

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:
NMNM137590
3105.2 (P0220)

MAR 07 2018 PM 03:14

30-015-44591

02/28/2018

Reference:

Communitization Agreement
Medwick 32 Fed Com #4H, 7H, 8H
Section 29: E2W2, W2E2
Section 32: Lots 2, 3, NENW, NWNE
T. 26 S., R. 27 E., N.M.P.M.
Eddy County, NM

Cimarex Energy Company
Attn: Kaimi Brownlee
600 N Marienfeld Street, Suite 600
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM137590 involving 320 acres of Federal land in lease NMNM114350, and 126.36 acres in lease NMNM 117116, Eddy County, New Mexico, which comprise a 446.36 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2W2, W2E2 of Sec. 29, and Lots 2,3,NENW,NWNE of Sec. 32, T. 26 S., R. 27 E., NMPM, Eddy County, NM, and is effective March 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)

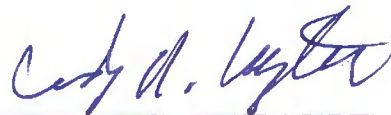
NM State Land Comm. (Only CA with "State" or "Fee" acreage)

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 E2W2, W2E2 of Sec. 29, and the NENW, NWNE, Lots 2, 3, of Sec. 32, 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: 02/28/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: March 1, 2017

Contract No.: Com. Agr. NMNM137590



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BUREAU OF LAND MANAGEMENT

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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM137590
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137590

Date of Completion:	08/24/2017
Date of First Production:	08/24/2017
Field:	WC-015 G-04 S262625B
Operator, Well Name & No, API Number:	Cimarex Energy Co.; Medwick 32 Fed Com 7H; 30-015-42172
Surface Location:	sec. 32, Lot 2, T.26 S., R.27 E.
Bottom Location:	sec. 29, NWNE, T.26 S., R.27 E.
Total Depth:	14,163 MD; 7,376 TVD
Surface Elevation:	3,192 GL
Producing Formation:	Bone Spring (7,605 – 14,115)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 525 BBL; Gas 936 MCF; Water 1419 BBL
Current Status:	Producing Gas Well
Remarks:	CA NM137590, effective 03/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 29, E2W2 and W2E2 and sec. 32, NENW, NWNE, Lots 2 and 3, T. 26 S., R. 27 E., NMPM, and comprises 320 acres of Federal land in lease NMNM114350, and 126.36 acres of Federal land in lease NMNM117116 for a 446.36 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
02/28/2018

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