



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:

NM134543

3105.2 (P0220)

May 18, 2015

Reference:

Cedar Canyon 23 Fed Com 2H

T. 24 S., R. 29 E.,

S2S2, sec. 23

Eddy County, NM

OXY USA Inc.

5 Greenway Plaza, Ste. 110

Houston, TX 77046-0521

RECEIVED OCD
2015 MAY 21 P 3:20

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134543 involving 40 acres of Federal land in lease NMNM81586, 80 acres of Federal land in lease NMNM88138, and 40 acres of Fee land, Eddy County, New Mexico, which comprise an 160 acre well spacing unit.

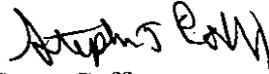
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the S2S2 of sec. 23, T. 24 S., R. 29 E., NMPM, and is effective 09/24/2014. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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 Edward Fernandez, Petroleum Engineer at (575) 234-2220.

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

Sincerely,



Steve Caffey
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:

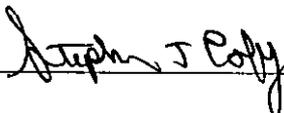
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 the S2S2 of sec. 23, T. 24 S., R. 29 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 (e) 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:



Authorized Officer
Steve Caffey
Asst. Field Mgr.
Lands and Minerals

Effective: 09/24/2014

Contract No.: Com. Agr. NM134543

United States Department of the Interior



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Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM134543
3107 (P0220).

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134543

Date of Completion: 01/20/2015
Date of First Production: 02/01/2015
Field: Pierce Crossing
Operator, Well Name & No, API Number: Oxy USA Inc; Cedar Canyon 23 Fed Com 2H; 30-015-41194
Surface Location: sec.23, T. 24 S., R. 29 E.
Total Depth: 13,430 MD; 8,902 TVD
Surface Elevation: 2,927GL
Producing Formation: Bone Spring (9,195 – 13,220)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 736 BBL; Gas 337 MCF; Water 389 BBL
Current Status: Producing Oil Well
Remarks: CA NM134543, effective 09/24//14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath S2S2 of sec. 23, T. 24 S., R. 29 E., NMPM, and comprises 40 acres of Federal land in lease NMNM81586, 80 acres of Federal land in lease NMNM88138 and 40 acres of Fee land for a 160 acre spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Arthur Morrison at ajmorrison@blm.gov.

/S/ Deborah Ham
05/18/2015

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