

Prospect Name:	<u>Carlsbad Bone Spring</u>		Prospect No:	<u>300001</u>
Well /Unit Name:	<u>DaVinci 7-18 Fed Com 6H</u>			
Contract Type:	<u>Communitization Agreement</u>	Contract Date:	<u>2/23/2017</u>	Term: <u>N/A</u> Expires: <u>N/A</u>
Operator	<u>Cimarex Energy Co.</u>			
State:	<u>New Mexico</u>	County:	<u>Eddy</u>	
Contract Provisions: (check all that apply)				
Consent to Assign:	<u>n/a</u>	Non-Consent Penalty:	<u>n/a</u>	
Preferential Right:	<u>n/a</u>	Other:	<u>n/a</u>	
Execution of Agreement:				
	In Counterpart: Yes <u>X</u> No <u> </u>			
	All Parties Signed: Yes <u> </u> No <u> </u>			
Lands Covered by Contract:				
	Township 25 South, Range 27 East, N.M.P.M. Section 7: W/2 Section 18: W/2 Eddy County, New Mexico Containing 635.36 acres			
Associated Leases: 1) NMNM 92167 dated 12/01/1993; Lessor: USA; Lessee: Yates Petroleum, Yates Drilling, Abo, Myco; Unrecorded 2) NMNM 93471 dated 09/01/1994; Lessor: USA; Lessee: Chevron U.S.A. Inc.; Volume 201, Page 728, Eddy County, New Mexico 3) NMNM 94842 dated 07/01/1995; Lessor: USA; Lessee: Chevron U.S.A. Inc.; Unrecorded 4) NMNM 111530 dated 05/01/2004; Lessor: USA; Lessee: Rubicon Oil & Gas; Volume 552, Page 244, Eddy County, New Mexico				
Associated Contracts:	<u>n/a</u>			
Associated Wells:	<u>DaVinci 7-18 Fed Com 6H</u>			
Remarks / Comments / Unusual Terms of Deal:				
Tract 1: Lease NMNM 92167 Lots 1 and 2, E2NW4 of Section 7, Township 25 South, Range 27 East, N.M.P.M. Eddy County, New Mexico 158.57 acres				
Tract 2: Lease NMNM 93471 Lots 3 and 4, E2SW4 of Section 7, Township 25 South, Range 27 East, N.M.P.M. Eddy County, New Mexico 158.91 acres				
Tract 3: Lease NMNM 94842 Lots 1 and 2, E2NW4 of Section 18, Township 25 South, Range 27 East, N.M.P.M. Eddy County, New Mexico 159.02 acres				
Tract 4: Lease NMNM 111530 Lots 3 and 4, E2SW4 of Section 18, Township 25 South, Range 27 East, N.M.P.M. Eddy County, New Mexico 158.86 acres				
Prepared by:	<u>Kaimi Brownlee</u>	Date:	<u>2/23/2017</u>	
Telephone:	<u>432.571.7868</u>			

Contract Number: _____ BA Number: _____

COMMUNITIZATION AGREEMENT

COPY

Contract No. _____

THIS AGREEMENT is entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest;

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement, which 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement.

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 25 South, Range 27 East, N.M.P.M.

Section 7: W/2

Section 18: W/2

Eddy County, New Mexico

Containing 635.36 acres, and this agreement shall include only the **Wolfcamp** formation(s) underlying said lands, and the natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation(s).

Da Vinci 7-18 Fed Com #6H

Township 25 South, Range 27 East, N.M.P.M.

Section 7: W/2

Section 18: W/2

Eddy County, New Mexico

2. Attached hereto, and made a part of this agreement for all purposes, are Exhibits A and B, designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the communitized area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production; provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the

sum of all communitized production allocated to such a lease plus any non-communitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules, or regulations.
10. The date of this agreement is **February 23, 2017**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities; provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.


11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year above written and have set opposite their respective names the date of execution.

OPERATOR:

Cimarex Energy Co.

Date: _____

By: 
Roger Alexander, Attorney-in-Fact *RA*

RECORD TITLE OWNERS (LESSEES OF RECORD):

Chevron U.S.A. Inc.


Date: _____

By: _____
Name:
Title:

WORKING INTEREST OWNERS (OWNERS OF OPERATING RIGHTS):

Cimarex Energy Co.

