2017
Field:	Lea
Operator, Well Name & No, API Number:	Chisholm Energy.; Lea South 25 Fed Com 3BS 7H; 30-025-43029
Surface Location:	sec. 25, SWSE, T.20 S., R.34 E.
Bottom Location:	sec. 25, NWNE, T.20 S., R.34 E.
Total Depth:	15,579 MD; 11,297 TVD
Surface Elevation:	3,743 GL
Producing Formation:	Bone Spring (11,376 – 15,476)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 689 BBL; Gas 886 MCF; Water 747 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM137972, effective 10/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 25, W2E2, T. 20 S., R. 34 E., NMPM, and comprises 80 acres of Federal land in lease NMNM56265 and 80 acres of Federal land in lease NMLC066126 for a 160 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**

04/12/2018

cc:

ONRR-MS 63230B

First Production File

LLNM (P0220, File Room)