



## United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
New Mexico State Office  
301 Dinosaur Trail  
Santa Fe, New Mexico 87508  
[www.blm.gov/new-mexico](http://www.blm.gov/new-mexico)

**In Reply Refer To:**

NMNM 140119  
3105.2 (9250)

JUL 10 2020

**Reference:**

Communitization Agreement  
Big Cat 16-9 Fed Com #213H  
Section 9: E2W2  
Section 16: E2NW  
T. 23 S., R. 32 E., N.M.P.M.  
Lea County, NM

Devon Energy Company, L.P.  
333 West Sheridan Avenue  
Oklahoma City, OK 73102

**Gentlemen:**

Enclosed is an approved copy of Communitization Agreement NMNM 140119 involving 160 acres of Federal land in lease NMNM 98192, and 80 acres of state land in Lea County, New Mexico, which comprise a 240-acre well spacing unit.

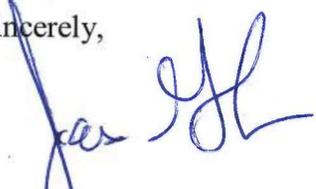
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2W2 of Sec. 9, and E2NW of Sec. 16, T. 23 S., R. 32 E., NMPM, Lea County, New Mexico, and is effective April 1, 2019. Approval of this agreement does not warrant or certify that the operator, 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 Lauren Leib at 505-954-2234 or email lleib@blm.gov.

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

Sincerely,  


James Glover  
Supervisory Geologist  
Branch of Reservoir Management  
Division of Minerals

1 Enclosure  
1 – Communitization Agreement

cc:  
Office of Natural Resources Revenue  
Via – leases.blm@onrr.gov

New Mexico Oil Conservation Division  
Via – leonard.lowe@state.nm.us

New Mexico Taxation & Revenue Processing Division  
P.O. Box 2308  
Santa Fe, NM 87504

Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, NM 87504-1148

NM92200, J. Serrano  
NMP0220, Carlsbad Field Office File Room  
NM9250, Case File

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 E2W2 of Sec. 9, and E2NW of Sec. 16, T. 23 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.

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: JUL 10 2020

  
\_\_\_\_\_  
James Glover  
Supervisory Geologist  
Branch of Reservoir Management  
Division of Minerals

Effective: April, 1 2019

Contract No.: Com. Agr. NMNM 140119

RECEIVED

MAY 09 2019

BLM, NMSO  
SANTA FE

Federal Communitization Agreement

Contract No. NMNM 140119

THIS AGREEMENT entered into as of the 1st day of April, 2019 by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**Township 23 South, Range 32 East, N.M.P.M**

**E/2 NW/4 of Section 16**

**E/2 W/2 of Section 9**

**Lea County, New Mexico**

Containing **240.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Devon Energy Company, L.P., 333 W Sheridan Avenue, Oklahoma City, OK 73102. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day,

such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is April 1, 2019, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their

successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Devon Energy Production Company, L.P.  
Operator

4-29-19  
Date

By: Catherine Lebsack  
Operator/Attorney-in-Fact *SL KD*

**ACKNOWLEDGEMENT**

STATE OF OKLAHOMA )  
 ) ss.  
COUNTY OF OKLAHOMA )

On this 29th day of April, 2019, before me, a Notary Public for the State of OKLAHOMA, personally appeared Catherine Lebsack, known to me to be the Vice President of Devon Energy Production Company, L.P., the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)



