



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:

NM134072

3105.2 (P0220)

Reference:

Hamon Fed Com A 4H

2/6/2015

Communitization agreement

E2NE and E2SE, sec. 7

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

Lea County, NM

Legacy Reserves

Box 10848

Midland, Texas 79702

RECEIVED OOD
2015 FEB -9 P 3:03

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134072 involving 80 acres of Federal land in lease NMNM84652, and 80 acres of Federal land in lease NMNM129733 for a 160 acre well spacing unit, whose leases are held by actual production.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2NE and E2SE, sec. 7, T. 20 S., R. 34 E, NMPM, Lea County, NM, and is effective 12/1/14. 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,

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)

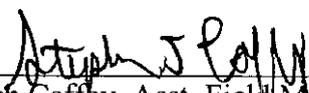
NM (P0220-CFO, File Room)

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 E2NE and E2SE, 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: 12/1/14

Contract No.: Com. Agr. NM134072



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
NM134072
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134072

Date of Completion: 12/19/14
Date of First Production: 12/20/14
Field: Bone Spring
Operator, Well Name & No, API Number: Legacy Reserves; HAMON FED COM A 4H;
3002541617
Surface Location: E/2NE and E/2SEsec. 7, T. 20 S., R. 34 E.
Total Depth: 16,190' MD; 10,913' TVD
Surface Elevation: 3,611' GL
Producing Formation: Bone Spring (11,586' – 16,136')
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 938 BBL; Gas 803 MCF; Water 1455 BBL
Current Status: Producing Oil Well
Remarks: CA NM134072, effective 12/1/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E2NE and E2SE of sec. 7, T. 20S., R. 34 E., NMPM, and comprises 80 acres of Federal land in lease NMNM84652, and 80 acres of Federal land in lease NMNM129733 for a 160 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/ Arthur Morrison
2/6/15 22, 2014

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