



# 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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IN REPLY REFER TO:

NM133355

3105.2 (P0220)

Reference:

Sargas 28 Fed Com 3H

T. 18 S., R. 31 E.,

Section 28, S2

Eddy County, NM

SEP 26 2014

Devon Energy Production Company  
333 West Sheridan Avenue  
Oklahoma City, OK 73102-5105

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM133355 involving 160 acres of Federal land in lease NMLC029390A, and 160 acres of Federal land in lease NM055648, Eddy County, New Mexico, which comprise a 320 acre well spacing unit, whose leases are held by actual production.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the S2 of sec. 28, T. 18 S., R. 31 E., NMPM, and is effective 12/1/2013. 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.

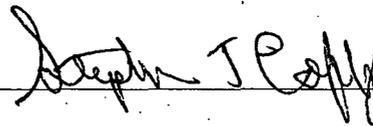
If you have any questions regarding this approval, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

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 S2 of sec. 28, T. 18 S., R. 31 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  
Steve Caffey  
Assistant Field Manager

Effective: 12/1/2013

Contract No.: Com. Agr. NM133355



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## BUREAU OF LAND MANAGEMENT

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Carlsbad, New Mexico 88220-6292  
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In Reply Refer to  
NM133355  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM133355

Date of Completion: 4/28/14  
Date of First Production: 4/23/14  
Field: Shugart West  
Operator, Well Name & No, API Number: Devon; Sargas 28 Fed Com 3H; 3001541795  
Surface Location: Sec. 29, T. 18 S., R. 31 E.  
Total Depth: 13,738 MD; TVD 8,838  
Surface Elevation: 3,612 GL  
Producing Formation: Bone Spring 2nd (9,130 – 13,662)  
Well Capable of Production in Paying Quantities: Yes  
Initial Daily Production: Oil 520 BBL; Gas 605 MCF; Water 768 BBL  
Current Status: Producing Oil Well

Remarks: CA NM133355, effective 12/01/2013, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the S2 of sec. 28, T. 18 S., R.31 E., NMPM, and comprises 160 acres of Federal land in lease NMLC029390A, and 160 acres of Federal land in lease NM055648 for a 320 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Arthur Morrison at [ajmorrison@blm.gov](mailto:ajmorrison@blm.gov).

/S/ **Arthur Morrison**  
September 26, 2014

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