7-24-2021  
My Commission Expires

Courtney Thomas  
Notary Public



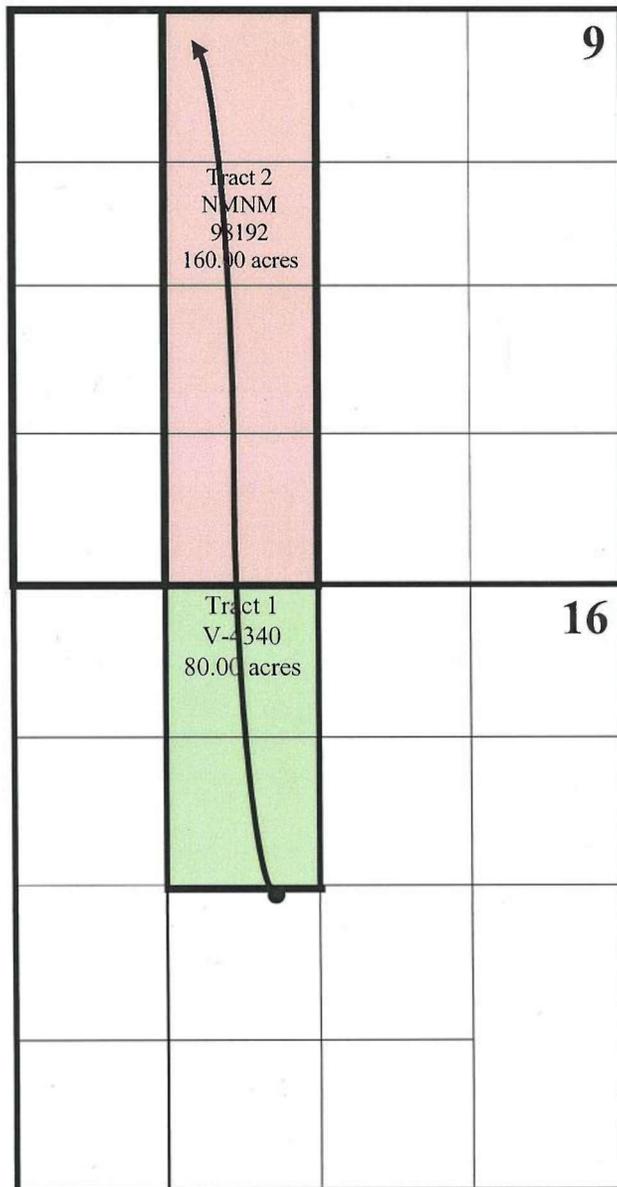
**EXHIBIT "A"**

To Communitization Agreement dated April 1, 2019, covering 240.00 acres in E/2 NW/4 of Section 16 and E/2 W/2 of Section 9, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico

Big Cat 16-9 State Fed Com 213H

SHL 2,526' FSL, 2,131' FWL, Sec 16-23S-32E

BHL 20' FNL, 1,720' FWL, Sec 9-23S-32E



## **EXHIBIT "B"**

To Communitization Agreement dated April 1, 2019, embracing the following described land in E/2 NW/4 of Section 16 and E/2 W/2 of Section 9, Township 23 South, Range 32 East, N.M.P.M, Lea County, New Mexico

**Operator of Communitized Area: Devon Energy Production Company, L.P.**

### **DESCRIPTION OF LEASES COMMITTED**

#### **Tract No. 1**

Lease Serial Number:	ST of NM V0-4340-004
Pooling Authority:	Yes
Description of Land Committed:	E/2 NW/4 of Section 16, Township 23 South, Range 32 East, N.M.P.M Lea County, New Mexico
Number of Acres:	80.00
Record Title Owner – Lessee:	Devon Energy Production Company, L.P
Name and Percent ORRI Owners:	ORRI Owners of Record
Name of Working Interest Owners:	Devon Energy Production Company, L.P. – 100.00%

#### **Tract No. 2**

Lease Serial Number:	NMNM 98192
Description of Land Committed:	E/2 W/2 of Section 9, Township 23 South, Range 32 East, N.M.P.M Lea County, New Mexico
Number of Acres:	160.00
Record Title Owner – Lessee:	Devon Energy Production Company, L.P
Name and Percent ORRI Owners:	ORRI Owners of Record
Name of Working Interest Owners:	Devon Energy Production Company, L.P. – 100.00%

**RECAPITULATION**

<b>TRACT No.</b>	<b>No. of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
Tract No. 1	80.00	33.3333%
Tract No. 2	160.00	66.6667%
Total	240.00	100.0000%



Commissioner

Stephanie Garcia Richard

*State of New Mexico*  
**Commissioner of Public Lands**

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

Kelly Niemyer  
Devon Energy Production Company, LP  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102

