



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

30 015 43784



IN REPLY REFER TO:
NMNM138433
3105.2 (P0220)

037 04 2015 P#04121

10/01/2018

Reference:
Communitization Agreement
Pavo Macho 31/32 B2EH Fed Com 1H
Section 31: Lot 2, SENW, S2NE
Section 32: S2N2.
T. 18 S., R. 29 E., N.M.P.M.
Eddy County, NM

Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138433 involving 152.66 acres of Federal land in lease NMNM56426 and 80 acres of State land in Eddy County, New Mexico, which comprise a 312.66 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Lot 2, SENW, S2NE Sec. 31, and S2N2 Sec. 32, T. 18 S., R. 29 E., NMPM, Eddy County, NM, and is effective January 01, 2018. 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.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Cody R. Layton".

Cody R. Layton
Assistant Field Manager,
Lands 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)

NM State Land Comm.

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:

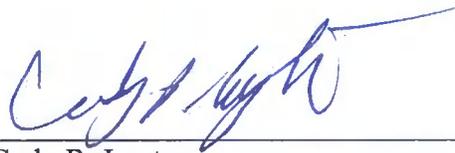
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 Lots 2, SENW, S2NE of sec. 31, and S2N2, of sec. 32, T. 18 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.

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: 10/01/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: January 01, 2018

Contract No.: Com. Agr. NMNM138433



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM138433
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NMNM138433

Date of Completion:	01/25/2018
Date of First Production:	01/25/2018
Field:	Palmillo
Operator, Well Name & No, API Number:	Mewbourne Oil; Pavo Macho 31/32 B2EH Fed Com 1H; 30-015-43784
Surface Location:	Sec. 31, SWNW, T. 18 S., R. 29 E.
Bottom Location:	Sec. 32, SENE, T. 18 S., R. 29 E.
Total Depth:	17,170' MD; 7,700' TVD
Surface Elevation:	3,405 GL
Producing Formation:	Bone Spring (7,740' – 17,125')
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 347 BBL; Gas 292 MCF; Water 1932 BBL
Current Status:	Producing Oil Well
Remarks:	CA NMNM138433, effective 01/01/2018, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 31: Lot 2, SENW, S2NE and sec. 32: S2N2, T. 18 S., R. 29 E., NMPM, and comprises 152.66 acres of Federal land in lease NMNM56426, and 160 acres of State land for a 312.66 acre well 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

10/01/2018

cc:
ONRR
First Production File
LLNM (P0220, File Room)