



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:
NM135661
3105.2 (P0220)

Reference:

Communitization Agreement
West Shugart 31 Fed Com 1H
Sec. 31: E2SW, S2SE
T. 18 S., R.31 E.
Eddy County, NM

10/27/2016

Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135661 involving 80 acres of Federal land in lease NM99038, 40 acres of Federal land in lease NM0560352 and 40 acres of Federal land in lease NM0560354, Eddy County, New Mexico, which comprise a 160-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 31: E2SW, S2SE, T. 18 S., R.31 E., NMPM, Eddy County, NM, and is effective 06/01/2009. 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.

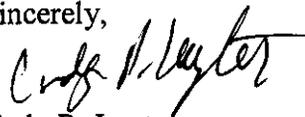
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

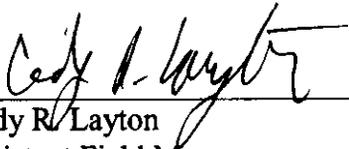
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 beneath sec. 31: E2SW, S2SE, T. 18 S., R. 31 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: 10/27/2016



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: 06/01/2009

Contract No.: Com. Agr. NM135661



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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
NM135661
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135661

Date of Completion: 07/03/2009
Date of First Production: 07/03/2009
Field: Hackberry
Operator, Well Name & No, API Number: Cimarex Energy Co.; West Shugart Fed Com 1H; 30-015-31647
Surface Location: sec. 31, NESW, T.18 S., R.31 E.
Bottom Location: sec. 31, SESE, T.18 S., R.31 E.
Total Depth: 11,751 MD; 8,772 TVD
Surface Elevation: 3,528 GL
Producing Formation: Bone Spring (8,519 – 11,751)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 122 BBL; Gas 100 MCF; Water 332 BBL
Current Status: Producing Oil Well

Remarks: CA NM135661, effective 06/01/2009, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 31, E2SW and S2SE, T. 18 S., R. 31 E., NMPM, and comprises 80 acres of Federal land in lease NMNM99038, 40 acres of Federal land in lease NMNM0560352 and 40 acres of Federal land in lease NM0560354, 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
10/31/2016

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