May 13<sup>th</sup>, 2020

Re: Communitization Agreement Approval  
Big Cat 16-9 State Fed Com #215H  
Vertical Extent: Bone Spring  
Township: 23 South, Range 32 East, NMPM  
Sect 9: W2E2  
Sect 16:W2NE4, NW4SE4  
Lea County, New Mexico

Dear Ms. Niemyer,

The Commissioner of Public Lands has this date approved the Big Cat 16-9 State Fed Com #215H Communitization Agreement for the Bone Spring formation effective 4/1/2019. Enclosed are three Certificates of Approval.

z

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Niranjan Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie Garcia Richard". The signature is written in a cursive style and includes a large, stylized flourish at the end.

Stephanie Garcia Richard  
COMMISSIONER OF PUBLIC LANDS

# NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

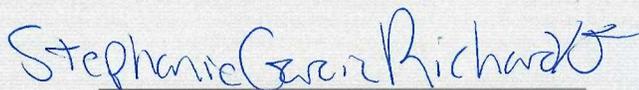
**Devon Energy Production Company, LP**  
**Big Cat 16-9 State Fed Com #215H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 9: W2E2**  
**Section 16: W2NE4, NW4SE4**  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 1, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **13<sup>th</sup> Day of May, 2020**.



**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

ONLINE Version  
COMMUNITIZATION AGREEMENT

Contract No. \_\_\_\_\_

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions W/2 NE/4, NW/4 SE/4 of Section 16 & W/2 E/2 of Section 9

Sect 16 & 9, T 23S, R 32E, NMPM Lea County NM

containing 280.00 acres, more or less, and this agreement shall include only the

Bone Spring Formation

underlying said lands and the Oil and Gas (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is April Month 1st Day, 2019 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator Devon Energy Production Co., L.P. Lessees of Record Devon Energy Production Co., L.P.

By Catherine Lebsack  
 Print name of person  
 Catherine Lebsack, Vice President  
 Type of authority SP KD

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

**Acknowledgment in an Individual Capacity**

State of OKLAHOMA )

County of OKLAHOMA ) ss)

This instrument was acknowledged before me on April 29, 2019  
DATE

By Catherine Lebsack  
Name(s) of Person(s)

(Seal)



Courtney Thomas  
Signature of Notarial Officer

My commission expires: 7-24-2021

**Acknowledgment in a Representative Capacity**

State of \_\_\_\_\_ )

County of \_\_\_\_\_ ) ss)

This instrument was acknowledged before me on \_\_\_\_\_  
DATE

By \_\_\_\_\_  
Name(s) of Person(s)

as \_\_\_\_\_ of \_\_\_\_\_

Type of authority, e.g., officer, trustee, etc      Name of party on behalf of whom instrument was executed

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

EXHIBIT A

To Communitization Agreement dated April 1st, 2019

Plat of communitized area covering the:

