



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:

NM136451

3105.2 (P0220)

Reference:

Communitization Agreement

10/28/2016

Salado Draw 29 26 33 Fed Com 2H

T. 26 S., R. 33 E.,

Section 29, W2

Section 32, N2NW, Lots 3, 4

Lea County, NM

Chevron USA Inc.

P.O. Box 2100

Houston, TX 77252

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136451 involving 320 acres of Federal land in lease NMNM27506, and 154.71 acres of State land, Lea County, New Mexico, which comprise a 474.71 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2 of sec. 29, and the N2NW and Lots 3, 4 of sec. 32, T. 26 S., R. 33 E., NMPM, and is effective 01/01/2016. 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.

This agreement affects only the described production from the wellbores of the wells, Salado Draw 29 26 33 Fed Com 1H, 2H, 3H and 4H, API #'s 30-025-42629, 30-025-42637, 30-025-42638 and 30-025-42639 respectively.

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

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

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NM STATE LAND OFFICE

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:

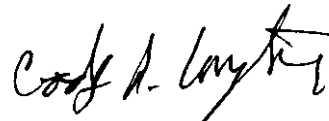
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 W2 of sec. 29, and the N2NW and Lots 3, 4 of sec. 32, T. 26 S., R. 33 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 (c) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- 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: 10/28/2016



Cody R. Layton
Asst. Fld. Mgr.
Lands and Minerals

Effective: 01/01/2016

Contract No.: Com. Agr. NM136451



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
NM136451
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136451

Date of Completion:	02/25/2016
Date of First Production:	03/04/2016
Field:	WC-025 G-06 S263319P
Operator, Well Name & No, API Number:	Chevron USA; Salado Draw 29 26 33 Fed Com 2H; 30-025-42637
Surface Location:	NWNW, sec. 29, T. 26 S., R. 33 E.
Bottom Location:	Lot 4, sec. 32, T. 26 S., R. 33 E.
Total Depth:	MD: 16,535'; TVD: 9,206
Surface Elevation:	3,215' GL
Producing Formation:	Bone Spring (9,495 – 16,337)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 181 BBL; Gas 486 MCF; Water 1356 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM136451, effective 01/01/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the W2 of sec. 29, and N2NW, Lots 3 & 4 of sec. 32, T. 26 S., R. 33 E., NMPPM, and comprises 320 acres of Federal land in lease NMNM27506, and 154.71 acres of State land for a 474.71 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Deborah Ham at dham@blm.gov.

/S/ Deborah Ham
10/28/2016

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