



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:

NMNM137973

3105.2 (P0220)

06/08/2018

JUN 25 2018 PM02:35

Reference:

Communitization Agreement

Red Hills West 21 WIDM Fed Com #2H

Red Hills West 21 WODM Fed Com #3H

Section 21: W2W2

T. 26 S., R. 32 E., NMPM

Lea County, NM

Mewbourne Oil Company
Attn: Lee M Scarborough
500 West Texas, Suite 1020
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM137973 involving 80 acres of Federal land in lease NMNM 27507, and 80 acres of Federal land in lease NMNM107393, Lea County, New Mexico, which comprise a 160 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath the W2W2, Sec. 21, T. 26 S., R. 32 E., NMPM, Lea County, NM, and is effective September 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.

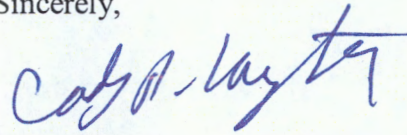
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is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

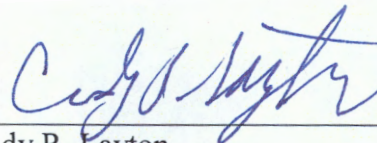
NM State Land Comm. (Only CA with "State" or "Fee" acreage)

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 W2W2 of sec. 21, T. 26 S., R. 32 E., NMPM, as to all producible hydrocarbons from the Wolfcamp 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: 06/08/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: September 01, 2017
Contract No.: Com. Agr. NMNM137973



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM137973
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NMNM137973

Date of Completion:	09/09/2017
Date of First Production:	09/09/2017
Field:	WC-025 G-08 S263205N
Operator, Well Name & No, API Number:	Mewbourne Oil; Red Hills 21 W1DM Fed Com 2H; 30-025-43427
Surface Location:	Sec. 21, NWNW, T. 26 S., R. 32 E.
Bottom Location:	Sec. 21, SWSW, T. 26 S., R. 32 E.
Total Depth:	16,830' MD; 12,055' TVD
Surface Elevation:	3,151 GL
Producing Formation:	Wolfcamp (12,172' – 16,510')
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 755 BBL; Gas 2568 MCF; Water 1930 BBL
Current Status:	Producing Gas Well

Remarks: CA NMNM137973, effective 09/01/2017, communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath sec. 21: W2W2, T. 26 S., R. 32 E., NMPM, and comprises 80 acres of Federal land in lease NMNM27507 and 80 acres of Federal land in lease NMNM107393 for a 160 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

06/08/2018

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