Subdivisions W/2 NE/4, NW/4 SE/4 of Section 16 & W/2 E/2 of Section 9,

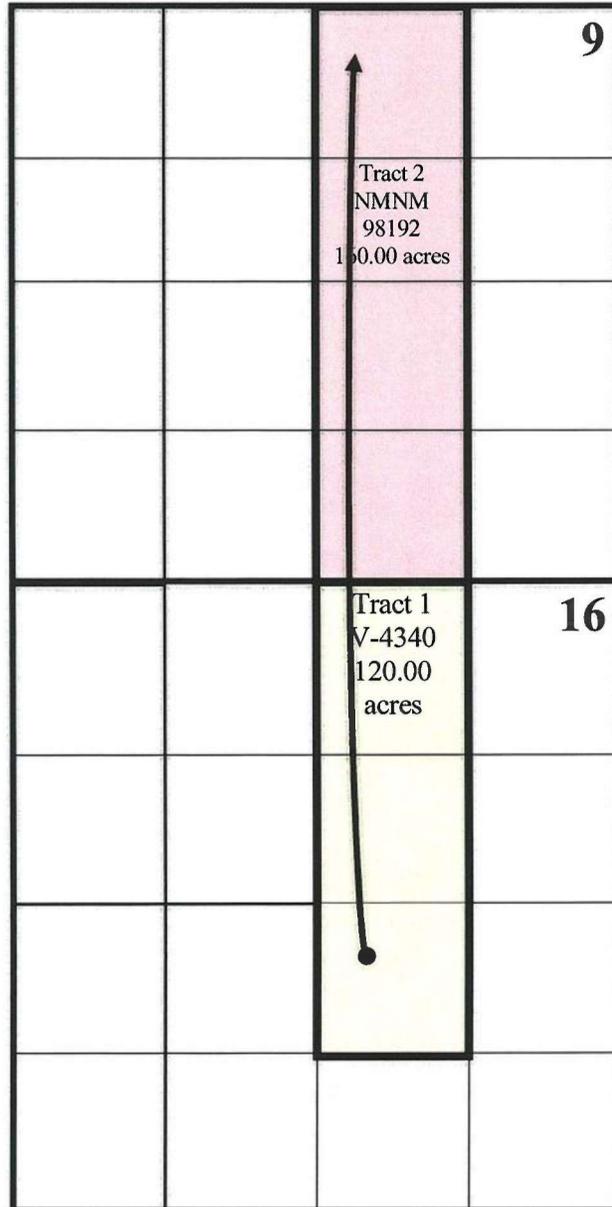
of Sect. 16 & 9, T 23S, R 32E, NMPM, Lea

County, NM.

Big Cat 16-9 State Fed Com 215H

SHL 2,314' FSL, 2,184' FEL, Sec 16-23S-32E

BHL 20' FNL, 2,240' FEL, Sec 9-23S-32E



**EXHIBIT B**

To Communitization Agreement dated April 1st 2019, embracing the  
Subdivisions W/2 NE/4, NW/4 SE/4 of Section 16 & W/2 E/2 of Section 9  
of Section 16 & 9, T 23S, R 32E, N.M.P.M., Lea County, NM

Operator of Communitized Area: Devon Energy Production Co., L.P.

**DESCRIPTION OF LEASES COMMITTED**

**TRACT NO. 1**

Lease Serial No.: ST of NM V0-4340-004  
Lease Date: 4/1/1994  
Lease Term: 5 years  
Lessor: State of New Mexico  
Original Lessee: Strata Production Company  
Present Lessee: Devon Energy Production Co. LP  
Description of Land Committed: Subdivisions W/2 NE/4, NW/4 SE/4,  
Sect 16, Twp 23S, Rng 32E NMPM, Lea County, NM  
Number of Acres: 120.00  
Royalty Rate: 16.66%  
Name and Percent ORRI Owners: Of Record  
Name and Percent WI Owners: Devon Energy Production Co., LP - 100%

**TRACT NO. 2**

Lease Serial No.: NMNM 98192  
Lease Date: 3/1/1997  
Lease Term: 10 years  
Lessor: United States of America  
Original Lessee: Penwell Energy, Inc.  
Present Lessee: Devon Energy Production Co., LP  
Description of Land Committed: Subdivisions W/2 E/2,  
Sect 9, Twp 23S, Rng 32E, NMPM, Lea County, NM  
Number of Acres: 160.00  
Royalty Rate: 12.5%  
Name and Percent ORRI Owners: Of Record  
Name and Percent WI Owners: Devon Energy Production Co., LP - 100%

**RECAPITULATION**

<b>Tract numbers</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
Tract No.1	<u>120.00</u>	<u>42.8571</u>
Tract No.2	<u>160.00</u>	<u>57.1429</u>
Tract No.3	<u>          </u>	<u>          </u>
Tract No.4	<u>          </u>	<u>          </u>



**Commissioner**

**Stephanie Garcia Richard**

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

Kelly Niemyer  
Devon Energy Production Company, LP  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102

February 18<sup>th</sup>, 2020

Re: Communitization Agreement Approval  
Big Cat 16-9 State Fed Com #213H  
Vertical Extent: Bone Spring  
Township: 23 South, Range 32 East, NMPM  
Sect 9: E2W2  
Sect 16: E2NW4  
Lea County, New Mexico

Dear Ms. Niemyer,

The Commissioner of Public Lands has this date approved the Big Cat 16-9 State Fed Com #213H Communitization Agreement for the Bone Spring formation effective 4/1/2019. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for Two Years, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Niranjana Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie Garcia Richard" with a stylized flourish at the end.

