

30-025-43676



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:
NM137191
3105.2 (P0220)

07/06/2017

Reference: Communitization Agreement
EK 29 BS2 Fed Com 2H
Section 29: W2E2
T. 18 S., R. 34 E.
Lea County, NM

McElvain Oil & Gas
1050 17th St., Suite 2500
Denver, CO 80265-2080

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM137191 involving 80 acres of Federal land in lease NMNM0245247 and 80 acres of Federal land in lease NMNM12277, Lea County, New Mexico, which comprise a 160 acre well spacing unit.

The agreement communitizes all rights to all producible gas and all producible hydrocarbons from the Bone Spring formation beneath Sec. 29, W2E2, T. 18 S., R. 34 E., NMPM, Lea County, NM, and is effective 06/01/2017. 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.

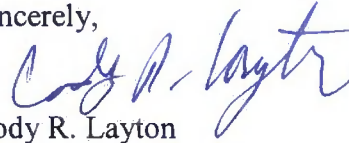
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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)

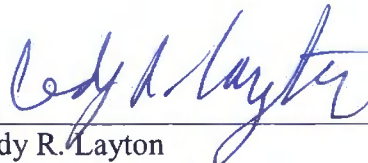
NM State Land Comm.

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. 29, W2E2, T. 18 S., R. 34 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: 07/06/2017



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

Effective: 06/01/2017

Contract No.: Com. Agr. NM137191