



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:
NM109706
3105.2 (P0220)

OXY USA WTP Ltd.
Box 50250
Midland, TX 79710-0250

January 29, 2015

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Gentlemen:

Communitization Agreement NM109706 was approved 8/19/2003, effective as of 5/12/2003. This agreement communitized the E2 of sec. 34, T. 21 S., R. 24 E., NMPM, Eddy County, New Mexico involving 80 acres of Fee land, and 240.00 acres of Federal land in lease NMNM53218 which comprise a 320.00 acre well spacing unit as to natural gas and associated liquid hydrocarbons producible from the Cisco and Canyon formations.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the well, Righthand Canyon 34 Fed Com 5, 3001532588, in the above-described communitized spacing unit, NMNM109706, under the E2 of sec. 34, T. 21 S., R. 24 E., NMPM, produced from the Penn Upper formation. The Penn Upper formation was plugged and abandoned effective 1/24/14.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA NMNM109706 is considered to have expired by its own terms as of 1/31/2014, the last day of the month in which the well was plugged and abandoned. Lease NMNM53218 is eligible for a two year extension ending 1/31/2016, pursuant to 43 CFR 3107.4 as a result of the termination of the subject agreement. Lease NMNM53218 is held by other production.

Please contact Edward G Fernandez, Petroleum Engineer at 575-234-2220 if you have any questions.

Sincerely,


Stephen Caffey
Assistant Field Manager,
Lands and Minerals

cc:

ONRR, Denver

New Mexico Taxation and Revenue Department, Revenue Processing Division,

NM 9200

NM P0220, File Room