



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

In Reply Refer To:
NMNM140241
3105.2 (9250)

APR 23 2021

Reference:
Communitization Agreement
South Boyd Federal Com 13H
Section 27: E2E2
T. 19 S., R. 25 E., NMPM
Eddy County, New Mexico

Percussion Petroleum Operating LLC
919 Milam Street, Suite 2475
Houston, TX 77002

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM140241 involving 80.00 acres of Federal land in lease NMNM0504364B and 80.00 acres of fee land in Eddy County, New Mexico, which comprises a 160.00-acre well spacing unit.

The agreement communitizes all rights to all the oil and gas from the Glorieta-Yeso formation beneath the E2E2 of Sec. 27, T. 19 S., R. 25 E., NMPM, Eddy County, New Mexico, and is effective October 31, 2018. 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.

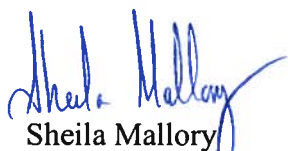
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Lauren Leib at 505-954-2234 or email lleib@blm.gov.

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

Sincerely,



Sheila Mallory
Deputy State Director
Division of Minerals

1 Enclosure

1 – Communitization Agreement

cc:

Office of Natural Resources Revenue
Via – leases.blm@onrr.gov

New Mexico Oil Conservation Division
Via – dean.mcclure@state.nm.us

New Mexico Taxation & Revenue Processing Division
P.O. Box 2308
Santa Fe, NM 87504

Commissioner of Public Lands
New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

NM92200, J. Serrano
NMP0220, Carlsbad Field Office File Room
NM9250, Case File

Determination - Approval - Certification

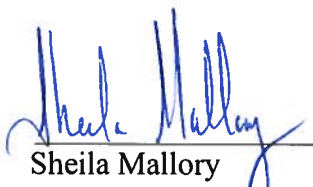
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 E2E2 of Sec. 27, T. 19 S., R. 25 E., NMPM, Eddy County, New Mexico, as to all the oil and gas from the Glorieta-Yeso 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: **APR 23 2021**



 Sheila Mallory
 Deputy State Director
 Division of Minerals

Effective: October 31, 2018
 Contract No.: Com. Agr. NMNM140241