



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

IN REPLY REFER TO:
NMNM136716 (CA)
3105 (NMF0110)

July 8, 2015

BP America Production Company
Lower 48 Onshore
Attn: Craig Ferguson
E3, 12.173B
737 N. Eldridge Parkway
Houston, Texas 77079

Dear Mr. Ferguson:

Enclosed is one approved Communitization Agreements (CA) NMNM136716, involving 67.40 acres of Federal minerals in lease NMSF079938 and 80.00 acres of Federal minerals in Federal lease NMSF078390 located in San Juan County, New Mexico. This acreage comprises 147.60 acres, more or less in the Otero Chacra spacing unit for the Jones A LS No. 1 well.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Otero Chacra formation in Lots 3,4, S2SW of Section 10 T. 28 N., R. 8 W. NMPM, and is effective November 8, 2016. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM136716 as assigned above, must be posted on the well and facility signs for the Jones A LS No. 1 well. The signs shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township and range, county, and state. (43 CFR 3162.6).

Pursuant to the terms and conditions of the approved CA and 43 CFR 3162.4 Well Records and Reports, you are required to file your well completion report within 30 days of the wells' completion. Within five (5) days of commencement of production, you are also required to file a notice of production startup. Penalties for non-compliance with such requirements are applicable to all wells and facilities on State or privately owned mineral lands committed to a

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unit or CA, which affects Federal or Indian interests, notwithstanding any provision of the unit or CA to the contrary.

Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources Revenue (ONRR). The submission of form MMS-4054, Oil and Gas Operations Report (OGOR), must begin once drilling is completed. OGORs must be submitted to ONRR by the 15th day of the second month following the production month. Royalty payments, along with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold.

If the communitized well(s) are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

If you have any questions concerning reporting on Form 2014s, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/coassign.pdf> or call 1-800-525-9167.

If you have questions concerning reporting on Oil and Gas Operations Reports, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/operasgn.pdf> or call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact me at the above address, by email at cmarquez@blm.gov or telephone (505) 564-7741.

Sincerely,



Dave Mankiewicz
Assistant Field Manager, Minerals

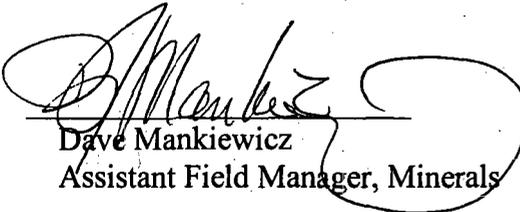
Distribution:
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NM Tax & Rev. Dept.-1
CA file NMNM128059-1
NMF01110: CMarquez: cm: 02/10/17: X7741: CA

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.
- B. Approve the attached Communitization Agreement covering: Lots 3,4, S2SW Section 10, T. 28 N., R. 10 W., San Juan County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the Chacra formation. This approval will become invalid *ab initio* by the Authorized Officer should then public interest requirements under Section 3105.2-3(e) not be 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.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: February 10, 2017


Dave Mankiewicz
Assistant Field Manager, Minerals

Effective: November 8, 2016
Contract No.: NMNM-136716