



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:
NM135835
3105.2 (P0220)

Reference:

Taylor Draw 7 Fed Com 2Y
T. 19 S., R. 32 E.,
Sec. 7: Lot 4, SESW, S2SE (S2S2)
Lea County, NM

05/10/2015

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135835 involving 120.81 acres of Federal land in lease NMNM104685, and 40 acres of Federal land in lease NMNM025779A, Lea County, New Mexico, which comprise a 160.81 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath T. 19 S., R. 32 E., Lot 4, SESW, S2SE (S2S2) of Sec. 7, NMPM, and is effective 04/01/2015. 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 G. Fernandez Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965.

MAY 11 10 23 AM '15
P-0220-0000

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

Sincerely,


for George MacDonell
Field Manager
Land 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

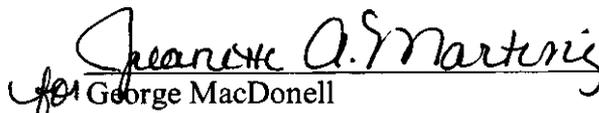
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 T. 19 S., R. 32 E., S2S2 of sec. 7, 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:


George MacDonell
Field Manager
Authorized Officer

Effective: 04/01/2015

Contract No.: Com. Agr. NM135835



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In Reply Refer to
NM135835
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NMNM135835

Date of Completion:	10/04/2015
Date of First Production:	10/04/2015
Field:	Lusk
Operator, Well Name & No, API Number:	Devon Energy; Taylor Draw 7 Fed Com 2Y; 30-025-42693
Surface Location:	SESE, sec.7, T. 19 S., R. 32 E.
Bottom Location:	Lot 4, sec. 7, T. 19 S., R. 32 E.
Total Depth:	13,845 MD; 9,253 TVD
Surface Elevation:	3,612 GL
Producing Formation:	Bone Spring (9,363 – 13,784)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 350 BBL; Gas 280 MCF; Water 454 BBL
Current Status:	Producing Oil Well

Remarks: CA NM135835, effective 04/01/15, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 7: Lot 4, SESW, S2SE (S2S2), T. 19 S., R. 32 E., NMPM, and comprises 120.81 acres of Federal land in lease NMNM104685, and 40 acres of Federal land in lease NMNM025779A for a 160.81 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
05/10/2016

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