

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:

NMNM138328

3105.2 (P0220)

08/10/2018

API No.

30-025-43665

Reference:

Communitization Agreement

Apache Corp Salt Fork 3-4 Fed. Com

Section 03: SW

Section 04: S2

T. 19 S., R. 30 E., N.M.P.M.

Eddy County, NM

Apache Corporation
303 Veterans Airpark Lane
Midland, TX 79705-4561

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138328 involving 400 acres of Federal land in lease NMNM113962, 40 acres of Federal land in lease NMNM 114973, and 40 acres of Federal land in lease NMNM 125166, in Eddy County, New Mexico, which comprise a 480 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the SW, Sec. 03 and S2, Sec. 04, T. 19 S., R. 30 E., NMPM, Eddy County, NM, and is effective May 1, 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.

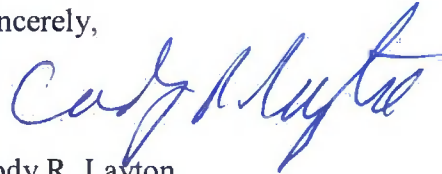
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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, Deborah Ham at (575) 234-5965 or Margie Dupre at (505) 954-2142.

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)

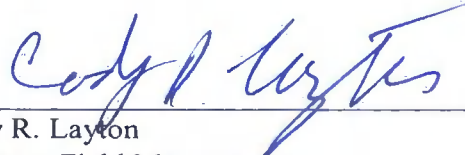
NM (P0220-CFO, File Room)

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 SW, Sec. 03 and S2 Sec. 04, 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: 08/10/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: May 1, 2017

Contract No.: Com. Agr. NMNM138328



United States Department of the Interior

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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM138328
3107 (P0220)

Memorandum

To: State Director (9210)

From: Legal Instrument Examiner (P0220)

Subject: First Production, Communitization Agreement NM138328

Date of Completion:	11/22/2017
Date of First Production:	11/22/2017
Field:	Lea
Operator, Well Name & No, API Number:	Apache Corporation; Salt Fork 3/4 Fed Com 1H; 30-015-43665
Surface Location:	sec. 3, NESW, T. 19 S., R. 30 E.
Bottom Location:	sec. 4, NWSW, T. 19 S., R. 30 E.
Total Depth:	15,485' MD; 8,386' TVD
Surface Elevation:	3,410' GL
Producing Formation:	Bone Spring (8,650' – 14,363')
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 815 BBL; Gas 989 MCF; Water 2215 BBL
Current Status:	Producing Oil Well
Remarks: CA NM138328, effective 05/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec.3, SW and Sec. 4, S2, T. 19 S., R. 30 E., NMPM, and comprises 400 acres of Federal land in lease NMNM113962, 40 acres of Federal land in lease NMNM114973 and 40 acres of Federal land in lease NMNM125166, Eddy County, New Mexico, for a 480 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
08/10/2018

cc:
ONRR-Denver
First Production File
LLNM (P0220, File Room)