



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
www.blm.gov/new-mexico



IN REPLY REFER TO:

NMNM138725
3105.2 (NM920)

30-015-43720

MAR 20 2019

Reference:
Communitization Agreement
Forehand Ranch 22 State-Fed #6H
Section 22: SE
Section 27: E2
T. 23 S., R. 27 E., N.M.P.M.
Eddy County, NM

Caza Petroleum
4 Greenspoint Place
16945 Northchase, Suite 1430
Houston, TX 77060

To Whom It May Concern:

Enclosed is an approved copy of Communitization Agreement NMNM138725 involving 160 acres of Federal land in lease NMNM112915, and 320 acres of State land, Eddy County, New Mexico, which comprise a 480-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath the SE, Sec. 22 and E2, Sec. 27, T. 23 S., R. 27 E., NMPM, Eddy County, NM, and is effective February 12, 2017. 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.

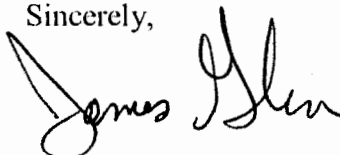
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are

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, contact Idu Opral C. Ijeoma (505) 954-2152.

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

Sincerely,

A handwritten signature in black ink, appearing to read "James Glover". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "Glover".

James Glover
Supervisory Geologist
Branch of Reservoir Management
Division of Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NMSO (NM925, File)

NM State Land Comm.

Determination - Approval - Certification

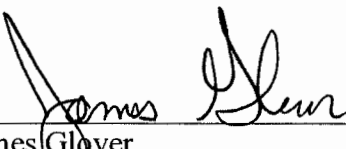
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 SE, Sec. 22, and the E2, Sec. 27, T. 23 S., R. 27 E., NMPM, as to all producible hydrocarbons from the Wolfcamp formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- 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:



James Glover
Supervisory Geologist
Branch of Reservoir Management
Division of Minerals

Effective: February 12, 2017

Contract No.: Com. Agr. NMNM138725