



## 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:  
NM136574  
3105.2 (P0220)

12/15/2016

Reference:  
Communitization Agreement  
Sheba Fed Com 1H  
T. 24 S., R. 34 E.,  
Sec. 22: E2E2  
Lea County, NM

RECEIVED OGD  
2016 DEC 21 P 2:07

GMT Exploration Company, LLC  
1560 Broadway, Suite 2000  
Denver, CO 80205

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136574 involving 120 acres of Federal land in lease NMNM117125 and 40 acres of Fee land in Lea County, New Mexico, which comprise a 160 acre well spacing unit.

The agreement communitizes all rights to all producible gas and fluid hydrocarbons from the Wolfcamp formation beneath the E2E2 of sec. 22, T. 24 S., R. 34 E., NMPM, and is effective 08/24/2016. 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.

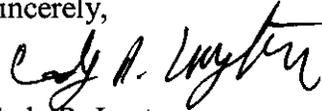
Approval of this agreement does not constitute an adjudication of any state, local government or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state or local government interests is accurate.

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 covering E2E2 of sec. 22, T. 24 S., R. 34 E., NMPM, as to all producible hydrocarbons from the Wolfcamp formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- 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: 12/15/2016

  
\_\_\_\_\_  
Cody R. Layton  
Assistant Field Manager  
Lands and Minerals

Effective: 08/24/2016

Contract No.: Com. Agr. NM136574



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## BUREAU OF LAND MANAGEMENT

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Carlsbad, New Mexico 88220-6292  
www.nm.blm.gov



In Reply Refer to  
NM136574  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136574

Date of Completion:	11/18/2016
Date of First Production:	11/20/2016
Field:	Red Hills
Operator, Well Name & No, API Number:	GMT Exploration; Sheba Fed Com 1H; 30-025-43358
Surface Location:	NENE, sec. 22, T. 24 S., R. 34 E.
Bottom Location:	SESE, sec. 22, T. 24 S., R. 34 E.
Total Depth:	MD: 17,222'; TVD: 12,455
Surface Elevation:	3,499' GL
Producing Formation:	Wolfcamp (12,405 – 17,113)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 259 BBL; Gas 521 MCF; Water 1351 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM136574, effective 08/24/2016, communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath the E2E2 of sec. 22, T. 24 S., R. 34 E., NMPM, and comprises 120 acres of Federal land in lease NMNM117125, and 40 acres of Fee land 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**  
12/15/2016

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