

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
www.blm.gov/new-mexico



IN REPLY REFER TO:
IN REPLY REFER TO:
NMNM138765
3105.2 (P0220)

SEP 10 2018 11:48 AM

SEP - 7 2018

30-025-44856

Reference:
Communitization Agreement
Minis I Fed Com 3BS #7H
Section 01: Lots 1,8,9,16 and E2SE
T. 21 S., R. 32 E., N.M.P.M.
Lea County, NM

Chisholm Energy Operating, LLC
801 Cherry Street, Suite 1200
Fort Worth, TX

To Whom It May Concern:

Enclosed is an approved copy of Communitization Agreement NMNM138765 involving 238.75 acres of Federal land in leases NMNM62924, NMNM60777, NMNM92187 in Lea County, New Mexico, which comprise a 240 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the Lots 1, 8, 9, 16, Sec. 01, T. 21 S., R. 32 E. and the E2SE Sec. 01, T. 21 S., R. 32 E., NMPM, Lea County, NM, and is effective August 23, 2018. 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.

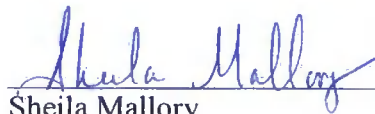
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of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

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 Lots 1, 8, 9, 16 and E2SE of sec. 01, T. 21 S., R. 32 E., NMPM, as to all producible hydrocarbons from the Bones 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: **SEP - 7 2018**



Sheila Mallory
Deputy State Director
Division of Minerals

Effective: August 23, 2018

Contract No.: Com. Agr. NMNM138765