



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



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FEB 27 P 3:37

IN REPLY REFER TO:
NM135614
3105.2 (P0220)

Reference:

Salado Draw 9 A3CN Fed Com 1H
T. 26 S., R. 33 E.
Sec. 9: E2W2
Lea County, NM

February 26, 2016

Mewbourne Oil Company
P.O. Box 7698
Tyler, TX 75711

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135614 involving 80 acres of Federal land in lease NMNM0127A, and 80 acres of Fee land, NMPM, Lea County, New Mexico, which comprise a 160 acre well spacing unit.

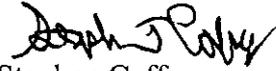
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath E2W2 of Sec. 9, T 26 S, R 33 E, NMPM, and is effective 08/01/2015. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal 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 E2W2 of Sec. 9, T 26 S, R 33 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.

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:



Authorized Officer
Stephen Caffey
Asst. Field Mgr.

Effective: 08/01/2015

Contract No.: Com. Agr. NM135614



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Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM135614
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NMNM135614

Date of Completion: 08/25/2015
Date of First Production: 08/25/2015
Field: Avalon
Operator, Well Name & No, API Number: Mewbourne Oil; Salado Draw 9 A3CN Fed Com 1H;
3001542437
Surface Location: 025 Sec. 9, T. 26 S., R. 33 E.
Bottom Location: Sec. 9, T. 26 S., R. 33 E.
Total Depth: 14,170 MD; 9,827 TVD
Surface Elevation: 3,308 GL
Producing Formation: Bone Spring (8,941 – 14,170)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 319 BBL; Gas 473 MCF; Water 682 BBL
Current Status: Producing Oil Well

Remarks: CA NMNM135624, effective 08/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 9: E2W2, T. 26 S., R. 33 E., NMPM, and comprises 80 acres of Federal land in lease NMNM0127A, and 80 acres of Fee land, for a 160 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**
02/26/2016

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