

30-039-31369

United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

In Reply Refer To:
3105 (NMF0110)

NMNM-139255 (CA)

NOV 15 2018

Hilcorp Energy Company
Attn: Sheryl Kohl
1111 Travis Street
Houston, TX 77002

Dear Ms Kohl:

Enclosed is the approved new Communitization Agreement (CA) NMNM-139255, involving 40.00 acres of minerals in Fee land, 640.00 acres of Federal minerals in lease NMSF-080379A, 440.00 acres in lease NMSF-080377 and 160.00 acres in lease NMSF-080180 located in Rio Arriba County, New Mexico. This acreage comprises 1,280.00 acres, more or less in the Mancos spacing unit for the San Juan 29-6 Unit Com 601 #1H well. This CA will replace the previously approved CA NMNM-1382727, which has been terminated, effective November 15, 2018.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Mancos formation in All of Section 8 and All of Section 9, T.29 N., R.6 W., NMPM, and is effective November 15, 2018. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM-139255 as assigned above, must be posted on the well and facility signs for the San Juan 29-6 Unit Com 601 #1H well. The sign shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township and range, county, and state. (43 CFR 3162.6).

Pursuant to the terms and conditions of the approved CA and 43 CFR 3162.4 Well Records and Reports, you are required to file your well completion report within 30 days of the wells' completion. Within five (5) days of commencement of production, you are also required to file a notice of production startup. Penalties for non-compliance with such requirements are applicable to all wells and facilities on State or privately owned mineral lands committed to a unit or CA, which affects Federal or Indian interests, notwithstanding any provision of the unit or CA to the contrary. Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources Revenue (ONRR). The submission of form MMS-4054, Oil and Gas Operations Report (OGOR), must begin once drilling is completed. OGORs must be submitted to ONRR by the 15th day of the second month following the production month. Royalty payments, along with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold.

If the communitized well(s) are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

If you have any questions concerning reporting, locate your company contact at <http://www.onrr.gov/ReportPay/PDFDocs/operasgn.pdf>. Questions concerning Form 2014, call 1-800-525-9167 and Oil and Gas Operations Reports, call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact Virginia Barber at vbarber@blm.gov or telephone (505) 564-7754.

Sincerely,



Richard A. Fields
Farmington Field Office Manager

Enclosure 1 - Approved Communitization Agreement
cc: ONRR, MS-357 B1, Denver, CO
NMOCD, Santa Fe (w/o encl.)
NM Tax & Rev. Dept
NMSO (93000) (w/o encl.)
bcc: CA file (NMNM-139255)
Lease File (NMSF080377, NMSF080180, NMSF080379A)
LR2000/AFMSS/21110: vbarber/CA/Hilcorp/11-15-18