

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:

NM136699

3105.2 (P0220)

Reference:

Hadar 10 Federal Com 3H

T. 19 S., R. 31 E.,

Sec. 10: N2S2

Eddy County, NM

01/30/2017

2017 FEB -8 P 2:15
RECEIVED OOD

Devon Energy Corporation
333 W. Sheridan Ave.
Oklahoma City, OK 73102-5015

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136699 involving 40 acres of Federal land in lease NMNM128832, 40 acres of Federal land in lease NMNM98186 and 80 acres of Federal land in lease NMNM055493, 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 T. 19 S., R. 31 E., N2S2 of Sec. 10, NMPM, and is effective 09/08/2016. 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 here to.

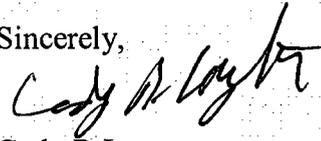
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Chris Walls Petroleum Engineer at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,



Cody R Layton
Assistant Field Manager
Land and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

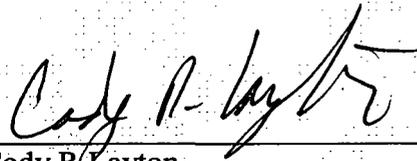
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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. 31 E., N2S2 of sec. 10, 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: 01/30/2017



Cody R. Layton
Assistant Field Manager
Authorized Officer

Effective: 09/08/2016

Contract No.: Com. Agr. NM136699

United States Department of the Interior



BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM136699
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NMNM136699

Date of Completion: 11/30/2016
Date of First Production: 11/30/2016
Field: Lusk
Operator, Well Name & No, API Number: Devon Energy; Hadar 10 Fed Com 3H; 30-015-42357
Surface Location: NWSW, sec.10, T. 19 S., R. 31 E.
Bottom Location: NESE, sec. 10, T. 19 S., R. 31 E.
Total Depth: 13,800 MD; 9,090 TVD
Surface Elevation: 3,570 GL
Producing Formation: Bone Spring (9,285 – 14,741)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 132 BBL; Gas 511 MCF; Water 451 BBL
Current Status: Producing Oil Well
Remarks: CA NM136699, effective 09/08/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 10: N2S2, T. 19 S., R. 31 E., NMPM, and comprises 40 acres of Federal land in lease NMNM128832, 40 acres of Federal land in lease NMNM98186 and 80 acres of Federal land in lease NMNM055493 for a 160 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

01/30/2017

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