



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Carlsbad Field Office
620 E. Greene

Carlsbad, New Mexico 88220-6202
www.blm.gov/nm



RECEIVED OOD

2015 JUL 22 P 2:58

IN REPLY REFER TO:
NM134674
3105.2 (P0220)

Reference:
Paloma 21 Fed Com 3H
T. 20 S., R. 34 E.
Sec. 21: W2E2
Sec. 28: NWNE, and SWNE
Lea County, NM

JUL 15 2015

30-025-41995

Fasken Oil and Ranch
6101 Holiday Hill Road
Midland, TX 79707

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134674 involving 160 acres of Federal land in lease NMLC070315, and 80 acres of Fee land, Lea County, New Mexico, which comprise a 240 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2E2 of sec. 21, NWNE and SWNE of sec.28, T. 20 S., R. 34 E., NMPM, and is effective 8/1/2014. 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 G. Fernandez, Petroleum Engineer at (575) 234-2220.



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If you have any questions regarding this approval, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Caffey", is written over the typed name.

Steve 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)

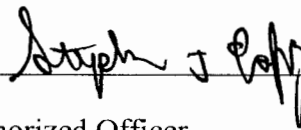
NM (P0220-CFO, File Room)

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 W2E2 of sec. 21, NWNE and SWNE of sec.28, T. 20 S., R. 34 E., NMPM, as to all producible hydrocarbons from the Lower Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (e) 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:



Authorized Officer
Steve Caffey
Asst. Field Mgr.

Effective: 8/1/2014

Contract No.: Com. Agr. NM134674



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
NM134674
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Comm. Agreement NM134674

Date of Completion:	2/9/15
Date of First Production:	2/11/15
Field:	Bone Spring South
Operator, Well Name & No, API Number:	Fasken; Paloma 21 Fed Com 3H; 3002541995
Surface Location:	sec. 21, T. 20 S., R. 34 E.
Total Depth:	MD: 17,990- TVD: 11,097
Surface Elevation:	3,641' GL
Producing Formation:	Bone Spring (11,266– 17,956)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 582 BBL; Gas 621 MCF; Water 654 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM134674, effective 8/1/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the W2E2 of sec. 21, NWNE and SWNE of sec. 28, T. 20 S., R. 34 E., NMPM, and comprises 160 acres of Federal land in lease NMLC070315, and 80 acres of Fee land for a 240 acre well spacing unit, whose leases are held by actual production.

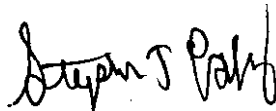
If you have any questions regarding this memorandum, please call Arthur Morrison at ajmorrison@blm.gov.

/S/ **Arthur Morrison**
6/19/15

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Caffey".

Steve 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.)

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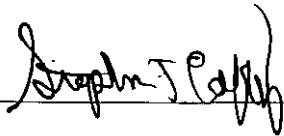
NM (P0220-CFO, File Room)

CORRECTED
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 W2E2 of sec. 21, NWNE and SWNE of sec. 28, T. 20 S., R. 34 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 (e) 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:



Authorized Officer
Steve Caffey
Asst. Field Mgr.

Effective: 8/1/2014

Contract No.: Com. Agr. NM134674