



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:

NM136398

3105.2 (P0220)

Reference:

10/12/2016

Communitization Agreement

Parkway 19 18 Fed Com 1H

T. 19 S., R. 30 E.,

Section 18, Lot 4 (SWSW)

Section 19, Lots 1-4 (W2W2)

Eddy County, NM

BC Operating, Inc.

P.O. Box 50820

Midland, TX 79710

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2016 OCT 20 PM 2:04

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136398 involving 39.18 acres of Federal land in lease NMNM130858, 117.55 acres of Federal land in lease NMNM58815 and 39.21 acres of Federal land in lease NMNM13407, Eddy County, New Mexico, which comprise a 195.94 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Lot 4 (SWSW) of sec. 18 and beneath Lots 1-4 (W2W2) of sec. 19 T. 19 S., R. 30 E., NMPM, and is effective 12/01/2014. 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.

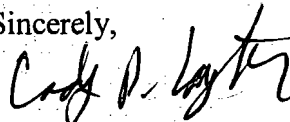
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 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)

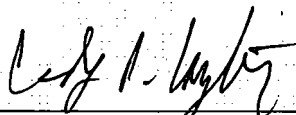
NM (P0220-CFO, File Room)

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 Lot 4 (SWSW) of sec. 18 and Lots 1-4 of sec. 19 (W2W2), T. 19 S., R. 30 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: 10/12/2016



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

Effective: 12/01/2014

Contract No.: Com. Agr. NM136398



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM136398
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136398

Date of Completion:	11/22/2014
Date of First Production:	12/15/2014
Field:	Turkey Track
Operator, Well Name & No, API Number:	BC Operating, Inc.; Parkway 19 18 Fed Com 1H; 30-015-42545
Surface Location:	sec. 19, Lot 4, T.19 S., R.30 E.
Bottom Location:	sec. 18, Lot 4, T.19 S., R.30 E.
Total Depth:	14,192 MD; 8,266 TVD
Surface Elevation:	3,667 GL
Producing Formation:	Bone Spring (8,573 – 14,059)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 417 BBL; Gas 256 MCF; Water 729 BBL
Current Status:	Producing Oil Well

Remarks: CA NM136398, effective 12/01/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 18, SWSW (Lot 4) and sec. 19, W2W2 (Lot 1-4), T. 19 S., R. 30 E., NMPM, and comprises 39.18 acres of Federal land in lease NMNM130858, 117.55 acres of Federal land in lease NMNM58815 and 39.21 acres of Federal land in lease NMNM113407, for a 195.94 acre well 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
10/12/2016

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