



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:

NM134756

3105.2 (P0220)

Reference:

Bilbrey 33 Fed Com 3H

T. 21 S., R. 32 E.,

E2 of sec. 28,

and NE of sec. 33

July 21, 2015

Lea County, NM

Devon Energy Corporation
333 W. Sheridan
Oklahoma City, OK 73102

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134756 involving 320 acres of Federal land in lease NMNM58938, and 160 acres of Federal land in lease NMNM086710, Lea County, New Mexico, which comprise a 480-acre well spacing unit.

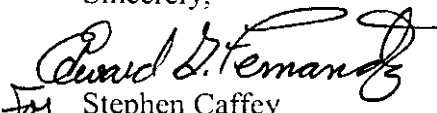
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath T. 21 S., R. 32 E., E2 of sec. 28, and NE of sec. 33, NMPM, and is effective 3/10/14. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest 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.

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

Sincerely,


for Stephen Caffey
Assistant Field Manager,

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

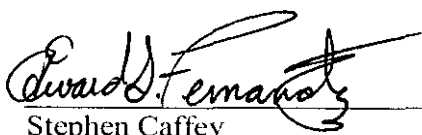
NM (P0220-CFO, File Room)

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 T. 21 S., R. 32 E., E2 of sec. 28, and NE of sec. 33, 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. Field Mgr.
Authorized Officer

Effective: 3/10/14

Contract No.: Com. Agr. NM134756



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

IN REPLY REFER TO:
NMNM134844 (CA)
3105 (NMF0110)

RECEIVED
2015 JUL 27 P 3:03

July 21, 2015

WPX Energy Production, LLC
One Williams Center
P. O. Box 3102
Tulsa, OK 74101-3102

Dear Mr. Brennan West:

Enclosed is one approved Communitization Agreement (CA) NMNM134844, involving 320.00 acres of Federal minerals in lease NMNM 23044 and 160.00 acres of Federal minerals in lease NMNM 23045 located in Rio Arriba County, New Mexico. This acreage comprises a 480.00 acre Mancos spacing unit for the Schalk 32 No. 4H and the Schalk 32 No. 3H wells.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas and associated liquid hydrocarbons gas producible from the Fruitland Coal formation in S½ of Section 32 and the SW¼ of Section 33, T. 31 N., R. 4 W. NMPM, and is effective July 17, 1998. You are requested to furnish all interested principals with appropriate evidence of this approval.

The Farmington Field Office has adopted a streamlined CA procedure that will reduce delays involving the production of wells that involve communization of Federal lands. By minimizing delays, the payment of royalties will not be delayed and economic hardship will be eliminated. Upon the BLM issuing the CRS number to the operator, this includes a requirement to obtain the required signatures of John E. Rouse Trust and Schalk Development Company within 120-days. In discussions with Mr. West, it is the BLM understanding WPX Energy Production, LLC is actively pursuing the required signatures. In the event you are unable to obtain the required signatures or justification for a time extension in this period will be considered an incident of non-compliance.

CA number NMNM134844 as assigned above, must be posted on the well and facility signs for the Schalk 32 No. 4H and Schalk 32 No. 3H well. The signs shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township and range, county, and state. (43 CFR 3162.6).

Pursuant to the terms and conditions of the approved CA and 43 CFR 3162.4 Well Records and Reports, you are required to file your well completion report within 30 days of the well's completion. Within five (5) days of commencement of production, you are also required to file a notice of production startup.

Penalties for non-compliance with such requirements are applicable to all well and facilities on State or privately owned mineral lands committed to a unit or CA, which affects Federal or Indian interests, notwithstanding any provision of the unit or CA to the contrary.

Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources Revenue (ONRR). The submission of form MMS-4054, Oil and Gas Operations Report (OGOR), must begin once drilling is completed. OGORs must be submitted to ONRR by the 15th day of the second month following the production month. Royalty payments, along with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold.

If the communitized wells are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

If you have any questions concerning reporting on Form 2014s, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/coassign.pdf> or call 1-800-525-9167.

If you have questions concerning reporting on Oil and Gas Operations Reports, please call your ONRR company contact located at <http://www.onrr.gov/FM/PDFDocs/operasgn.pdf> or call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact me at the above address or telephone (505) 564-7741.

Sincerely,



Cynthia Marquez
Land Law Examiner
Petroleum Management Branch

Enclosure

1 - Approved Communitization Agreement

cc: ONRR, MS-357 B1, Denver, CO

NMOCD, Santa Fe (w/o encl.)

NM Tax & Rev. Dept.

NMSO (93000) (w/o encl.)

Bcc: CA file (NMNM134844)

Lease files: (NMNM-23044, NMNM-23045 w/o encl.)

LR2000/AFMSS/21110: cmarquez CA: WPX: 07/21/15



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM134756
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134756

Date of Completion: 11/28/14
Date of First Production: 11/28/14
Field: Billbrey Basin; Bone Spring
Operator, Well Name & No, API Number: Devon; Billbrey 33 Fed Com 3H; 30-025-41806
Surface Location: sec.33, T. 21 S., R. 32 E.
Total Depth: 18,031 MD; 10,635 TVD
Surface Elevation: 3,730GL
Producing Formation: Bone Spring (10,900 – 17,949)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 685 BBL; Gas 953 MCF; Water 2,242 BBL
Current Status: Producing Oil Well
Remarks: CA NM134756, effective 3/10/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath E2 of sec. 28, and NE of sec. 33, T. 21 S., R. 32 E., NMPM, and comprises 320 acres of Federal land in lease NM58938, and 160 acres of Federal land in lease NMNM086710, for a 480-acre spacing unit, whose leases are held by actual production.

Questions? ajmorrison@blm.gov.

/S/ Arthur Morrison
7/21/15

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

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2015 JUL 31 P 3:03



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM134756
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

CORRECTED

Subject: First Production, Communitization Agreement NM134756

RECEIVED OCD
2015 AUG - 3 P 3:19

Date of Completion: 10/14/2014
Date of First Production: 10/14/2014
Field: Billbrey Basin
Operator, Well Name & No, API Number: Devon Energy; Billbrey 33 Fed Com 4H; 30-025-41807
Surface Location: sec.33, T. 21 S.; R. 32 E.
Total Depth: 18,080 MD; 10,607 TVD
Surface Elevation: 3,729 GL
Producing Formation: Bone Spring (10,869 – 17,985)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 277 BBL; Gas 376 MCF; Water 2,334 BBL
Current Status: Producing Oil Well
Remarks: CA NM134756, effective 3/10/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath E2 of sec. 28, and NE of sec. 33, T. 21 S., R. 32 E., NMPM, and comprises 320 acres of Federal land in lease NM58938, and 160 acres of Federal land in lease NMNM086710, for a 480-acre spacing unit, whose leases are held by actual production.

Questions? ajmorrison@blm.gov.

/S/ Deborah Ham
07/29/2015

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