



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:

NM133409

3105.2 (P0220)

Reference:

Red Hills West 22 BO Fed Com 1H *30-025-41135*

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

Section 22, W2E2;

Lea County, NM

October 14, 2014

Mewbourne Oil Company

P.O. Box 7698

Tyler, TX 75711

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM133409, involving 80.00 acres of Federal land in lease NM105562, and 80.00 acres of Federal land in lease NM27507 for a 160 acre well spacing unit, whose leases are held by actual production.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2E2 of Section 22, T. 26 S., R. 32 E., NMPM, and is effective 6/1/2014. 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.

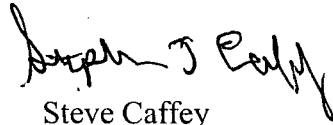
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of 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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve J. Caffey", is written over the typed name.

Steve 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

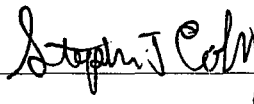
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 W2E2 of Section 22, T. 26 S., R. 32 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 (e) 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:



Authorized Officer
Stephen Caffey
Asst. Field Mgr.

Effective: 6/1/2014

Contract No.: Com. Agr. NM133409



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620 E. Greene
Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM133409
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM133409

Date of Completion: 8/23/14

Date of First Production: 8/23/14

Field: Bone Spring

Operator, Well Name & No, API Number: Mewbourne Oil; Red Hills 22 BO Fed Com 1H;
3002541135

Surface Location: W/2E/2, sec. 22, T. 26 S., R. 32 E.

Total Depth: 13,960 MD; 9,439 TVD

Surface Elevation: 3,152' GL

Producing Formation: Bone Spring (9,560 – 13,875)

Well Capable of Production in Paying Quantities: Yes

Initial Daily Production: Oil 245 BBL; Gas 436 MCF; Water 1,394 BBL

Current Status: Producing Oil Well

Remarks: CA NM133409, effective 6/1/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the W/2E/2 of sec. 22, T. 26 S., R. 32 E., NMPM, and comprises 80 acres of Federal land in lease NM105562, and 80 acres of Federal land in lease NM27507 for a 160 acre spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Arthur Morrison at ajmorrison@blm.gov:

/S/ Arthur J. Morrison

October 14, 2014

cc:

ONRR

First Production File

LLNM (P0220, File Room)