Date: _____

By: 
Roger Alexander, Attorney-In-Fact *RA*

Magnum Hunter Production, Inc.

Date: _____

By: 
Roger Alexander, Attorney-In-Fact *RA*

Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M.
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

OPERATOR:

Cimarex Energy Co.

Date: _____

By: _____
Roger Alexander, Attorney-in-Fact

RECORD TITLE OWNERS (LESSEES OF RECORD):

Chevron U.S.A. Inc.

Date: _____

By: Nick Brock
Name: Nick Brock
Title: Attorney-in-Fact

WORKING INTEREST OWNERS (OWNERS OF OPERATING RIGHTS):

Cimarex Energy Co.

Date: _____

By: _____
Roger Alexander, Attorney-In-Fact

Magnum Hunter Production, Inc.

Date: _____

By: _____
Roger Alexander, Attorney-In-Fact

Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M.
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

Chevron U.S.A. Inc.

Date: _____

By: Nick Brock
Name: Nick Brock
Title: Attorney-in-Fact

TLW Investments, LLC

Date: _____

By: _____
Name:
Title:

ACKNOWLEDGEMENTS

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co.

Notary Public in and for the State of Texas

My Commission Expires: _____

Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M.
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

Chevron U.S.A. Inc.

Date: _____

By: _____

Name:

Title:

Brigham Exploration Company, LLC

Date: 5/23/17

By: *James HENSEL*

Name: JAMES HENSEL

Title: President/CEO

ACKNOWLEDGEMENTS

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co.

Notary Public in and for the State of Texas

My Commission Expires: _____

Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M.
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

Chevron U.S.A. Inc.

Date: _____

By: _____

Name:

Title:

TLW Investments, LLC

Date: _____

By: _____

Name:

Title:

ACKNOWLEDGEMENTS

STATE OF TEXAS)

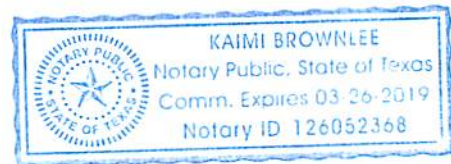
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 28th day of February, 2017, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co.

Kaimi Brownlee

Notary Public in and for the State of Texas

My Commission Expires: March 26, 2019



Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M.
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 28th day of February, 2017, by Roger Alexander, as Attorney-in-Fact of Magnum Hunter Production, Inc.

Kaimi Brownlee
Notary Public in and for the State of Texas

My Commission Expires: March 26, 2019



STATE OF _____)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by _____, as _____ of Chevron U.S.A. Inc.

Notary Public in and for the State of Texas

My Commission Expires: _____

Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M.
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

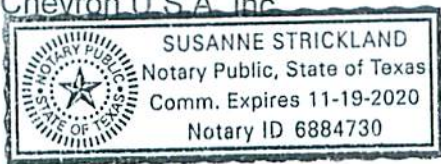
The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Roger Alexander, as Attorney-in-Fact of Magnum Hunter Production, Inc.

Notary Public in and for the State of Texas

My Commission Expires: _____

STATE OF Texas)
)
COUNTY OF Midland)

The foregoing instrument was acknowledged before me this 29th day of AUGUST, 2017, by NICK BROCK, as Attorney-in-Fact of Chevron U.S.A. Inc.



Susanne Strickland
Notary Public in and for the State of Texas

My Commission Expires: 11-19-2020

STATE OF TEXAS)
COUNTY OF TRAVIS)

The foregoing instrument was acknowledged before me this 23 day of MAY, 2017, by James H. Edsel, as President / CEO of Brigham Exploration Company, LLC.


Notary Public in and for the State of Texas

My Commission Expires: 1-24-2020



Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M.
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN COMMUNITIZATION AGREEMENT DATED FEBRUARY 23, 2017,
COVERING THE W/2 OF SECTION 7 THE W/2 OF SECTION 18,
TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Da Vinci 7-18 Fed Com #6H

SHL ○ Tract 1 NMNM 92167	Tract 1 NMNM92167		7
Tract 1 NMNM92167			
Tract 2 NMNM 93471	Tract 2 NMNM 93471		
Tract 2 NMNM 93471			
Tract 3 NMNM 94842	Tract 3 NMNM 94842		18
Tract 3 NMNM 94842			
Tract 4 NMNM 111530	Tract 4 NMNM 111530		
BHL ○ Tract 4 NMNM 111530			

Da Vinci 7-18 Fed Com 6H

Township 25 South, Range 27 East, N.M.P.M.

