

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: NM135803 3105.2 (P0220)

Reference:

04/26/2016

Communitization Agreement Querecho 28 OB Federal Com 1H Section 28: W2E2 T. 18 S., R. 32 E. Lea County, NM

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135803 involving 40 acres of Federal land in lease NMNM4609 and 120 acres of Federal land in lease NMNM94970, 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 the W2E2 of Sec. 28, T. 18 S., R. 32 E., NMPM, Lea County, NM, and is effective 09/15/2014. 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 Edward Fernandez, Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965.

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

Sincerely,

Quarting O. Marting

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 W2E2 of sec. 28, T. 18 S., R. 32 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:

Stephen Caffey, Asst. Field Mgr.

Authorized Officer

Effective: 09/15/2014

Contract No.: Com. Agr. NM135803

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BUREAU OF LAND MANAGEMENT



Carlsbad Field Office 620 E. Greene Carlsbad, New Mexico 88220-6292 www.nm.blm.gov

In Reply Refer to NM135803 3107 (P0220)

Memorandum

To:

State Director (9210)

1 10111.

From: Land Law Examiner (P0220)

Subject:

First Production, Communitization Agreement NMNM135803

Date of Completion:

09/17/2014

Date of First Production:

09/17/2014

Field:

Querecho Plains

Operator, Well Name & No, API Number:

Mewbourne Oil; Querecho 28 OB Fed Com 1H;

3002541933

Surface Location:

Sec. 28, SWSE, T. 18 S., R. 32 E.

Bottom Location:

Sec. 28, NWNE, T. 18 S., R. 32 E.

Total Depth:

14,070 MD; 9,424 TVD

Surface Elevation:

3,714 GL

Producing Formation:

Boone Spring (7,050 - 14,070)

Well Capable of Production in Paying Quantities:

Yes

Initial Daily Production:

Oil 327 BBL; Gas 149 MCF; Water 1680 BBL

Current Status:

Producing Oil Well

Remarks: CA NMNM135803, effective 09/15/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 28: W2E2, T. 18 S., R. 32 E., NMPM, and comprises 40 acres of Federal land in lease NMNM4609 and 120 acres of Federal land in lease NMNM94970 for a 160 acre well spacing unit whose leases are held by actual production. Per penetration point and perfs, wellbore is entirely in the W2E2 of section.

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

/S/ Deborah Ham

04/26/2016

cc:

ONRR
First Production File
LLNM (P0220, File Room)