



## 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-138467 (CA)

JUN 26 2018

Logos Operating LLC  
2010 Afton Place  
Farmington, NM 87401

Dear Sir or Madam::

Enclosed is one approved Communitization Agreement (CA) NMNM-138467, involving 361.20 acres of minerals in Federal lease NMNM-136672 and 240.78 acres of Federal minerals in lease NMNM-118129 located in Rio Arriba County, New Mexico. This acreage comprises 601.98 acres, more or less in the Gallup formation.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Gallup formation in Lots 6,7, E/2 SW/4, SW/4 SE/4 of Section 6, T.23 N., R.7 W. and Lot 1, E/2 N/W, NE/4, N/2 SE/4, SE/4 SE/4 of Section 7, T.23 N., R.7 W., NMPM, and is effective June 26, 2018. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM-138467 as assigned above, must be posted on the well and facility signs for all wells affected by the CA. 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 15<sup>th</sup> 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](mailto: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-138467)

Lease File (NMNM136672 & NMNM118129)

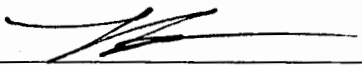
LR2000/AFMSS/21110: vbarber/CA/Logos/06-26-18

## 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.
- B. Approve the attached communitization agreement covering:  
Lots 6, 7, E/2 SW/4, SW/4 SE/4, Section 6; Lot 1, E/2 NW/4, NE/4, N/2 SE/4, SE/4 SE/4, Section 7, T.23 N., R.7 W., Rio Arriba County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the Gallup formation. This approval will become invalid *ab initio* by the Authorized Officer should then public interest requirements under Section 3105.2-3(e) not be 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.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: June 26, 2018

  
Richard A. Fields  
Farmington Field Office Manager

Effective: June 26, 2018

Contract No.: Com. Agr. NMNM-138467

## Federal Communitization Agreement

Contract No. NMNM138467

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto".

### WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**Township 23 North, Range 7 West, NMPM**  
**Section 6: Lots 6, 7, E2SW, SWSE**  
**Section 7: Lot 1, E2NW, NE, N2SE, SESE**  
**Rio Arriba County, New Mexico**

Containing 601.98 acres, and this agreement shall include only the Gallup Formation underlying said lands and crude oil and associated natural gas, hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas

interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is 06/26/2018, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**LOGOS Operating, LLC**

6/12/2018  
Date

By: [Signature]  
Name: Jay Paul McWilliams  
Title: President

**ACKNOWLEDGEMENT**

STATE OF NEW MEXICO )

COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of June, 2018 by Jay Paul McWilliams, President of LOGOS Operating, LLC, for and on behalf of said limited liability company.

8-12-19  
My Commission Expires



OFFICIAL SEAL  
TAMMI PAULY  
NOTARY PUBLIC - STATE OF NEW MEXICO  
My commission expires: 8-12-19

[Signature]  
Notary Public

WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD

LOGOS Resources II, LLC

6/12/2018

Date

By: [Signature]

Name: Jay Paul McWilliams

Title: Chief Executive Officer

ACKNOWLEDGEMENT

STATE OF NEW MEXICO )

COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this 12th day of June, 2018 by Jay Paul McWilliams, Chief Executive Officer of LOGOS Resources II, LLC, for and on behalf of said limited liability company.

8-12-19  
My Commission Expires



OFFICIAL SEAL  
**TAMMI PAULY**  
NOTARY PUBLIC - STATE OF NEW MEXICO  
My commission expires: 8-12-19

Tammi Pauly  
Notary Public

R&R Royalty Ltd.

\_\_\_\_\_  
Date

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018 by \_\_\_\_\_, as \_\_\_\_\_ of R&R Royalty Ltd., for and on behalf of said limited partnership.

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public



WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD

LOGOS Resources II, LLC

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Name: Jay Paul McWilliams  
Title: Chief Executive Officer

ACKNOWLEDGEMENT

STATE OF NEW MEXICO )

COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018 by Jay Paul McWilliams, Chief Executive Officer of LOGOS Resources II, LLC, for and on behalf of said limited liability company.

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

R&R Royalty Ltd.

5/31/18  
Date

By: [Signature]  
Name: AVINASH C. AHUJA  
Title: President of Magnum O&G, Inc.  
General Partner of R&R Royalty, LTD.

