



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

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IN REPLY REFER TO:
NMNM 132557 (CA)
3105 (NMF0110)

July 22, 2014

BP America Production Company
Attn: Craig Carley
501 Westlake Park Blvd., Room 3.270A
Houston, Texas 77079

Dear Mr. Carley:

Enclosed is one approved Communitization Agreements (CA) NMNM 132557, involving 320.00 acres of federal minerals in lease NMSF 078926, located in San Juan County, New Mexico. This acreage comprises of 320.00 acres, more or less, for the Gallegos Canyon Unit (GCU) No. 86E well.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Basin Mancos formation in E $\frac{1}{2}$ of Section 35, T29 N., R13 W. NMPM, and is effective May 21, 2014. You are requested to furnish all interested principals with appropriate evidence of this approval.

A portion of the committed acreage, 200.00 acres (NE $\frac{1}{4}$, NESE) is non-participating within the GCU, Mancos/Gallup Participating Area. The balance of the spacing unit, 120.00 acres (NWSE, S $\frac{1}{2}$ SE), and is participating in the Mancos/Gallup "B" GCU unit.

CA number NMNM132557 as assigned above, must be posted on the well and facility signs for the Gallegos Canyon Unit No 86E well. The signs 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 on Form 2014s, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/coassign.pdf> or call 1-800-525-9167.

If you have questions concerning reporting on Oil and Gas Operations Reports, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/operasgn.pdf> or call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact me at the above address or telephone (505) 564-7741.

Sincerely,



Cynthia Marquez
Land Law Examiner
Petroleum Management Branch

Enclosure 1 - Approved Communitization Agreement, Spacing Order R-11567
cc: ONRR, MS-357 B1, Denver, CO
NMOCD, Santa Fe (w/o encl.)
NM Tax & Rev. Dept.
NMSO (93000) (w/o encl.)

Section 35, T. 29N, R. 13 W. COMMUNITIZATION AGREEMENT

	Tract 1 NMSF-078926 200.00 acres Non-participating acreage in the Mancos/Gallup Unit	
	Tract 2 NMSF-078926 120.00 acres Participating acreage in the Mancos/Gallup "B" GCU unit	
		📍 GCU #86E

NMNM-132557

Effective Date: 05-21-2014

For natural gas and associated Liquid hydrocarbons in the Basin Mancos Formation

San Juan County, New Mexico

Operator: BP America Production Co.

Effective Date OK? Yes

Allocation on acreage basis? Yes

Royalties on lease basis? Yes

Non-Discrimination? Yes

Bond Number? WY2924

TR	Acres	%	Lease No.	Lessee	W.I. Owner & %
1	200.00	62.50	NMSF078926	BP America Production Co. 50.00% Burlington Res. O & G Co. 50.00%.	BP America Production Co. 75.00% Burlington Res. O & G Co. 25.00%.
2	120.00	37.50	NMSF078926	BP America Production Co. 50.00% Burlington Res. O & G Co. 50.00%.	BP America Production Co. 75.00% Burlington Res. O & G Co. 25.00%.