Section 7: W/2

Section 18: W/2

Eddy County, New Mexico

EXHIBIT "B"

**ATTACHED TO AND MADE A PART OF THAT CERTAIN
COMMUNITIZATION AGREEMENT DATED FEBRUARY 23, 2017, COVERING
THE W/2 OF SECTION 7 & THE W/2 OF SECTION 18, TOWNSHIP 25 SOUTH,
RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO**

Tract 1:

Lease Serial No:	NMNM 92167
Lease Date:	December 1, 1993
Recorded:	Unrecorded
Term:	10 years
Lessor:	United States of America
Original Lessee:	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
Current Lessee:	EOG A Resources Inc. EOG M Resources Inc. EOG Y Resources Inc. OXY Y-1 Company
Description of Lands Committed:	<u>Township 25 South, Range 27 East, N.M.P.M.</u> Section 7: Lots 1 and 2, E/2NW/4 Eddy County, New Mexico
Number of Acres:	158.57 acres
Royalty Rate:	12.5%

Working Interest Owner:

Cimarex Energy Co.....100.000000%

Tract 2:

Lease Serial No:	NMNM 93471
Lease Date:	September 1, 1994
Recorded:	Volume 201, Page 728, Eddy County, New Mexico

Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico

Term: 10 years
 Lessor: United States of America
 Original Lessee: Chevron U.S.A. Inc.
 Current Lessee: Chevron U.S.A. Inc.
 Description of
 Lands Committed: Township 25 South, Range 27 East, N.M.P.M.
 Section 7: Lots 3 and 4, E/2SW/4
 Eddy County, New Mexico
 Number of Acres: 158.91 acres
 Royalty Rate: 12.5%

Working Interest Owner:

Chevron U.S.A. Inc.....100.000000%

Tract 3:

Lease Serial No: NMNM 94842
 Lease Date: July 1, 1995
 Recorded: Unrecorded
 Term: 10 years
 Lessor: United States of America
 Original Lessee: Chevron U.S.A. Inc.
 Current Lessee: Chevron U.S.A. Inc.
 Description of
 Lands Committed: Township 25 South, Range 27 East, N.M.P.M.
 Section 18: Lots 1 and 2, E/2NW/4
 Eddy County, New Mexico
 Number of Acres: 159.02 acres
 Royalty Rate: 12.5%

Working Interest Owner:

Magnum Hunter Production, Inc.....50.025167%
 Chevron U.S.A. Inc.....47.474833%
 TLW Investments, LLC.....2.5000000%

Da Vinci 7-18 Fed Com #6H
 Township 25 South, Range 27 East, N.M.P.M
 Section 7: W/2
 Section 18: W/2
 Eddy County, New Mexico

Tract 4:

Lease Serial No: NMNM 111530
Lease Date: May 1, 2004
Recorded: Volume 552, Page 244, Eddy County, New Mexico
Term: 10 years

Lessor: United States of America
Original Lessee: Rubicon Oil & Gas I, LP
Current Lessee: Chevron U.S.A. Inc.
Description of
Lands Committed: Township 25 South, Range 27 East, N.M.P.M.
Section 18: Lots 3 and 4, E/2SW/4
Eddy County, New Mexico
Number of Acres: 158.86 acres
Royalty Rate: 12.5%

Working Interest Owner:

Magnum Hunter Production, Inc.....50.025167%
Chevron U.S.A. Inc.....47.474833%
TLW Investments, LLC.....2.5000000%

RECAPITULATION

<u>Tract No.</u>	<u>Acreage Committed</u>	<u>Percentage of Interest</u>
Tract 1	158.57 acres	24.96%
Tract 2	158.91 acres	25.01%
Tract 3	159.02 acres	25.03%
<u>Tract 3</u>	<u>158.86 acres</u>	<u>25.00%</u>
Total	635.36 acres	100.0%

Da Vinci 7-18 Fed Com #6H
Township 25 South, Range 27 East, N.M.P.M
Section 7: W/2
Section 18: W/2
Eddy County, New Mexico