



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:
 NMNM138439
 3105.2 (P0220)

10/01/2018 10:04:07

10/01/2018

Reference:
 Communitization Agreement
 SD WE 24 Fed P24 #6H & 7H
 Section 13: E2E2,
 Section 24: E2E2
 T. 26 S., R. 32 E., N.M.P.M.
 Lea County, NM

Chevron U.S.A., Inc.
 Mid-Continent Business Unit
 1400 Smith Street, Room 41102
 Houston, TX 77002

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138439 involving 240 acres of Federal land in lease NMNM118722, 40 acres of Federal land in lease NMNM 14492, and 40 acres of Federal land in lease NMLC 065876A, Lea 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 E2E2, Sec. 13, and E2E2, Sec. 24, T. 26 S., R. 32 E., NMPM, Lea County, NM, and is effective August 1, 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,

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)

Determination - Approval - Certification

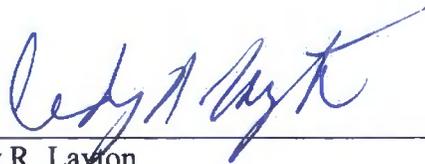
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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. 13, and E2E2 of sec. 24, T. 26 S., R. 32 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: 10/01/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: August 1, 2017

Contract No.: Com. Agr. NMNM138439



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



In Reply Refer to
NM138439
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM138439

Date of Completion: 12/07/2017
Date of First Production: 01/18/2018
Field: Jennings
Operator, Well Name & No, API Number: Chevron USA; SD WE 24 Fed P24 6H; 30-025-43673
Surface Location: sec. 24, SESE, T. 26 S., R. 32 E.
Bottom Location: sec. 13, NENE, T. 26 S., R. 32 E.
Total Depth: MD: 19,286'; TVD: 9,083
Surface Elevation: 3,137' GL
Producing Formation: Bone Spring (9,186 – 19,103)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 1641 BBL; Gas 2449 MCF; Water 1696 BBL
Current Status: Producing Oil Well

Remarks: CA NM138439, effective 08/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 13, E2E2 and sec. 24, E2E2, T. 26 S., R. 32 E., NMPM, and comprises 240 acres of Federal land in lease NMNM118722, 40 acres of Federal land in lease NMNM14492 and 40 acres of Federal land in lease NMLC065876A for a 320 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
10/01/2018

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