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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](http://www.blm.gov/nm)



30 OCT 2018 11:04:22

IN REPLY REFER TO:  
NMNM138440  
3105.2 (P0220)

10/01/2018

Reference:  
Communitization Agreement  
SD WE 24 Fed P24 #5H  
Section 13: W2E2  
Section 24: W2E2  
T. 26 S., R. 32 E., N.M.P.M.  
Lea County, NM

Chevron U.S.A., Inc.  
1400 Smith Street, Room 41102  
Houston, TX 77002

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138440 involving 280 acres of Federal land in lease NMNM118722, 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 W2E2, Sec. 13, W2E2 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,



Cody R. Layton  
Assistant Field Manager,  
Lands and Minerals

1 Enclosure:  
1 - Communitization Agreement

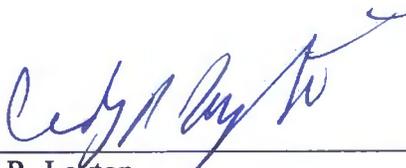
cc:  
ONRR, Denver  
NM Taxation & Revenue Dept. (Revenue Processing Div.)  
NMOCD  
NM (9200)  
NM (P0220-CFO, File Room)

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 , W2E2, Sec. 13, W2E2 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

  
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Cody R. Layton  
Assistant Field Manager  
Lands and Minerals

Effective: August 1, 2017

Contract No.: Com. Agr. NMNM138440



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## BUREAU OF LAND MANAGEMENT

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



In Reply Refer to  
NM138440  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM138440

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 5H; 30-025-43674
Surface Location:	sec. 24, SESE, T. 26 S., R. 32 E.
Bottom Location:	sec. 13, NWNE, T. 26 S., R. 32 E.
Total Depth:	MD: 19,338'; TVD: 9,088
Surface Elevation:	3,138' GL
Producing Formation:	Bone Spring (9,188 – 19,132)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 1417 BBL; Gas 2179 MCF; Water 1863 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM138440, effective 08/01/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 13, W2E2 and sec. 24, W2E2, T. 26 S., R. 32 E., NMPM, and comprises 280 acres of Federal land in lease NMNM118722 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](mailto:dham@blm.gov).

**/S/ Deborah Ham**  
10/01/2018

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