



IN REPLY REFER TO:

# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

New Mexico State Office

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

[www.blm.gov/nm](http://www.blm.gov/nm)



IN REPLY REFER TO:

NM135503

3105.2 (P0220)

### Reference:

Communitization Agreement

Penny Pincher Fed Com 4H

Sec. 21, E2E2

T. 19 S., R. 31 E.

Eddy County, NM

January 26, 2016

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2016 FEB -1 P 2:43

Cimarex Energy Co.

600 N. Marienfeld, Suite 600

Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM135503 involving 80 acres of Federal land in lease NMNM28500, and 80 acres of Federal land in lease NMLC063622, Eddy County, New Mexico, which comprise a 160-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 21, E2E2, T. 19 S., R. 31 E., NMPM, Eddy County, NM, and is effective 10/20/2011. 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.

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 Edward Fernandez, Petroleum Engineer at (575) 234-2220.

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

Sincerely,

  
Stephen Caffey  
Assistant Field Manager,  
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

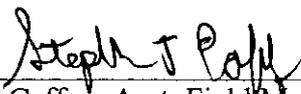
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Determination - Approval - Certification

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 sec. 21, E2E2, T. 19 S., R. 31 E., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not 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.

Approved:

  
\_\_\_\_\_  
Stephen Caffey, Asst. Field Mgr.  
Authorized Officer

Effective: 10/20/2011

Contract No.: Com. Agr. NM135503

United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Carlsbad Field Office  
620 E. Greene  
Carlsbad, New Mexico 88220-6292  
www.nm.blm.gov



In Reply Refer to  
NM135503  
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135503

Date of Completion: 10/20/2011  
Date of First Production: 10/23/2011  
Field: Hackberry  
Operator, Well Name & No, API Number: Cimarex Energy Co.; Penny Pincher Fed Com 4H;  
30-015-38997  
Surface Location: Sec. 21, T. 19 S., R. 31 E.  
Bottom Location: Sec. 21, T. 19 S., R. 31 E.  
Total Depth: 13,511 MD; 9,035 TVD  
Surface Elevation: 3499 GL  
Producing Formation: Bone Spring  
Well Capable of Production in Paying Quantities: Yes  
Initial Daily Production: Oil 114 BBL; 174 MCF; Water 584 BBL  
Current Status: Producing Oil Well  
Remarks: CA NM135503 effective 10/20/2011, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E2E2 of sec. 21, T. 19 S., R. 31E, NMPM, and comprises 80 acres of Federal land in lease NMNM28500, and 80 acres of Federal land in lease NMLC063622, for a 160-acre well spacing unit. All leases are held by actual production.

If you have any questions regarding this memorandum please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham  
01/26/2016

cc:  
ONRR-MS 63230B  
First Production File  
LLNM (P0220, File Room)