



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:
NMNM94535
3105.2 (P0220)

JUL 19 2018 P40142

30-015 - 23801

07/13/2018

Wildcat Energy, LLC
P.O. Box 13326
Odessa, TX 79768

Gentlemen:

Communitization Agreement (CA) NMNM94535 was approved July 11, 1997, effective as of June 01, 1996. This agreement communitized the NE corner of sec. 11, T. 19 S., R. 25 E., NMPM, Eddy County, New Mexico involving 40.00 acres of land in Federal lease NMNM12833 and 120.00 acres of land in Fee leases comprising a 160.00 acre well spacing unit as to natural gas and associated liquid hydrocarbons producible from the Canyon Formation.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the last well in the above-described communitized spacing unit, Rio Penasco KD 3 (API# 30-015-23801) located on Fee land in the NENE of sec. 11, T. 19 S. R. 25 E., has not produced since November of 1996. Per a written order (16WO12), a Notice of Intent was submitted to plug and abandon the well, but was rejected with the remark that this needed to be submitted to the State (NMOCD) for processing and approval. This was never done. Therefore, this agreement is considered to be abandoned from the Canyon Formation due to lack of production on 08/01/2003, which is the effective date that Wildcat Energy, LLC took over operations of the subject well.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA NMNM94535 is considered to have expired by its own terms as of 08/31/2003, the last day of the month during which the communitized formation is considered to be plugged and abandoned. Lease NMNM12833 is eligible for a two year extension to 08/30/2005 pursuant to 43 CFR 3107.4 as a result of the termination of the subject agreement. However, lease NMNM12833 is held by actual production and multiple CA agreements.

Please contact Deborah Ham at (575) 234-5965 or Chris Walls at (575) 234-2234 if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cody R. Layton". The signature is written in a cursive style with a large, sweeping initial "C".

Cody R. Layton
Associate Field Manager,
Lands and Minerals

cc:

ONRR, Denver
New Mexico Taxation and Revenue Department, Revenue Processing Division,
NMOCD
NM 9200
NM P0220, File Room