Stephanie Garcia Richard  
COMMISSIONER OF PUBLIC LANDS

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

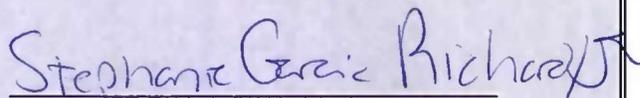
**Devon Energy Production Company, LP**  
**Big Cat 16-9 State Fed Com #213H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 9: E2W2**  
**Section 16: E2NW4**  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 1, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **18<sup>th</sup> Day of February, 2020**.



**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

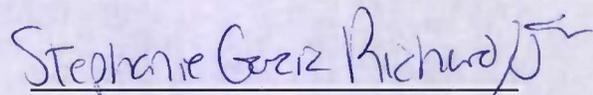
**Devon Energy Production Company, LP**  
**Big Cat 16-9 State Fed Com #213H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 9: E2W2**  
**Section 16: E2NW4**  
**Lea County, New Mexico**

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**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

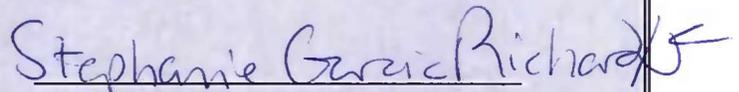
**Devon Energy Production Company, LP**  
**Big Cat 16-9 State Fed Com #213H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 9: E2W2**  
**Section 16: E2NW4**  
**Lea County, New Mexico**

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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **18<sup>th</sup> Day of February, 2020**.



**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

ONLINE Version  
COMMUNITIZATION AGREEMENT

Contract No. \_\_\_\_\_

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions E/2 NW/4 of Section 16 & E/2 W/2 of Section 9,

Sect 16 & 9, T 23S, R 32E, NMPM Lea County NM

containing 240.00 acres, more or less, and this agreement shall include only the

Bone Spring Formation

underlying said lands and the Oil and Gas (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is April Month 1st Day, 2019 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator Devon Energy Production Co., L.P. Lessees of Record Devon Energy Production Co., L.P.  
 By Catherine Lebsack sl  
Print name of person  
 Catherine Lebsack, Vice President RD  
Type of authority

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

**Acknowledgment in an Individual Capacity**

State of OKLAHOMA )

County of OKLAHOMA ) SS)

This instrument was acknowledged before me on April 29, 2019  
DATE

By Catherine Lebsack  
Name(s) of Person(s)

(Seal)



Courtney Thomas  
Signature of Notarial Officer

My commission expires: 7-24-2021

**Acknowledgment in a Representative Capacity**

State of \_\_\_\_\_ )

County of \_\_\_\_\_ ) SS)

This instrument was acknowledged before me on \_\_\_\_\_  
DATE

By \_\_\_\_\_  
Name(s) of Person(s)

as \_\_\_\_\_ of \_\_\_\_\_

Type of authority, e.g., officer, trustee, etc      Name of party on behalf of whom instrument was executed

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

EXHIBIT A

To Communitization Agreement dated April 1st, 2019

Plat of communitized area covering the:

Subdivisions E/2 NW/4 of Section 16 & E/2 W/2 of Section 9

of Sect. 16 & 9, T 23S, R 32E, NMPM, Lea County, NM.

			<b>9</b>
	Tract 2 NMNM 98192 160.00 acres		
	Tract 1 V-4340 80.00 acres		<b>16</b>

**EXHIBIT B**

To Communitization Agreement dated April 1st 2019, embracing the  
Subdivisions E/2 NW/4 of Section 16 & E/2 W/2 of Section 9  
of Section 16 & 9, T 23S, R 32E, N.M.P.M., Lea County, NM

Operator of Communitized Area: Devon Energy Production Co., L.P.