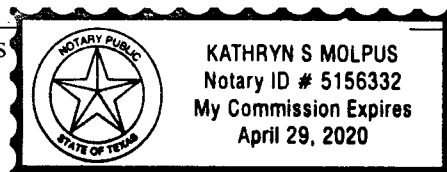
ACKNOWLEDGEMENT

STATE OF TEXAS )

COUNTY OF NUECES )

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of MAY, 2018 by AVINASH C. AHUJA, as PRESIDENT OF of R&R Royalty Ltd., for and on behalf of said limited partnership. MAGNUM O&G, INC., GENERAL PARTNER

4-29-2020  
My Commission Expires



[Signature]  
Notary Public

Royalty Rate: 12.5%

Name and Percent ORRI Owners: 6.25% of 8/8 - Ahuja Children 2012 Long Term Trust  
6.25% of 8/8 – Unified Assets, Ltd.

Name and Percent of Working Interest Owners: R&R Royalty, Ltd. – 100%

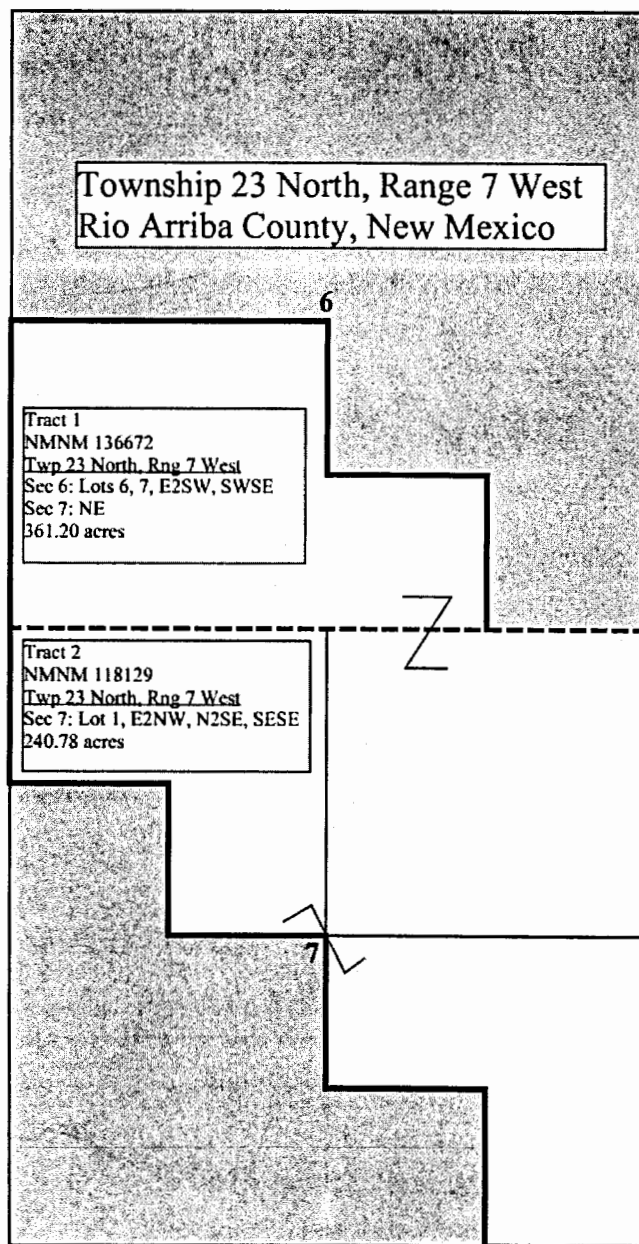
**RECAPITULATION**

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	361.20	60.001993%
2	<u>240.78</u>	<u>39.998007%</u>
<b>Total</b>	<b>601.98</b>	<b>100.000000%</b>

## EXHIBIT "A"

Plat of communitized area covering:  
Township 23 North, Range 7 West, Section 6: Lots 6, 7, E2SW, SWSE and Section 7: Lot 1, E2NW, NE,  
N2SE, SESE, N.M.P.M.  
Rio Arriba County, New Mexico

Communitized Formation: Gallup Formation



**EXHIBIT "B"**

To Communitization Agreement dated 06/26/2018 embracing the following described land in Rio Arriba County, New Mexico.

Operator of Communitized Area: LOGOS Operating, LLC

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: USA NMNM-136672  
Lease Date: November 1, 2017 11/9/16  
Lease Term: 10 years  
Lessor: United States of America  
Present Lessee: LOGOS Resources II, LLC  
Description of Land Committed: Township 23 North, Range 7 West, N.M.P.M.  
Section 6: Lots 6, 7, E2SW, SWSE  
Section 7: NE  
Number of Acres: 361.20 acres ✓  
Royalty Rate: 12.5%  
Name and Percent ORRI Owners: None  
Name and Percent of Working Interest Owners: LOGOS Resources II, LLC – 100%

