



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

IN REPLY REFER TO:
NMNM134944 (CA)
3105 (NMF0110)

July 31, 2015

WPX Energy Production, LLC
One Williams Center
P. O. Box 3102
Tulsa, OK 74101-3102

Dear Mr. Brennan West:

Enclosed is one approved Communitization Agreement (CA) NMNM134944, involving 320.00 acres of Federal minerals in lease NMSF078534 and 320.00 acres of Federal minerals in lease NMSF-080202B Rio Arriba County, New Mexico. This acreage comprises a 640.00 acre Mancos spacing unit for the MC 6 Com No. 159H, MC 6 Com No. 160H and MC 6 Com No. 901H wells.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas and crude oil and associated natural gas producible from the Mancos formation in All of Section 35, T. 24 N., R. 8 W. NMPM, and is effective July 31, 2015. You are requested to furnish all interested principals with appropriate evidence of this approval.

The Farmington Field Office has adopted a streamlined CA procedure that will reduce delays involving the production of wells that involve communization of Federal lands. By minimizing delays, the payment of royalties will not be delayed and economic hardship will be eliminated. Upon the BLM issuing the CRS number to the operator, this includes a requirement to obtain the required signatures of Bannan Energy Program 89A and Brannon Energy Program 88B within 120-days. In discussions with Mr. West, it is the BLM understanding is Bannan Energy Program 89A and Brannon Energy Program 88B going to participate in the CA. The lease does contain a provision authorizing pooling in accordance with the acreage required of the agreement. In the event you are unable to obtain the required signatures or the pooling order, justification for a time extension in this period will be considered an incident of non-compliance.

CA number NMNM134944 as assigned above, must be posted on the well and facility signs for the MC 6 Com Nos. 159H, 160H, 901H wells. 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 well's 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 well 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 wells 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
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 (NMNM134944)
Lease files: (NMSF-078534, NMSF-080202B w/o encl.)
LR2000/AFMSS/21110: cmarquez CA BR: 07/14/15