

United States Department of the Interior

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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: NMNM138435 3105.2 (P0220)

017 04 2016 a₀04:21

10/01/2018

Reference:

Communitization Agreement
Paduca 7/6 W1ED Fed Com #2H & #3H
Section 06: Lots 1-4,
Section 07: Lots 1-2.
T. 26 S., R. 32 E., N.M.P.M.
Lea County, NM

Mewbourne Oil Company 500 West Texas, Suite 1020 Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138435 involving 80.40 acres of Federal land in lease NMNM120910, 80.71 acres of Federal land in lease NMNM 128929, and 80.40 acres of Fee land in, Lea County, New Mexico, which comprise a 241.51 acrewell spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath Lots 1-4, Sec. 06, and Lots 1,2, Sec. 07, T. 26 S., R. 32 E., NMPM, Lea County, NM, and is effective May 4, 2017. 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 NM Taxation & Revenue Dept. (Revenue Processing Div.) NMOCD NM (9200) NM (P0220-CFO, File Room) NM State Land Comm.

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 Lots 1-4, of sec. 06, and Lots 1,2, of sec. 07, T. 26 S., R. 32 E., NMPM, as to all producible hydrocarbons from the Wolfcamp 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: 10/01/2018

Cody R. Layton

Assistant Field Manager Lands and Minerals

Effective: May 4, 2017

Contract No.: Com. Agr. NMNM138435

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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 NM138435 3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NMNM138435

Date of Completion: 03/07/2018

Date of First Production: 03/07/2018

Field: Wildcat

Operator, Well Name & No, API Number: Mewbourne Oil; Paduca 7/6 W1ED Fed Com 3H;

30-025-43217

Surface Location: Sec. 7, Lot 2, T. 26 S., R. 32 E. Bottom Location: Sec. 6, Lot 1, T. 26 S., R. 32 E.

Total Depth: 19,245' MD; 12,093' TVD

Surface Elevation: 3,248 GL

Producing Formation: Wolfcamp (12,318' – 16,385')

Well Capable of Production in Paying Quantities: Yes

Initial Daily Production: Oil 487 BBL; Gas 2409 MCF; Water 2737 BBL

Current Status: Producing Gas Well

Remarks: CA NMNM138435, effective 05/04/2017, communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath sec. 6: Lots 1-4, and sec. 7: Lots 1-2, T. 26 S., R. 32 E., NMPM, and comprises 80.40 acres of Federal land in lease NMNM120910, 80.71 acres of Federal land in lease NMNM128929 and 80.40 acres of Fee land for a 241.51 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

10/01/2018

cc:

ONRR

First Production File

LLNM (P0220, File Room)