



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:
NM135716
3105.2 (P0220)

03/30/2016

Reference:
Communitization agreement
White City 21 25 27 Fed Com 6H
T. 25 S., R. 27 E., N.M.P.M.
Sec. 21, E2W2
Eddy County, NM

Chevron USA Inc.
P.O. box 2100
Houston, TX 77252

RECEIVED
MARCH 30 2016
P 3 02

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135716 involving 80 acres of Federal land in lease NMNM107369, 40 acres of State land and 40 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 E2W2 of Sec. 21, T. 25 S., R. 27 E., NMPM, and is effective 06/12/2015. 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.

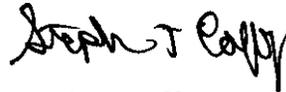
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is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



Stephen 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)

NM State Land Comm. (Only CA with "State" acreage)

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:

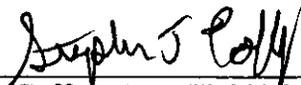
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 E2W2 of sec. 21, T. 25 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 (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:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 06/12/2015

Contract No.: Com. Agr. NM135716



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM135716
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135716

Date of Completion: 03/31/2015
Date of First Production: 07/28/2015
Field: Hay Hollow
Operator, Well Name & No, API Number: Chevron USA; White City 21 25 27 Fed Com 6H;
30-015-42976
Surface Location: SESW, sec. 21, T. 25 S., R. 27 E.
Bottom Location: NENW, sec. 21, T. 25 S., R. 27 E.
Total Depth: MD: 12,276'; TVD: 7,860
Surface Elevation: 3,127' GL
Producing Formation: Bone Spring (7,860 – 11,992)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 800 BBL; Gas 2128 MCF; Water 609 BBL
Current Status: Producing Oil Well

Remarks: CA NM135707, effective 06/12/15, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the E2W2 of sec. 21, T. 25 S., R. 27 E., NMPM, and comprises 80 acres of Federal land in lease NMNM107369, 40 acres of State land and 40 acres of Fee land for a 160 acre well spacing unit, whose leases are held by actual production.

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

/S/ Deborah Ham
03/30/2016

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