Tract No. 2

Lease Serial Number: USA NMNM-118129  
Lease Date: June 1, 2007  
Lease Term: 10 years  
Lessor: United States of America  
Present Lessee: R&R Royalty, Ltd.  
Description of Land Committed: Township 23 North, Range 7 West, N.M.P.M.  
Section 7: Lot 1, E2NW, N2SE, SESE  
Number of Acres: 240.78 acres ✓



Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

**DISTRICT I**  
1625 N. French Dr., Hobbs, N.M. 88240  
Phone: (575) 393-6181 Fax: (575) 393-0720

**DISTRICT II**  
611 S. First St., Artesia, N.M. 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**DISTRICT III**  
1000 Rio Brazos Rd., Artes, N.M. 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**DISTRICT IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3480 Fax: (505) 476-3482

☒ AMENDED REPORT  
AS-DRILLED PLAT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-31366		<sup>2</sup> Pool Code 97232/42289		<sup>3</sup> Pool Name BASIN MANCOS/LYBROOK GALLUP	
<sup>4</sup> Property Code 322501		<sup>5</sup> Property Name FEDERAL 2307 7P COM			<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 289408		<sup>8</sup> Operator Name LOGOS OPERATING, LLC			<sup>9</sup> Elevation 7265

<sup>10</sup> Surface Location DISTRICT III

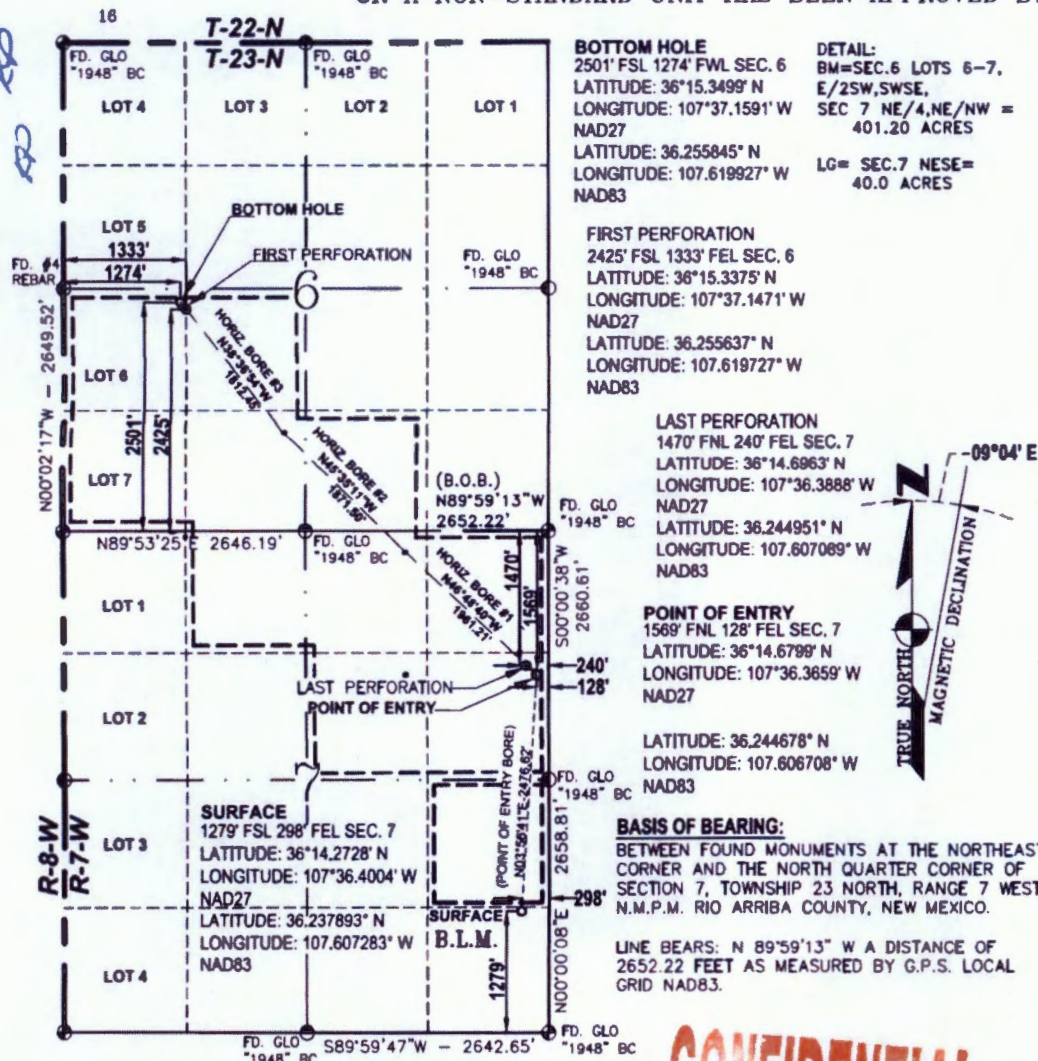
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	7	23-N	7-W		1279	SOUTH	298	EAST	RIO ARriba

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	6	23-N	7-W	46	2501	SOUTH	1274	WEST	RIO ARriba

<sup>12</sup> Dedicated Acres PROJECT AREA 441.20 ACRES SEE DETAIL BELOW	<sup>13</sup> Joint or Infill INFILL	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



## 17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a pooling agreement, or a compulsory pooling order heretofore entered by the division.

