



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:

NM136121

3105.2 (P0220)

Reference:

08/11/2016

Communitization Agreement

Klein 33 Fed Com 1H

Sec. 28: W2W2

Sec. 33: NWNW, Lot 4

T. 26 S., R. 27 E., N.M.P.M.

Eddy County, NM

Cimarex Energy Company
600 N. Marienfeld St., Suite 600
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136121 involving 160 acres of Federal land in lease NMNM114350 and 63.37 acres of Federal land in lease NMNM117116, Eddy County, New Mexico, which comprise a 223.37 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2W2 of Sec. 28, and NWNW & Lot 4 of Sec. 33, T. 26 S., R. 27 E., NMPM, Eddy County, NM and is effective September 30, 2015. 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.

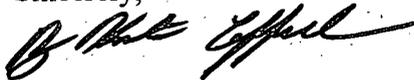
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward Fernandez, Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965.

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

Sincerely,



For: Cody R. Layton
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

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:

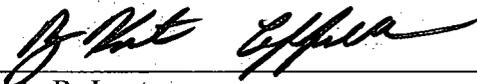
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 W2W2 of sec. 28, and NWNW & Lot 4 of sec. 33, 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: 08/11/2016

For:


Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: September 30, 2015

Contract No.: Com. Agr. NM136121



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM136121
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136121

| | |
|--|---|
| Date of Completion: | 06/08/2016 |
| Date of First Production: | 06/08/2016 |
| Field: | WC-015 G-04 S262625B |
| Operator, Well Name & No, API Number: | Cimarex Energy Co.; Klein 33 Fed Com 1H; 30-015-42105 |
| Surface Location: | sec. 33, Lot 4, T.26 S., R.27 E. |
| Bottom Location: | sec. 28, NWNW, T.26 S., R.27 E. |
| Total Depth: | 14,011 MD; 7,364 TVD |
| Surface Elevation: | 3,192 GL |
| Producing Formation: | Bone Spring (7,199 – 13,980) |
| Well Capable of Production in Paying Quantities: | Yes |
| Initial Daily Production: | Oil 631 BBL; Gas 1264 MCF; Water 1438 BBL |
| Current Status: | Producing Oil Well |

Remarks: CA NM136121, effective 09/30/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 28, W2W2, sec. 33, NWNW & Lot 4, T. 26 S., R. 27 E., NMPM, and comprises 160 acres of Federal land in lease NMNM114350 and 63.37 acres of Federal land in lease NM117116, for a 223.37 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
08/11/2016

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