



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:
NM134934
3105.2 (P0220)

Reference:
Communitization Agreement
Skeen 22 26 26 Fed Com 7H
T. 26 S., R. 26 E.,
Section 15, E2SE
Section 22, E2E2
Eddy County, NM

July 28, 2015

RECEIVED OGD
2015 AUG -3 P 3:19

Chevron USA Inc.
Box 2100
Houston, TX 77252

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134934 involving 80 acres of Federal land in lease NMNM113941, and 160 acres of Federal land in lease NMNM113942, Eddy County, New Mexico, which comprise a 240 acre well spacing unit.

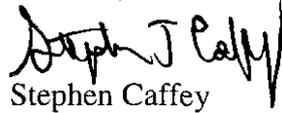
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2SE of sec. 15, and the E2E2 of sec. 22, T. 26 S., R. 26 E., NMPM, and is effective 03/10/2015. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,



Stephen Caffey
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

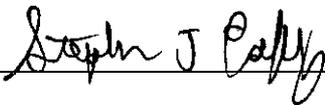
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 E2SE of sec. 15, and the E2E2 of sec. 22, T. 26 S., R. 26 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 (e) 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:



Authorized Officer

Effective: 03/10/2015

Contract No.: Com. Agr. NM134934



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM134934
3107. (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134934

Date of Completion: 04/21/2015
Date of First Production: 05/27/2015
Field: Welch
Operator, Well Name & No, API Number: Chevron USA; Skeen 22 26 26 Fed Com 7H; 30-015-42889
Surface Location: sec. 22, T. 26 S., R. 26 E.
Total Depth: MD: 15,710'; TVD
Surface Elevation: 3,406' GL
Producing Formation: Bone Spring (9,074 – 15,488)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 193 BBL; Gas 513 MCF; Water 4,102 BBL
Current Status: Producing Oil Well

Remarks: CA NM134934, effective 03/10/15, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E2SE of sec. 15, and E2E2 sec. 22, T. 26 S., R. 26 E., NMPM, and comprises 80 acres of Federal land in lease NMNM113941, and 160 acres of Federal land in lease NMNM113942, for a 240 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Deborah Ham at dham@blm.gov.

/S/ Deborah Ham

07/28/15

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