



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:
NM136578
3105.2 (P0220)

12/16/2016

Reference:
Communitization Agreement
Cedar Canyon 22 Fed Com 5H
T. 24 S., R. 29 E.,
Sec. 22: N2S2
Eddy County, NM

OXY USA INC.
P.O. Box 4294
Houston, TX 77210-4294

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136578 involving 40 acres of Federal land in lease NMNM13996 and 120 acres of Federal land in lease NMNM81586, Eddy County, New Mexico, which comprise a 160 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the N2S2 of sec. 22, T. 24 S., R. 29 E., NMPM, and is effective 11/01/2016. 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.

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.

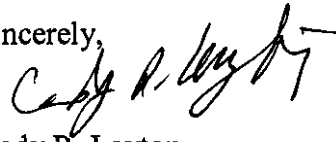
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of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

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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 "Cody R. Layton", with a stylized flourish at the end.

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)

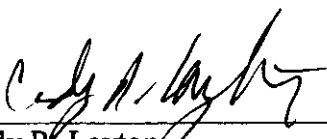
NM (P0220-CFO, File Room)

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 N2S2 of sec. 22, T. 24 S., R. 29 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.
- 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: 12/16/2016



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

Effective: 11/01/2016

Contract No.: Com. Agr. NM136578



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In Reply Refer to
NM136578
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136578

Date of Completion:	11/24/2016
Date of First Production:	11/26/2016
Field:	Corral Draw
Operator, Well Name & No, API Number:	Oxy USA Inc.; Cedar Canyon 22 Fed Com 5H; 30-015-43758
Surface Location:	SWSW, sec. 22, T. 24 S., R. 29 E.
Bottom Location:	NESE, sec. 22, T. 24 S., R. 29 E.
Total Depth:	13,525 MD; 8,819 TVD
Surface Elevation:	2,940 GL
Producing Formation:	Bone Spring (8,939 – 13,358)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 621 BBL; Gas 1543 MCF; Water 1396 BBL
Current Status:	Producing Oil Well

Remarks: CA NM136578, effective 11/01/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 22: N2S2, T. 24 S., R. 29 E., NMPM, and comprises 40 acres of Federal land in lease NMNM13996 and 120 acres of Federal land in lease NMNM81586 for a 160 acre spacing unit, whose leases are held by actual production. Per wellbore target area and perforations, surface location is not within the agreement boundary.
If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham
12/16/2016

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