



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

RECEIVED OOD



2016 MAR -7 P 3:36

IN REPLY REFER TO:
NM135620
3105.2 (P0220)

Reference:
Communitization Agreement
Salado Draw 29 26 33 Fed Com 7H
T. 26 S., R. 33 E.,
Section 29, E2
Section 32, N2NE, Lots 1,2
Lea County, NM

03/01/2016

Chevron USA Inc.
P.O. Box 2100
Houston, TX 77252

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135620 involving 160 acres of Federal land in lease NMNM27506, 160 acres of Federal land in lease NMNM125653, and 154.85 acres of State land, Lea County, New Mexico, which comprise a 474.85 acre well spacing unit.

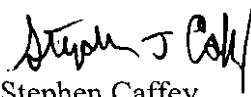
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2 of sec. 29, and the N2NE and Lots 1, 2 of sec. 32, T. 26 S., R. 33 E., NMPM, and is effective 09/01/2015. Approval of this agreement does not warrant or certify that the operator, thereof, 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 G. Fernandez, Petroleum Engineer at (575) 234-2220.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J Caffey".

Stephen 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)

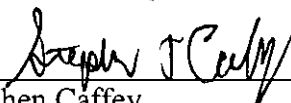
NM (P0220-CFO, File Room)

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 E2 of sec. 29, and the N2SE and Lots 1, 2 of sec. 32, T. 26 S., R. 33 E., NMPPM, 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:



Stephen Caffey
Asst. Fld. Mgr.
Lands and Minerals

Effective: 09/01/2015

Contract No.: Com. Agr. NM135620



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM135620
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135620

Date of Completion:	09/24//2015
Date of First Production:	09/24/2015
Field:	WC-025 G-06 S263319P
Operator, Well Name & No, API Number:	Chevron USA; Salado Draw 29 26 33 Fed Com 7H; 30-015-42442
Surface Location:	025 sec. 29, T. 26 S., R. 33 E.
Bottom Location:	sec. 32, T. 26 S., R. 33 E.
Total Depth:	MD: 16,689'; TVD
Surface Elevation:	3,247' GL
Producing Formation:	Bone Spring (9,501 – 16,494)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 231 BBL; Gas 391 MCF; Water 2849 BBL
Current Status:	Producing Oil Well

Remarks: CA NM135620, effective 09/01/15, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E2 of sec. 29, and N2NE, Lots 1 & 2 of sec. 32, T. 26 S., R. 33 E., NMPM, and comprises 160 acres of Federal land in lease NMNM27506, 160 acres of Federal land in lease NMNM125653, and 154.85 acres of State land for a 474.85 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Deborah Ham at dham@blm.gov.

/S/ Deborah Ham
03/01/2016

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