**DESCRIPTION OF LEASES COMMITTED**

**TRACT NO. 1**

Lease Serial No.: ST of NM V0-4340-004  
Lease Date: 4/1/1994  
Lease Term: 5 years  
Lessor: State of New Mexico  
Original Lessee: Strata Production Company  
Present Lessee: Devon Energy Production Co. LP  
Description of Land Committed: Subdivisions E/2 NW/4  
Sect 16, Twp 23S, Rng 32E, NMPM, Lea County, NM  
Number of Acres: 80.00  
Royalty Rate: 16.66%  
Name and Percent ORRI Owners: Of Record  
Name and Percent WI Owners: Devon Energy Production Co., LP - 100%

**TRACT NO. 2**

Lease Serial No.: NMNM 98192  
Lease Date: 3/1/1997  
Lease Term: 10 years  
Lessor: United States of America  
Original Lessee: Penwell Energy, Inc.  
Present Lessee: Devon Energy Production Co., LP  
Description of Land Committed: Subdivisions E/2 W/2  
Sect 9, Twp 23S, Rng 32E, NMPM, Lea County, NM  
Number of Acres: 160.00  
Royalty Rate: 12.5%  
Name and Percent ORRI Owners: Of Record  
Name and Percent WI Owners: Devon Energy Production Co., LP - 100%

**RECAPITULATION**

<b>Tract numbers</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
Tract No.1	<u>80.00</u>	<u>33.3333</u>
Tract No.2	<u>160.00</u>	<u>66.6667</u>
Tract No.3	<u>          </u>	<u>          </u>
Tract No.4	<u>          </u>	<u>          </u>

PROPERTY MAIL

neopost

03/16/2020

US POSTAGE \$009.90

ZIP 87504  
04111220331

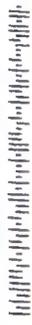


New Mexico State Land Office  
Oil, Gas & Minerals Division  
310 Old Santa Fe Trail  
P.O. Box 1148  
Santa Fe, NM 87504-0728



Devon Energy Prod.  
333 W. Sheridan Ave  
Oklahoma City, OK 73102

Attn: Kelly Niemyer





RECEIVED

MAR 19 2020

LAND DEPARTMENT

Commissioner

Stephanie Garcia Richard

*State of New Mexico*  
**Commissioner of Public Lands**

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

Kelly Niemyer  
Devon Energy Production Company, LP  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102

February 10<sup>th</sup>, 2020

Re: Communitization Agreement Approval  
Big Cat 16-9 State Fed Com #1H  
Vertical Extent: Bone Spring  
Township: 23 South, Range 32 East, NMPM  
Sect 9: W2W2  
Township: 23 South, Range: 32 East, NMPM  
Sect 16: W2NW4  
Lea County, New Mexico

Dear Ms. Niemyer,

The Commissioner of Public Lands has this date approved the Big Cat 16-9 State Fed Com #1H Communitization Agreement for the Bone Spring formation effective 4/1/2019. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for Two Years, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Niranjan Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie Garcia Richard".

Stephanie Garcia Richard  
COMMISSIONER OF PUBLIC LANDS

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Devon Energy Production Company, LP**  
**Big Cat 16-9 State Fed Com #1H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 9: W2W2**  
**Section 16: W2NW4**  
**Lea County, New Mexico**

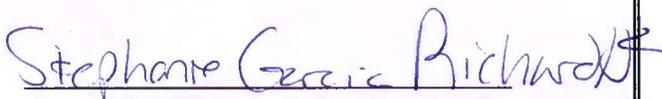
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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **10<sup>th</sup> Day of February, 2020**.



**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Devon Energy Production Company, LP**  
**Big Cat 16-9 State Fed Com #1H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 9: W2W2**  
**Section 16: W2NW4**  
**Lea County, New Mexico**

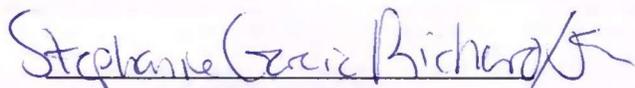
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There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 1, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **10<sup>th</sup> Day of February, 2020**.



