



United States Department of the Interior  
FEDERAL INDIAN MINERALS OFFICE  
BIA-ONRR-BLM  
6251 College Boulevard, Suite B  
Farmington, New Mexico 87402



IN REPLY REFER TO:  
CA# NMNM132338

April 22, 2014

30-045-29885

**APPROVAL-CERTIFICATION-DETERMINATION**

Pursuant to the authority vested in the Secretary of the Interior under the Allotted Land Leasing Act of March 3, 1909, 35 Stat. 783, 25 U.S. C. 396, as to Allotted Indian lands and delegated to the Director, Federal Indian Minerals Office, we do hereby:

- A. Approve the attached Communitization Agreement covering the
- B. S/2 of Section 24, Township 27 North, Range 9 West, N.M.P.M., San Juan County, New Mexico, as to oil and associated gas, gas and associated liquids hydrpcarbons, hereinafter, referred to as "communitized substances," producible from only the Fruitland Coal Formation.
- C. Certify and determine that the Allotted Indian land leases, as to the lands committed to the attached Communitization 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 best interest of the Indian landowners.
- D. Certify and determine that the drilling, producing, rental and royalty requirements of the Indian leases committed to said Communitization Agreement is hereby established, altered, changed, or revoked to conform with the terms and conditions of this Agreement.

4/22/14  
Date

Jerry DeGroat  
Jerry DeGroat, Acting Director,  
Federal Indian Minerals Office

**Communitization Agreement**  
(Model Form for Federal/Indian and Indian/Indian)

Contract No. NMNM132338

THIS AGREEMENT, entered into as of the date shown in Section 9 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of March 3, 1909, (35 Stat. 783) as amended by the Act of August 9, 1955, (69 Stat. 540), the Act of May 11, 1938, (52 Stat. 347 as amended, 25 USC 396 a-g), Act of August 4, 1947, (61 Stat. 732), Indian Mineral Development Act of 1982, (25 USC 2101-2108), and as applicable, the Act of February 25, 1920 (41 Stat. 437) require that all operations under oil and gas leases on tribal and/or allotted Indian lands, and Federal lands when applicable will be subject to the rules and regulations of the Secretary of the Interior, and the regulations issued pursuant to said statutes provide that in exercise of his judgment, the Secretary of the Interior may take into consideration among other things, the Federal laws, State laws, regulations by competent Federal or State authorities, or lawful agreements among operators regulating either drilling or production or both (25 CFR Secs. 211.28 and 212.28); and

WHEREAS, the parties hereto own working, royalty or other leasehold interest, or operating rights under the oil and gas leases and lands subject to this Agreement which 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

WHEREAS, part of the land subject to this agreement has been committed to the Unit Agreement for the Development and Operation of the Huerfanito Unit Area, County of San Juan, State of New Mexico, dated May 31, 1951; the land subject to the terms and conditions of the said Unit Agreement and the Unit Accounting Agreement Huerfanito Unit Area, County of San Juan, State of New Mexico, dated May 31, 1951, being described as follows, to-wit:

**Township 27 North, Range 9 West, N.M.P.M.**  
**Section 24: SW/4**  
**San Juan County, New Mexico**  
**Containing 160 acres, more or less**

WHEREAS, part of the land subject to this agreement has not been committed to the Unit Agreement for the Development and Operation of the Huerfanito Unit Area, being described as follows, to-wit:

**Township 27 North, Range 9 West, N.M.P.M.**  
**Section 24: SE/4**  
**San Juan County, New Mexico**  
**Containing 160.00 acres, more or less**

NOW, THEREFORE, the parties agree as follows:

1. **Communitized Area.**

The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**Township 27 North, Range 9 West N.M.P.M.**  
**Section 24: S/2**  
**San Juan County, New Mexico**

containing **320.00** acres, and this agreement will include only the **Fruitland Coal formation** underlying said lands and the oil and associated gas, gas and associated liquids hydrocarbons, hereinafter referred to as "communitized substances", producible from such formation.

