



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



20180921 04:21

IN REPLY REFER TO:
 NMNM138618
 3105.2 (P0220)

09/21/2018

Reference:
 Communitization Agreement
 HH SO 8 P2 #5H, 6H, 13H, 14H, 21H, 22H
 Section 05: All
 Section 08: All
 Section 17: All
 Section 20: All
 T. 26 S., R. 27 E., N.M.P.M.
 Eddy County, NM

Chevron U.S.A., Inc.
 1400 Smith Street
 Houston, TX 77002

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138618 involving 160 acres of Federal land in lease NMNM 113399, 1,120 acres of Federal land in lease NMNM 118108, and 1,280 acres of Federal land in lease NMNM 100549, Eddy County, New Mexico, which comprise a 2,560 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath All of Sections 05, 08, 17, 20, T. 26 S., R. 27 E., NMPM, Eddy County, NM, and is effective March 1, 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, Deborah Ham at (575) 234-5965 or Margie Dupre at (505) 954-2142.

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

Sincerely,



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)

Determination - Approval - Certification

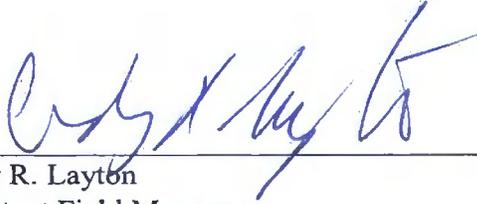
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 All of Sections 05, 08, 17, 20, T. 26 S., R. 27 E., NMPM, as to all producible hydrocarbons from the Wolfcamp 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: 09/21/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: March 1, 2018

Contract No.: Com. Agr. NMNM138618



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BUREAU OF LAND MANAGEMENT

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



In Reply Refer to
NM138618
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM138618

Date of Completion:	06/13/2018
Date of First Production:	07/26/2018
Field:	Purple Sage
Operator, Well Name & No, API Number:	Chevron USA; HH SO 8 P2 5H; 30-015-43935
Surface Location:	sec. 17, NWNW, T. 26 S., R. 27 E.
Bottom Location:	sec. 5, NWNW, T. 26 S., R. 27 E.
Total Depth:	MD: 20,020'; TVD:
Surface Elevation:	3,245' GL
Producing Formation:	Wolfcamp (10,023 – 19,845)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 638 BBL; Gas 5409 MCF; Water 4122 BBL
Current Status:	Producing Gas Well
Remarks:	CA NM138618, effective 03/01/2018, communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath all of sections 5,8,17 and 20, T. 26 S., R. 27 E., NMPM, and comprises 160 acres of Federal land in lease NMNM113399, 1120 acres of Federal land in lease NMNM118108 and 1280 acres of Federal land in NMNM100549 for a 2560 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
09/21/2018

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