**COMMISSIONER OF PUBLIC LANDS**

**of the State of New Mexico**

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Devon Energy Production Company, LP**  
**Big Cat 16-9 State Fed Com #1H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 9: W2W2**  
**Section 16: W2NW4**  
**Lea County, New Mexico**

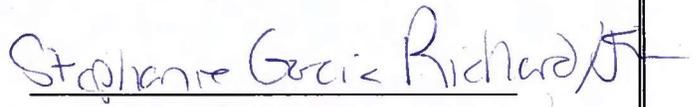
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There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 1, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **10<sup>th</sup> Day of February, 2020**.



**COMMISSIONER OF PUBLIC LANDS**

**of the State of New Mexico**

2019 MAY -3

ONLINE Version  
COMMUNITIZATION AGREEMENT

Contract No. \_\_\_\_\_

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions W/2 NW/4 of Section 16 & W/2 W/2 of Section 9

Sect 16 & 9, T 23S, R 32E, NMPM Lea County NM

containing 240.00 acres, more or less, and this agreement shall include only the

Bone Spring Formation

underlying said lands and the Oil and Gas (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is April 1st 2019 Month 1st Day, 2019 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

MAY -9 AM 11:15

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator Devon Energy Production Co., L.P. Lessees of Record Devon Energy Production Co., L.P.  
 By Catherine Lebsack  
Print name of person  
 Catherine Lebsack, Vice President KD  
Type of authority

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

**Acknowledgment in an Individual Capacity**

2019 MAY -9 AM 11:15

State of OKLAHOMA )

County of OKLAHOMA ) SS)

This instrument was acknowledged before me on April 29, 2019  
DATE

By Catherine Lebsack  
Name(s) of Person(s)

(Seal)



Courtney Thomas  
Signature of Notarial Officer

My commission expires: 7-24-2021

**Acknowledgment in a Representative Capacity**

State of \_\_\_\_\_ )

County of \_\_\_\_\_ ) SS)

This instrument was acknowledged before me on \_\_\_\_\_  
DATE

By \_\_\_\_\_  
Name(s) of Person(s)

as \_\_\_\_\_ of \_\_\_\_\_

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

EXHIBIT A

To Communitization Agreement dated April 1st, 2019

Plat of communitized area covering the:

Subdivisions W/2 NW/4 of Section 16 & W2 W/2 of Section 9

of Sect. 16 & 9, T 23S, R 32E, NMPM, Lea County, NM.

			<b>9</b>
Tract 2 NMNM 98192 160.00 acres			
Tract 1 V-4340 80.00 acres			<b>16</b>

**EXHIBIT B**

To Communitization Agreement dated April 1st 2019, embracing the  
Subdivisions W/2 NW/4 of Section 16 & W/2 W/2 of Section 9  
of Section 16 & 9, T 23S, R 32E, N.M.P.M., Lea County, NM

**Operator of Communitized Area:** Devon Energy Production Co., L.P.

**DESCRIPTION OF LEASES COMMITTED**

**TRACT NO. 1**

Lease Serial No.: ST of NM V0-4340-004  
Lease Date: 4/1/1994  
Lease Term: 5 years  
Lessor: State of New Mexico  
Original Lessee: Strata Production Company  
Present Lessee: Devon Energy Production Co. LP  
Description of Land Committed: Subdivisions W/2 NW/4,  
Sect 16, Twp 23S, Rng 32E, NMPM, Lea County, NM  
Number of Acres: 80.00  
Royalty Rate: 16.66%  
Name and Percent ORRI Owners: Of Record  
Name and Percent WI Owners: Devon Energy Production Co., LP - 100%

**TRACT NO. 2**

Lease Serial No.: NMNM 98192  
Lease Date: 3/1/1997  
Lease Term: 10 years  
Lessor: United States of America  
Original Lessee: Penwell Energy, Inc.  
Present Lessee: Devon Energy Production Co., LP  
Description of Land Committed: Subdivisions W/2 W/2,  
Sect 9, Twp 23S, Rng 32E, NMPM, Lea County, NM  
Number of Acres: 160.00  
Royalty Rate: 12.5%  
Name and Percent ORRI Owners: Of Record  
Name and Percent WI Owners: Devon Energy Production Co., LP - 100%

