



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:

NM134520

3105.2 (P0220)

Reference:

Hamon Federal Com A 2H

05/13/2015

Communitization agreement

Sec. 7, Lots 1-4

Township 20 South, Range 34 E, N.M.P.M.

Lea County, NM

Legacy Reserves Operating LP

P.O. Box 10848

Midland, TX 79702

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134520 involving 80.33 acres of Federal land in lease NMNM84651, and 80.11 acres of Federal land in lease NMNM129733, Lea County, New Mexico, which comprise a 160.44 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath W2NW4 and W2SW4, Sec. 7, T. 20 S., R. 34 E., NMPM, Lea County, NM, and is effective 10/01/2014. 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 Fernandez, Petroleum Engineer at (575) 234-2220.

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

Sincerely,



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)

NM State Land Comm. (Only CA with "State" acreage)

Determination - Approval - Certification

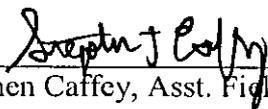
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 W2NW4 and W2SW4 of sec. 7, 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:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 10/01/2014

Contract No.: Com. Agr. NM134520



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Carlsbad, New Mexico 88220-6292
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2015 MAY 18 P 3:41

In Reply Refer to
NM134520
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134520

Date of Completion: 10/24/2014
Date of First Production: 10/25/2014
Field: Teas
Operator, Well Name & No, API Number: Legacy Reserves; Hamon Fed Com A 2H;
3002541630
Surface Location: Lot 1, sec. 18, T. 20 S., R. 34 E.
Total Depth: 15,934' MD; 10,899' TVD
Surface Elevation: 3,610' GL
Producing Formation: Bone Spring (11,258' – 15,883')
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 1040 BBL; Gas 698 MCF; Water 2744 BBL
Current Status: Producing Oil Well
Remarks: CA NM134520, effective 10/1/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Lot 1 through Lot 4 of sec. 7, T. 20S., R. 34 E., NMPM, and comprises 80.33 acres of Federal land in lease NMNM84651, and 80.11 acres of Federal land in lease NMNM129733 for a 160.44 acre well spacing unit, whose leases are held by actual production.

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

/S/ Deborah Ham

05/13/2015

cc:

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