



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
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Carlsbad, New Mexico 88220-6292
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NM118575
3105.2 (P0220)

FEB 13 2015

Devon Energy
333 W Sheridan Avenue
Oklahoma City, OK 73102

Gentlemen:

Communitization Agreement NM118575 was approved 7/11/07, effective as of 8/25/06. This agreement communitized the W2 of sec. 4, T. 23 S., R.35 E., NMPM, Lea County, New Mexico involving 240 acres of State land, and 80.64 acres of Federal land in lease NM108047, comprising a 320.64 acre well spacing unit as to natural gas and associated liquid hydrocarbons producible from the Atoka formation.

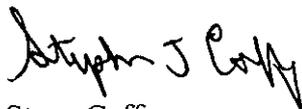
The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the subject well in the above-described communitized spacing unit, CA NM118575 (3002536643), located on State land in the W2 of sec. 4, T. 23 S., R.35 E., NMPM, Lea County, New Mexico, produced from the Atoka formation. The Atoka formation was plugged and abandoned effective 7/26/07.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA NM118575 is considered to have expired by its own terms as of 7/31/07, the last day of the month during which the Atoka formation was plugged and abandoned. Lease NM108047 is eligible for a two year extension ending 7/31/09, pursuant to 43 CFR 3107.4 as a result of the termination of the subject agreement. However, lease NM108047 is not held by production actual.

If you have any questions regarding this termination, please contact Edward G. Fernandez,
Petroleum Engineer at (575) 234-2220.

Sincerely,

A handwritten signature in black ink that reads "Steve J Caffey". The signature is written in a cursive style with a large initial "S".

Steve Caffey
Assistant Field Manager,
Lands and Minerals

cc:

ONRR, Denver
New Mexico Taxation and Revenue Department, Revenue Processing Division,
NM 9200
NM P0220, File Room