



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:

NM135955

3105.2 (P0220)

Reference:

Iron Horse Fed Com 1

T. 17 S., R. 28 E.,

Section 3: S2

Eddy County, NM

06/21/2016

2016 JUN 24 P 2:16

RECEIVED OGD

CHI Operating, Inc.

P.O. Box 1799

Midland, TX 79702

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135955 involving 124.17 acres of Federal land in lease LC028053B, 124.22 acres of Federal land in lease LC061465B and 86.47 acres of Federal land in lease NM012897, Eddy County, New Mexico, which comprises a 334.86 acre well spacing unit.

The agreement communitizes all rights to all producible gas and fluid hydrocarbons from the Morrow formation beneath S/2 of sec. 3, T. 17 S., R. 28 E., NMPM, and is effective 5/1/2000. 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.

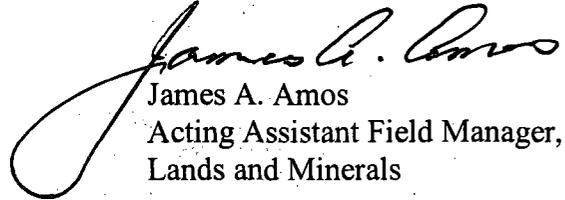
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Edward G Fernandez, Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,



James A. Amos
Acting 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

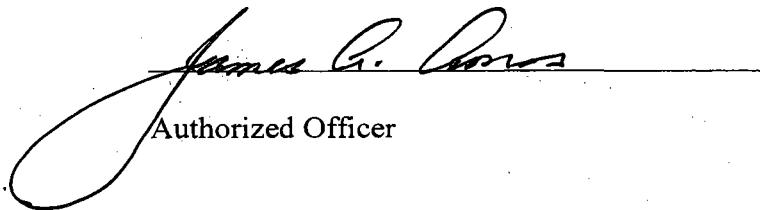
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 the S2 of sec. 3, T. 17 S., R. 28 E., NMPM, as to all producible gas and fluid hydrocarbons from the Morrow 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:


Authorized Officer

Effective 05/01/2000

Contract No.: Com. Agr. NM135955



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM135955
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135955

Date of Completion: 05/01/2000
Date of First Production: 05/20/2000
Field: Crow Flats
Operator, Well Name & No, API Number: CHI Operating; Iron Horse Fed Com 1; 30-015-31023
Surface Location: SWSW, sec.3, T. 17 S., R. 28E.
Total Depth: 10,090' MD; 10,090' TVD
Surface Elevation: 3,534' GL
Producing Formation: Morrow (9,675' - 9,770')
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 36 BBL; Gas 3142 MCF; Water 14 BBL
Current Status: Producing Gas Well

Remarks: CA NM135955, effective 05/01/2000, communitizes production of all gas and fluid hydrocarbons in the Morrow formation beneath the S2 of Sec. 3, T. 17 S., R. 28 E., NMPM, and comprises 124.17 acres of Federal land in lease LC028053B, 124.22 acres of Federal land in lease LC061465B and 86.47 acres of Federal land in lease NM012897 for a 334.86 acre spacing unit. Lease LC061465B is held by actual production and leases LC028053B and NM012897 are held by allocated production for this well (lease NM012897 is held by actual production from another well). If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham
06/21/2016

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