



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



IN REPLY REFER TO:

NM134953

3105.2 (P0220)

Reference:

Communitization Agreement

Liberty 24 Fed Com 4H

Sec. 24, W2W2

T. 25 S., R. 26 E.

Eddy County, NM

August 6, 2015

Cimarex Energy Co.

600 N. Marienfeld, Suite 600

Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134953 involving 80 acres of Federal land in lease NM26105, and 80 acres of Federal land in lease NM96835, Eddy County, New Mexico, which comprise a 160-acre well spacing unit.

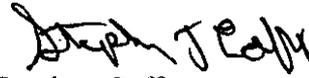
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath sec. 24, W2W2, T. 25 S., R. 26 E., NMPM, Eddy County, NM, and is effective 4/25/14. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest 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)

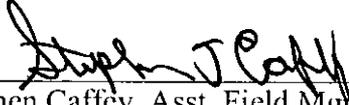
NM (P0220-CFO, File Room)

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 sec. 24, W2W2, T. 25 S., R. 26 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:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 4/25/14

Contract No.: Com. Agr. NM134953



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In Reply Refer to
NM134953
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134953

Date of Completion:	10/10/14
Date of First Production:	10/10/14
Field:	Cottonwood Draw; BS
Operator, Well Name & No, API Number:	Cimarex Energy Co.; Liberty 24 Fed Com 4H; 3001542262
Surface Location:	sec. 24, T. 25 S., R.26 E.
Total Depth:	11,735 MD; 7,176 TVD
Surface Elevation:	3,276 GL
Producing Formation:	Bone Spring
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 587 BBL; Gas 992 MCF; Water 1,034 BBL
Current Status:	Producing Oil Well
Remarks:	CA134953, effective 4/25/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the W2W2 of sec. 24, T. 25 S., R. 26E, NMPM, and comprises 80 acres of Federal land in lease NM26105, and 80 acres of Federal land in lease NM96835 for a 160- acre well spacing unit. All leases are held by actual production.

Questions? ajmorrison@blm.gov.

/s/ Arthur Morrison
8/6/2015

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