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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



APR 03 2018 PM02:47

IN REPLY REFER TO:
NM138068
3105.2 (P0220)

03/13/2018

Reference:
Communitization Agreement
Bootlegger 21 Fed Com 1H
T. 20 S., R. 29 E.,
Section 21, E2E2
Eddy County, NM

Marathon Oil Permian, LLC
5555 San Felipe St.
Houston, TX 77056

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM138068 involving 40 acres of unleased Federal land in lease NMNM138067 and 120 acres of Federal land in lease NMNM116571, Eddy County, New Mexico, which comprise a 160 acre well spacing unit.

Please be advised that unleased lands account, NMNM138067 has been created as a PLACEHOLDER ONLY for the lease NMNM119270 and will remain in force until a decision has been made on the Class II Reinstatement that was filed on said lease on May 23, 2016. The unleased Federal land within the agreement is identified as Tract 1 of the agreement containing 40 acres.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2E2 of sec. 21, T. 20 S., R. 29 E., NMPM, and is effective 05/01/2017. 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,



Cody R. Layton
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

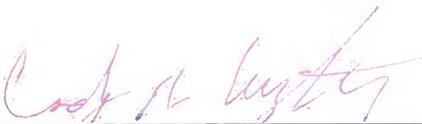
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 E2E2 of sec. 21, T. 20 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: 03/13/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: 05/01/2017

Contract No.: Com. Agr. NM138068



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In Reply Refer to
NM138068
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM138068

Date of Completion: 07/21/2017
Date of First Production: 08/05/2017
Field: Getty
Operator, Well Name & No, API Number: Marathon Oil Permian; Bootlegger 21 Fed Com 1H;
30-015-43970
Surface Location: sec. 16, SESE, T.20 S., R.29 E.
Bottom Location: sec. 21, SESE, T.20 S., R.29 E.
Total Depth: 12,869 MD; 7,973 TVD
Surface Elevation: 3,309 GL
Producing Formation: Bone Spring (8329 – 12,781)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 910 BBL; Gas 1485 MCF; Water 2368 BBL
Current Status: Producing Oil Well

Remarks: CA NM138068, effective 05/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 21, E2E2, T. 20 S., R. 29 E., NMPM, and comprises 120 acres of Federal land in lease NMNM116571 and 40 acres of Unleased Federal land in unleased lands account, Serial Number NMNM138067, for a 160 acre well spacing unit. The unleased Federal lands account is a placeholder only for lease NMNM119270 until a decision is made on the Class II Reinstatement that was filed on said lease May 23, 2016. Per wellbore path and perforations for production, surface location of well is not within the com agreement boundary.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham
03/13/2018