



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

NM136896

3105 2 (P0220)

04/03/2017

Reference Communitization Agreement

Bilbrey 34 B2NC Fed Com 1H

Section 27 E2W2

Section 34 E2W2

T 21 S, R 32 E

Lea County, NM

Mewbourne Oil Company

500 W Texas, Suite 1020

Midland, TX 79701

Gentlemen

Enclosed is an approved copy of Communitization Agreement NM136896 involving 80 acres of Federal land in lease NMNM114819, 80 acres of Federal land in lease NMNM63019, 80 acres of Federal land in lease NMNM85933 and 80 acres of Federal land in lease NMNM86710, Lea County, New Mexico, which comprise a 320 acre well spacing unit

The agreement communitizes all rights to all producible gas and all producible hydrocarbons from the Bone Spring formation beneath Sec 27, E2W2 and Sec 34 E2W2, T 21 S, R 32 E NMPM, Lea County, NM, and is effective 09/15/2016. 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.

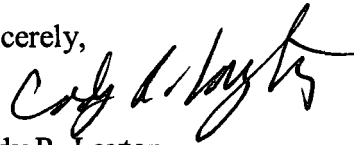
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Chris Walls at (575) 234 2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

1 Enclosure

1 - Communitization Agreement

cc

ONRR, Denver

NM Taxation & Revenue Dept (Revenue Processing Div)

NMOCD

NM (9200)

NM (P0220 CFO File Room)

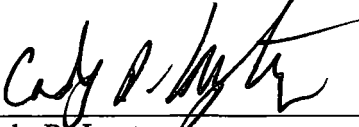
NM State Land Comm

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 Sec 27, E2W2 and Sec 34, E2W2, T 21 S , R 32 E , NMPM, as to all producible gas and 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 04/03/2017



Cody R Layton
Assistant Field Manager
Lands and Minerals

Effective 09/15/2016

Contract No Com Agr NM136896



BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM136896
3107 (P0220)

Memorandum

To State Director (9210)

From Land Law Examiner (P0220)

Subject First Production, Communitization Agreement NMNM136896

Date of Completion	03/14/2017
Date of First Production	03/14/2017
Field	Bilbrey Basin
Operator, Well Name & No, API Number	Mewbourne Oil, Bilbrey 34 B2NC Fed Com 1H, 30-025 43276
Surface Location	Sec 34, SESW, T 21 S, R 32 E
Production Penetration	Sec 34, SESW, T 21 S, R 32 E
Bottom Location	Sec 27, NENW, T 21 S, R 32 E
Total Depth	20,650' MD, 10,690' TVD
Surface Elevation	3,742 GL
Producing Formation	Bone Spring (10,950 – 20,602)
Well Capable of Production in Paying Quantities	Yes
Initial Daily Production	Oil 134 BBL, Gas 133 MCF, Water 4122 BBL
Current Status	Producing Oil Well
Remarks	CA NMNM136896 effective 09/15/2016 communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec 27 E2W2 and sec 34 E2W2 T 21 S R 32 E NMPM and comprises 80 acres of Federal land in lease NMNM114819 80 acres of Federal land in lease NMNM63019 80 acres of Federal land in lease NMNM85933 and 80 acres of Federal land in lease NMNM86710 for a 320 acre well spacing unit whose leases are held by actual production

If you have any questions regarding this memorandum please call Deborah Ham at (575) 234-5965

/S/ Deborah Ham
04/03/2017

cc
ONRR
First Production File
LLNM (P0220, File Room)