



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:
NM134479
3105.2 (P0220)

Reference:

Big Sinks 1 A2PA Fed Com 1H
SHL - Sec. 12, T. 26 S., R. 31 E.
BHL - Sec. 1, T. 26 S., R. 31 E.
Eddy County, NM

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134479 involving 40 acres of Federal land in lease NMNM89057, 40 acres of Federal land in lease NMNM112931, and 80 acres of Fee land, NMPM, 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 E2E2 of Sec. 1, T 26 S, R 31 E, NMPM, and is effective 10/01/14. 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.

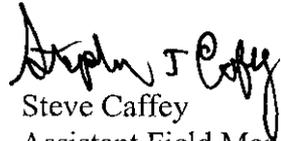
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of 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.

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

Sincerely,



Steve 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:

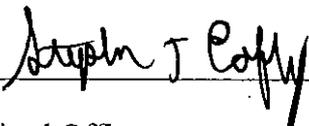
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 the E2E2 of Sec. 1, T 26 S, R 27 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.

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. Operator will be required to obtain like approval from the BLM on these sundries to confirm that the public interest requirements are 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
Stephen Caffey
Asst. Field Mgr.

Effective: 10/01/14

Contract No.: Com. Agr. NM134479

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
NM134479
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134479

Date of Completion: 12/30/14
Date of First Production: 12/30/14
Field: Jennings; Bone Spring
Operator, Well Name & No, API Number: Mewbourne Oil; Big Sinks 1 A2PA Fed Com 1H;
3001542694
Surface Location: Sec. 12, T. 26 S., R. 31 E.
Total Depth: 13,965 MD; 8,838 TVD
Surface Elevation: 3,261 GL
Producing Formation: Bone Spring (8,314 – 13,965)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 107 BBL; Gas 187 MCF; Water 3,696 BBL
Current Status: Producing Oil Well
Remarks: CA NM134479, effective 10/01/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E/2E/2 of sec. 1, T. 26 S., R. 31 E., NMPM, and comprises 80 acres of Fee land, 40 acres in Federal lease NMNM89057, and 40 acres in Federal lease NMNM112931 for a 160 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.

/S/ Deborah M Ham

05/01/2015

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