Signature Manuel A. Lopez Date 12/11/18

Mario E. Florez

Printed Name \_\_\_\_\_

Mflores@logosresourcesllc.com

E-mail Address

## 18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

DECEMBER 10, 2018

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor

GLEN W. RUSSELL

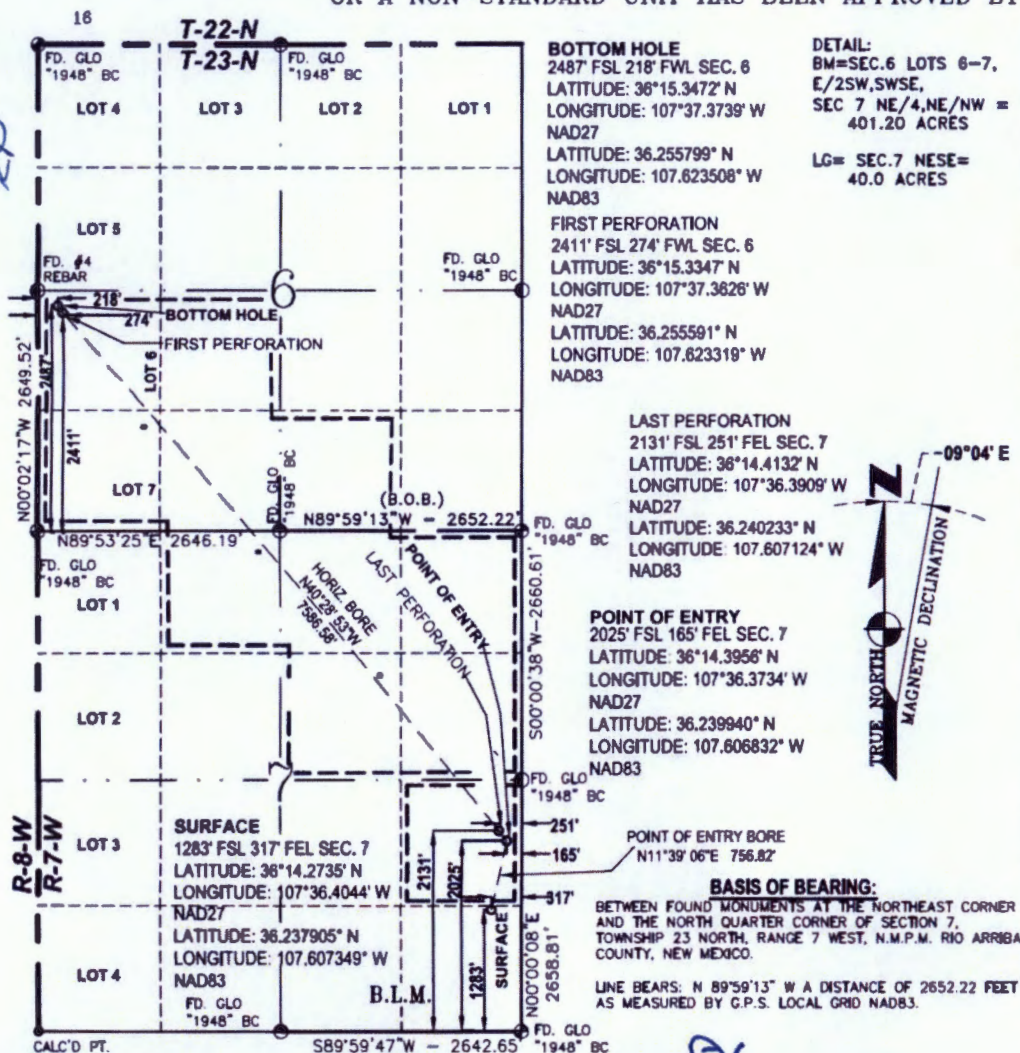
**Certificate Number**

15703

**CONFIDENTIAL**



**DISTRICT IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3480 Fax: (505) 476-3482



15703

~~CONFIDENTIAL~~



**CONFIDENTIAL**