



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:

NM136823

3105.2 (P0220)

03/07/2017

Reference:

Communitization Agreement
Cedar Canyon 22 Fed Com 4H
T. 24 S., R. 29 E.,
Sec. 22: S2N2, N2S2
Eddy County, NM

OXY USA INC.

P.O. Box 4294

Houston, TX 77210-4294

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136823 involving 40 acres of Federal land in lease NMNM13996 and 280 acres of Federal land in lease NMNM81586, Eddy County, New Mexico, which comprise a 320 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the S2N2 and N2S2 of sec. 22, T. 24 S., R. 29 E., NMPM, and is effective 11/01/2016. 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 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.

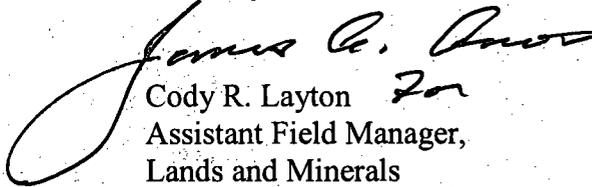
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Chris Walls, Petroleum Engineer at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,


Cody R. Layton *for*
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)

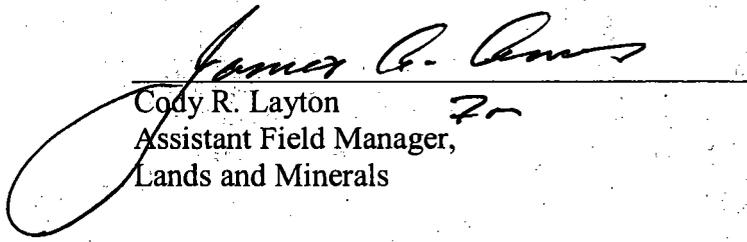
NM (P0220-CFO, File Room)

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 S2N2 and N2S2 of sec. 22, T. 24 S., R. 29 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.
- 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: 03/07/2016


Cody R. Layton
Assistant Field Manager,
Lands and Minerals

Effective: 11/01/2016

Contract No.: Com. Agr. NM136823



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In Reply Refer to
NM136823
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136823

Date of Completion: 01/26/2017
Date of First Production: 01/29/2017
Field: Pierce Crossing
Operator, Well Name & No, API Number: Oxy USA Inc.; Cedar Canyon 22 Fed Com 4H; 30-015-43708
Surface Location: NESE, sec. 22, T. 24 S., R. 29 E.
Bottom Location: NWSW, sec. 22, T. 24 S., R. 29 E.
Total Depth: 13,435 MD; 8,728 TVD
Surface Elevation: 2,958 GL
Producing Formation: Bone Spring (8,827 – 13,265)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 629 BBL; Gas 462 MCF; Water 1245 BBL
Current Status: Producing Oil Well

Remarks: CA NM136823, effective 11/01/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 22: S2N2 and N2S2, T. 24 S., R. 29 E., NMPPM, and comprises 40 acres of Federal land in lease NMNM13996 and 280 acres of Federal land in lease NMNM81586 for a 320 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
03/07/2017

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