



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:
NM135806
3105.2 (P0220)

Reference:

Communitization Agreement
Salado Draw 18 26 33 Fed Com 2H
T. 26 S., R. 33 E.,
Section 18, Lots 1-4 (W2W2)
Lea County, NM

04/26/2016

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

APR 26 2016 10:00

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135806 involving 118.63 acres of Federal land in lease NMNM27506 and 39.49 acres of Federal land in lease NMNM132069, Lea County, New Mexico, which comprise a 158.12 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Lots 1-4 (W2W2) of sec. 18, T. 26 S., R. 33 E., NMPM, and is effective 12/01/2015. 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.

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 Edward G. Fernandez, Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965..

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

Sincerely,


for 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

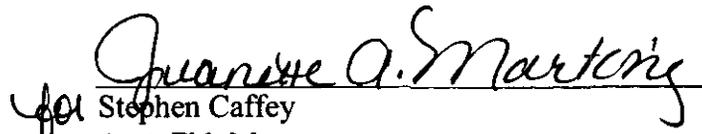
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 Lots 1-4 (W2W2) of sec. 18, T. 26 S., R. 33 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:


for Stephen Caffey
Asst. Fld. Mgr.
Lands and Minerals

Effective: 12/01/2015

Contract No.: Com. Agr. NM135806



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In Reply Refer to
NM135806
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135806

Date of Completion:	03/29/2016
Date of First Production:	03/29/2016
Field:	WC-025 G-06 S263319P
Operator, Well Name & No, API Number:	Chevron USA; Salado Draw 18 26 33 Fed Com 2H; 30-025-42660
Surface Location:	sec. 19, T. 26 S., R. 33 E.
Bottom Location:	sec. 18, T. 26 S., R. 33 E.
Total Depth:	MD: 14,135'; TVD: 8,449
Surface Elevation:	3,175' GL
Producing Formation:	Bone Spring (9,509 – 13,951)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 1168 BBL; Gas 2158 MCF; Water 866 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM135806, effective 12/01/15, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Lots 1-4 (W2W2) of sec. 18, T. 26 S., R. 33 E., NMPM, and comprises 118.63 acres of Federal land in lease NMNM27506, and 39.49 acres of Federal land in lease NMNM132069 for a 158.12 acre well spacing unit, whose leases are held by actual production. Per wellbore perforations and producing area, surface location not included in CA boundary.

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

/S/ **Deborah Ham**

04/26/2016

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