2. **Acreage and Ownership.**

Attached is a plat designated as Exhibit "A" showing the communitized area. Attached is Exhibit "B" showing the acreage, percentage and ownership of oil and gas lease interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling and patented or fee lands within the communitized area.

3. **Operator.**

The Operator of the communitized area is:

**ConocoPhillips Company of 3401 E. 30<sup>th</sup> St., Farmington, NM 87402**

All matters of operation will be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be nominated by the owners of the working interest in the communitized area, by submitting four (4) executed copies of a Designation of Successor Operator to the Authorized Officer, Bureau of Land Management, for approval by the appropriate Authorized Officer.

#### **4. Reports.**

Operator will furnish:

(1) a log and history of any well drilled within the communitized area within 30 days of completion of the well or approval of this agreement, monthly reports of operations prior to the date of first production sales, to the Authorized Officer, Bureau of Land Management.

(2) monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute the monthly royalty due, as specified in the applicable oil and gas leases and regulations, after the date of first production sales, to Minerals Management Service.

#### **5. Communitized Substances Allocated According to Acreage.**

The communitized area will be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom will be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8<sup>th</sup>, attributed to unleased Indian, Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased.

#### **6. Royalties and Rentals.**

The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases will be determined and paid on the basis prescribed in each of the individual leases.

#### **7. Drainage.**

There will be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter, be divided, nor will any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto will not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. **Diligence.**

The Authorized Officer (AO) may require the drilling and production of such wells to insure reasonable diligence in the development and operation of the communitized area, or in lieu of drilling, require the payment of an amount as determined by the AO to compensate the interest owners in full each month for the estimated loss of royalty.

9. **Effective Date and Term.**

This Agreement will be effective as of June 12, 2000 (date of approval of this communitization agreement or the date of first production, whichever comes first) and will remain in effect for a period of two (2) years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities. This Agreement may be terminated at any time by mutual agreement of the parties hereto.

10. **Secretarial Supervision.**

It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, will have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases and in the applicable oil and gas regulations of the Department of the Interior.

11. **Covenants Run with the Land.**

The covenants herein will be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates. Any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest.

12. **Signing of Agreement by Counterparts.**

This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and will be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

13. **Nondiscrimination.**

In connection with the performance of work under the agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of

Executive Order 11246 (30 FR 12319), giving, however, such preference to Indians as applicable law permits.

**14. Leases and Contracts Conformed and Extended.**

Oil and Gas leases in the communitized area will remain in full force except as specifically modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof will be deemed full performance of all obligations for development and operation with respect to each and every separately owned tract subject to this agreement, regardless of whether there is any development of any particular tract of this communitized area.

(b) Drilling and producing operations performed hereunder upon any tract of communitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of communitized land, and no lease will be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all communitized lands pursuant to direction or consent of the Authorized Officer will be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of communitized land.

(d) Any Federal lease committed hereto will continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of communitized substances in paying quantities is established under this communitization agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on communitized land, in accordance with provisions of this agreement, prior to the end of the primary term of such lease and are being diligently pursued at that time, such lease will be extended for two (2) years, and so long thereafter as oil or gas is, or can be produced in paying quantities.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Burlington Resources Oil & Gas Company LP  
By: BROG GP LLC, its sole general partner  
signing as Operator of the Huerfanito Unit

Date: 3-27-14

By: Patrick H. Noah  
Patrick H. Noah, Attorney-in-Fact VT

**ACKNOWLEDGEMENT**

STATE OF NEW MEXICO )

COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this 27<sup>TH</sup> day of MARCH, 2014 by Patrick H. Noah, as Attorney-in-Fact of BROG GP LLC, a Delaware corporation acting on behalf of Burlington Resources Oil & Gas Company LP, a Delaware limited partnership, sole general partner.

