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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:  
NM137775  
3105.2 (P0220)

11/30/2017

Reference:  
Communitization Agreement  
Klein 33 Fed Com 1H, 5H, 7H & 8H  
Sec. 28: W2, W2E2  
Sec. 33: N2NW, NWNE, Lots 2-4  
T. 26 S., R. 27 E.  
Eddy County, NM

1H 30-015-42105  
5H 30-015-42098  
7H 30-015-42180  
8H 30-015-42181

Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM137775 involving 480 acres of Federal land in lease NMNM114350 and 190.21 acres of Federal land in lease NMNM117116, Eddy County, New Mexico, which comprise a 670.21 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 28: W2, W2E2 and Sec. 33: N2NW, NWNE, Lots 2-4, T. 26 S., R.27 E., NMPM, Eddy County, NM, and is effective 01/01/2017. Per development changes and request of Cimarex Energy Co., to which BLM, Carlsbad Field Office concurs, this approved CA, NMNM137775 will replace the terminated Communitization Agreements NMNM136121 and NMNM134759. 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.

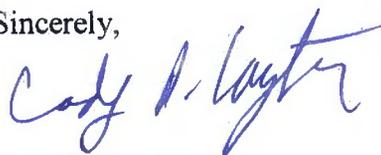
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is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



Cody R. Layton  
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)

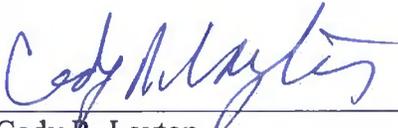
NM (P0220-CFO, File Room)

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 sec. 28: W2, W2E2 and sec. 33, N2NW, NWNE, Lots 2-4, T. 26 S., R. 27 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: 11/30/2017



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Cody R. Layton  
Assistant Field Manager  
Lands and Minerals

Effective: 01/01/2017

Contract No.: Com. Agr. NM137775



# 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  
NM137775  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137775

Date of Completion: 01/30/2017  
Date of First Production: 01/30/2017  
Field: WC-015 G-04 S262625B  
Operator, Well Name & No, API Number: Cimarex Energy Co.; Klein 33 Fed Com 7H; 30-015-42180  
Surface Location: sec. 33, Lot 2, T.26 S., R.27 E.  
Bottom Location: sec. 28, NENW, T.26 S., R.27 E.  
Total Depth: 14,097 MD; 7,489 TVD  
Surface Elevation: 3,197 GL  
Producing Formation: Bone Spring (7,343 – 14,070)  
Well Capable of Production in Paying Quantities: Yes  
Initial Daily Production: Oil 775 BBL; Gas 1987 MCF; Water 1020 BBL  
Current Status: Producing Oil Well

Remarks: CA NM137775, effective 01/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 28, W2, W2E2 and sec. 33, N2NW, NWNE, Lots 2-4, T. 26 S., R. 27 E., NMPM, and comprises 480 acres of Federal land in lease NMNM114350 and 190.21 acres of Federal land in lease NMNM117116 for a 670.21 acre well spacing unit, whose leases are held by actual production. This CA will replace previously terminated CA's NMNM136121 and NMNM134759.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham  
11/30/2017

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