



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:

NM135022

3105.2 (P0220)

Reference:

Paloma 21 Fed Com 2H

T. 20 S., R. 34 E.

Sec. 21: E2W2

Sec. 28: E2NW

Lea County, NM

August 19, 2015

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

RECEIVED OOD
2015 AUG 24 P 3:14

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135022 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 E2W2 of sec. 21, E2NW 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.

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

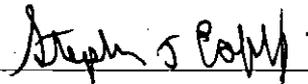
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 the E2W2 of sec. 21, E2NW 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
Stephen Caffey
Asst. Field Mgr.

Effective: 8/1/2014

Contract No.: Com. Agr. NM135022



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
NM135022
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Comm. Agreement NM135022

Date of Completion: 07/21/2015
Date of First Production: 07/21/2015
Field: Lea
Operator, Well Name & No, API Number: Fasken Oil & Ranch; Paloma 21 Fed Com 2H;
3002541994
Surface Location: sec. 21, NENW, T. 20 S., R. 34 E.
Total Depth: MD: 18,130 - TVD: 11,121
Surface Elevation: 3,639' GL
Producing Formation: Bone Spring (11,364– 18,070)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 489 BBL; Gas 617 MCF; Water 1057 BBL
Current Status: Producing Oil Well
Remarks: CA NM135022, effective 8/1/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E2W2 of sec. 21, and E2NW 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 email Deborah Ham at dham@blm.gov.

/S/ Deborah Ham
08/19/2015

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