



# 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:  
NMNM138389  
3105.2 (P0220)

08/13/2018

Reference:  
Communitization Agreement  
Cottonwood 28 33 Fed Com 2BS #7H  
Section 28: E2E2  
Section 33: Lot 1, NENE  
T. 26 S., R. 26 E., N.M.P.M.  
Eddy County, NM

API No.  
30-015-44650

Chisholm Energy Operating, LLC  
801 Cherry Street, Suite 1200-Unit 20  
Fort Worth, TX 76102

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM 138389 involving 200 acres of Federal land in lease NMNM113944, and 23.23 acres of Federal land in lease NMNM 121472, Eddy County, New Mexico, which comprise a 223.23 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2E2, Sec. 28 and Lot 1, NENE Sec. 33, T. 26 S., R. 26 E., NMPM, Eddy County, NM, and is effective February 1, 2018. 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.

Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

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 Chris Walls, Petroleum Engineer at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,

A handwritten signature in blue ink that reads "Cody R. Layton". The signature is written in a cursive style with a large, sweeping "C" at the beginning.

Cody R. Layton  
Assistant Field Manager,  
Lands and Minerals

1 Enclosure:  
1 - Communitization Agreement

cc:  
ONRR, Denver  
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 E2E2 of sec. 28 and Lot 1, NENE of sec. 33, T. 26 S., R. 26 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 (c) 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: 08/13/2018

  
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Cody R. Layton  
Assistant Field Manager  
Lands and Minerals

Effective: February 1, 2018

Contract No.: Com. Agr. NMNM138389