



# 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](http://www.blm.gov/nm)



IN REPLY REFER TO:  
NM136198  
3105.2 (P0220)

Reference:  
Freeway 30 Fed Com 2H  
T. 19 S., R. 30 E.,  
Section 30: N2N2  
Eddy County, NM

08/30/2016

CHI Operating, Inc.  
P.O. Box 1799  
Midland, TX 79702

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136198 involving 79.22 acres of Federal land in lease NMNM111959 and 80 acres of Federal land in lease LC062376, Eddy County, New Mexico, which comprises a 159.22 acre well spacing unit.

The agreement communitizes all rights to all producible gas and fluid hydrocarbons from the Bone Spring formation beneath N2N2 of sec. 30, T. 19 S., R. 30 E., NMPM, and is effective 06/01/2014. 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.

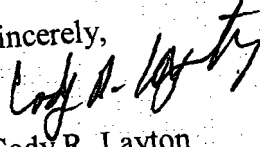
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Edward G Fernandez, Petroleum Engineer at (575) 234-2220 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)

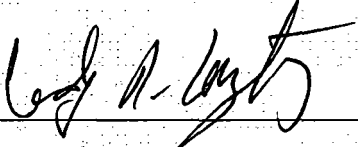
NM (P0220-CFO, File Room)

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 N2N2 of sec. 30, T. 19 S., R. 30 E., NMPM, as to all producible gas and fluid 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: 08/30/2016

  
\_\_\_\_\_  
Authorized Officer

Effective 06/01/2014

Contract No.: Com. Agr. NM136198



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In Reply Refer to  
NM136198  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136198

Date of Completion:	09/13/2015
Date of First Production:	09/13/2015
Field:	Parkway
Operator, Well Name & No, API Number:	CHI Operating; Freeway 30 Fed Com 2h; 30-015-42569
Surface Location:	Lot 1, sec.30, T. 19 S., R. 30E.
Bottom Location:	NENE, sec. 30, T. 19 S., R. 30 E.
Total Depth:	12,691' MD; 8,331' TVD
Surface Elevation:	3,357' GL
Producing Formation:	Bone Spring (8,680' – 12,353')
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 61 BBL; Gas 0 MCF; Water 481 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM136198, effective 06/01/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the N2N2 of Sec. 30, T. 19 S., R. 30 E., NMPM, and comprises 79.22 acres of Federal land in lease NM111959 and 80 acres of Federal land in lease LC062376 for a 159.22 acre 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  
08/30/2016

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