*Valerie Wells*

Notary Public

12-03-2014

My Commission Expires



**LESSEES OF RECORD  
AND/OR WORKING INTEREST OWNERS**

Burlington Resources Oil & Gas Company LP  
by: BROG GP LLC, its sole general partner

Date: 3-27-14

By: *Patrick H. Noah*

Patrick H. Noah, Attorney-in-Fact

VT

**ACKNOWLEDGEMENT**

STATE OF NEW MEXICO )

COUNTY OF SAN JUAN )

The foregoing instrument was acknowledged before me this 27<sup>TH</sup> day of MARCH, 2014 by Patrick H. Noah, as Attorney-in-Fact of BROG GP LLC, a Delaware corporation acting on behalf of Burlington Resources Oil & Gas Company LP, a Delaware limited partnership, sole general partner.

*Valerie Wells*

Notary Public

12-03-2014

My Commission Expires



# EXHIBIT "A"

Plat of communitized area covering:

Section 24, Township 27 North, Range 9 West, N.M.P.M.  
S/2  
San Juan County, New Mexico

## Huerfanito Unit Com 174 Fruitland Coal

<p>Tract 2 SW/4 Sec. 24-T27N-R9W (Lies within the Huerfanito Unit) Navajo Lease NO-G-0652-1132 160 acres, more or less</p>	<p>Tract 1 SE/4 Sec. 24-T27N-R9W (Lies outside the Huerfanito Unit) Navajo Lease NO-G-0651-1131 160 acres, more or less</p>

**EXHIBIT "B"**

To Communitization Agreement Dated June 12, 2000 embracing the following described land in San Juan County, New Mexico.

Operator of Communitized Area: Burlington Resources Oil & Gas Company LP

**DESCRIPTION OF LEASES COMMITTED**

**Tract No. 1 (lies outside the Huerfanito Unit)**

Lease Serial Number: NO-G-0651-1131

Lease Date: June 9, 1950

Lease Term: 10 years

Lessor: Allot No. 011500-E-kid-e-pah

Present Lessee: Burlington Resources Oil & Gas Company LP

Description of Land Committed: Township 27 North, Range 9 West, N.M.P.M.  
Section 24: SE/4

Number of Acres: 160.00 acres

Royalty Rate: 12.50%

Name and Percent ORRI Owners: None.

Name and Percent of Working Interest Owners: Burlington Resources Oil & Gas Company LP – 100%

COPC Lease No.: 426988/000

**Tract No. 2 (lies within the Huerfanito Unit)**

Lease Serial Number: NO-G-0652-1132

Lease Date: June 9, 1950

Lease Term: 10 years

Lessor: Allot No. 062702-Kay-ne-pah

Present Lessee: Burlington Resources Oil & Gas Company LP

Description of Land Committed: Township 27 North, Range 9 West, N.M.P.M.  
Section 24: SW/4

Number of Acres: 160.00 acres

Royalty Rate: 12.50%

Name and Percent  
ORRI Owners: None.

Name and Percent of  
Working Interest Owners: Burlington Resources Oil & Gas Company LP - 100.00%

COPC Lease No: 426989/000

## RECAPITULATION

### Percentage of Interest

Tract No.	Number of Acres Committed	Percentage
1	160.00	50.0000000%
2	160.00	50.0000000%
	320.00	100.0000000%



Marquez, Cynthia &lt;cmarquez@blm.gov&gt;

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**CA NMNM-132338 Huerfano Unit #174**

2 messages

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**Marquez, Cynthia** <cmarquez@blm.gov>  
To: Christine Bitsoi <christine.bitsoi@bia.gov>

Wed, Apr 16, 2014 at 6:14 PM

Hi Chris,

Just checking to see if you have made any progress on the above mentioned CA. There are committed and non-committed lands with in the unit.

Thanks

Cindy

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Cynthia Marquez  
6251 College Blvd.  
Farmington, NM 87402  
505-564-7741  
[cmarquez@blm.gov](mailto:cmarquez@blm.gov)

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**Bitsoi, Christine** <christine.bitsoi@bia.gov>  
To: "Marquez, Cynthia" <cmarquez@blm.gov>

Thu, Apr 17, 2014 at 3:15 PM

there is no one here to sign off on anything and until they send someone to sign documents.

i was out of the office part of this morning, thanks.

*CL Bitsoi,  
Realty Specialist, FIMO (BIA)  
Direct Line: 505/564-7642*

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