



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6205

www.blm.gov/nm

RECEIVED OOD

2015 SEP -8 P 3:29

IN REPLY REFER TO
NM135041
3105.2 (P0220)

Reference:

Apache 24 23 Fed Com 12H

August 26, 2015

T. 22 S., R. 30 E.,

Sec. 23: S2SE

Sec. 24: S2S2

Eddy County, NM

Devon Energy Corporation
333 W. Sheridan
Oklahoma City, OK 73102

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135041 involving 80 acres of Federal land in lease NMLC064827A, and 160 acres of Federal land in lease NMNM89051, Eddy County, New Mexico, which comprise a 240-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath T. 22 S., R. 30 E., S2SE of Sec. 23, and S2S2 of Sec. 24, NMPM, and is effective 11/01/2014. 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.

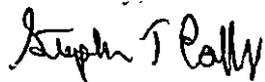
Note tract 1 of the Communitization Agreement NM135041 (NMLC064827A) is subject to the James Ranch Unit Agreement (NM70965X) dated April 22, 1953.

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.

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

Sincerely,



Stephen Caffey
Assistant Field Manager,

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

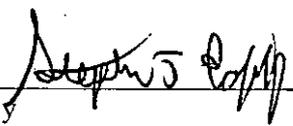
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 T. 22 S., R. 30 E., S2SE of sec. 23, and S2S2 of sec. 24, 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: 11/01/2014

Contract No.: Com. Agr. NM135041



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Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM135041
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NMNM135041

Date of Completion: 06/26/2015
Date of First Production: 06/26/2015
Field: Los Medanos
Operator, Well Name & No, API Number: Devon Energy; Apache 24 23 Fed Com 12H; 30-015-42551
Surface Location: sec.24, T. 22 S., R. 30 E.
Total Depth: 17,848 MD; 10,958 TVD
Surface Elevation: 3,407 GL
Producing Formation: Bone Spring (10,592 – 11,061)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 1052 BBL; Gas 2016 MCF; Water 1644 BBL
Current Status: Producing Oil Well
Remarks: CA NM135041, effective 11/01/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 23: S2SE, and sec. 24: S2S2, T. 22 S., R. 30 E., NMPM, and comprises 80 acres of Federal land in lease NMLC064827A, and 160 acres of Federal land in lease NMNM89051 for a 240 acre spacing unit, whose leases are held by actual production.

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

/S/ Deborah Ham
08/26/15

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