



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:
NM136822
3105.2 (P0220)

03/07/2017

Reference:
Communitization Agreement
Cedar Canyon 28 Fed Com 8H
T. 24 S., R. 29 E.,
Sec. 28: N2N2
Eddy County, NM

RECEIVED 0001
2017 MAR 13 P 1:55

OXY USA INC.
P.O. Box 4294
Houston, TX 77210-4294

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136822 involving 80 acres of Federal land in lease NMNM94651 and 80 acres of Fee land, Eddy 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 N2N2 of sec. 28, T. 24 S., R. 29 E., NMPM, and is effective 09/07/2016. 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.

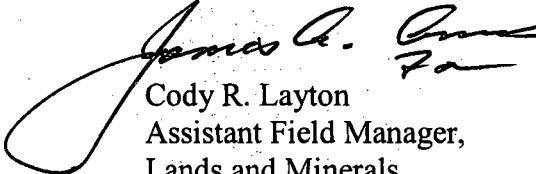
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state or local government interests is accurate.

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 or Deborah Ham at (575) 234-5965.

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 (357B-1, Antoinette Contreraz, 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:

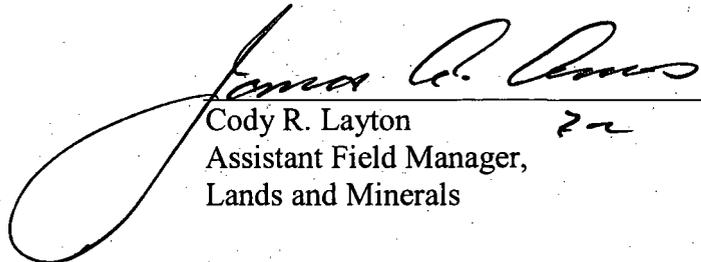
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 N2N2 of sec. 28, T. 24 S., R. 29 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: 03/07/2016


Cody R. Layton
Assistant Field Manager,
Lands and Minerals

Effective: 09/07/2016

Contract No.: Com. Agr. NM136822

United States Department of the Interior



BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM136822
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136822

Date of Completion: 12/31/2016
Date of First Production: 01/05/2017
Field: Pierce Crossing
Operator, Well Name & No, API Number: Oxy USA Inc.; Cedar Canyon 28 Fed Com 8H; 30-015-43819
Surface Location: NENE, sec. 29, T. 24 S., R. 29 E.
Bottom Location: NENE, sec. 28, T. 24 S., R. 29 E.
Total Depth: 13,460 MD; 8,712 TVD
Surface Elevation: 2,949 GL
Producing Formation: Bone Spring (8,756 – 13,202)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 657 BBL; Gas 1200 MCF; Water 1618 BBL
Current Status: Producing Oil Well

Remarks: CA NM136822, effective 09/07/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 28: N2N2, T. 24 S., R. 29 E., NMPM, and comprises 80 acres of Federal land in lease NMNM94651 and 80 acres of Fee land for a 160 acre spacing unit, whose leases are held by actual production. Per wellbore penetration point and perforations, surface location of well not within agreement boundary.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham

03/07/2017

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