**RECAPITULATION**

<b>Tract numbers</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
Tract No.1	<u>80.00</u>	<u>33.3333</u>
Tract No.2	<u>160.00</u>	<u>66.6667</u>
Tract No.3	<u>          </u>	<u>          </u>
Tract No.4	<u>          </u>	<u>          </u>

PROPERTY MAIL

repost

03/16/2020

US POSTAGE \$009.90

ZIP 87504-0411 1Z2037



New Mexico State Land Office  
Oil, Gas & Minerals Division  
310 Old Santa Fe Trail  
P.O. Box 1148  
Santa Fe, NM 87504-0728



Devon Energy Prod.  
333 W. Sheridan Ave  
Oklahoma City, OK 73102

Attn: Kelly Niemyer





# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
New Mexico State Office  
301 Dinosaur Trail  
Santa Fe, New Mexico 87508  
[www.blm.gov/new-mexico](http://www.blm.gov/new-mexico)

In Reply Refer To:

NMNM 140118  
3105.2 (9250)

JUL 10 2020

Reference:

Communitization Agreement  
Big Cat 16-9 Fed Com #1H  
Section 9: W2W2  
Section 16: W2NW  
T. 23 S., R. 32 E., N.M.P.M.  
Lea County, NM

Devon Energy Company, L.P.  
333 West Sheridan Avenue  
Oklahoma City, OK 73102

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM 140118 involving 160 acres of Federal land in lease NMNM 98192, and 80 acres of state land in Lea County, New Mexico, which comprise a 240-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2W2 of Sec. 9, and W2NW of Sec. 16, T. 23 S., R. 32 E., NMPM, Lea County, New Mexico, and is effective April 1, 2019. 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.

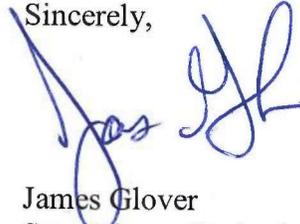
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is 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 Lauren Leib at 505-954-2234 or email lleib@blm.gov.

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

Sincerely,



James Glover  
Supervisory Geologist  
Branch of Reservoir Management  
Division of Minerals

1 Enclosure  
1 – Communitization Agreement

cc:  
Office of Natural Resources Revenue  
Via – leases.blm@onrr.gov

New Mexico Oil Conservation Division  
Via – leonard.lowe@state.nm.us

New Mexico Taxation & Revenue Processing Division  
P.O. Box 2308  
Santa Fe, NM 87504

Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, NM 87504-1148

NM92200, J. Serrano  
NMP0220, Carlsbad Field Office File Room  
NM9250, Case File

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 W2W2 of Sec. 9, and W2NW of Sec. 16, T. 23 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.

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: JUL 10 2020



---

James Glover  
Supervisory Geologist  
Branch of Reservoir Management  
Division of Minerals

Effective: April, 1 2019

Contract No.: Com. Agr. NMNM 140118

RECEIVED

MAY 09 2019

Federal Communitization Agreement

Contract No. NMNM140118

BLM, NMSO  
SANTA FE

THIS AGREEMENT entered into as of the 1st day of April, 2019 by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**Township 23 South, Range 32 East, N.M.P.M**

**W/2 NW/4 of Section 16**

**W/2 W/2 of Section 9**

**Lea County, New Mexico**

Containing **240.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Devon Energy Company, L.P., 333 W Sheridan Avenue, Oklahoma City, OK 73102. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day,

such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is April 1, 2019, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their

successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Devon Energy Production Company, L.P.  
Operator

4-29-19  
Date

By: Catherine Lebsack  
Operator/Attorney-in-Fact *sl* *KD*

**ACKNOWLEDGEMENT**

STATE OF OKLAHOMA )  
 ) ss.  
COUNTY OF OKLAHOMA )

On this 29<sup>th</sup> day of April, 2019, before me, a Notary Public for the State of OKLAHOMA, personally appeared Catherine Lebsack, known to me to be the Vice President of Devon Energy Production Company, L.P., the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)



7-24-2021  
My Commission Expires

Courtney Thomas  
Notary Public



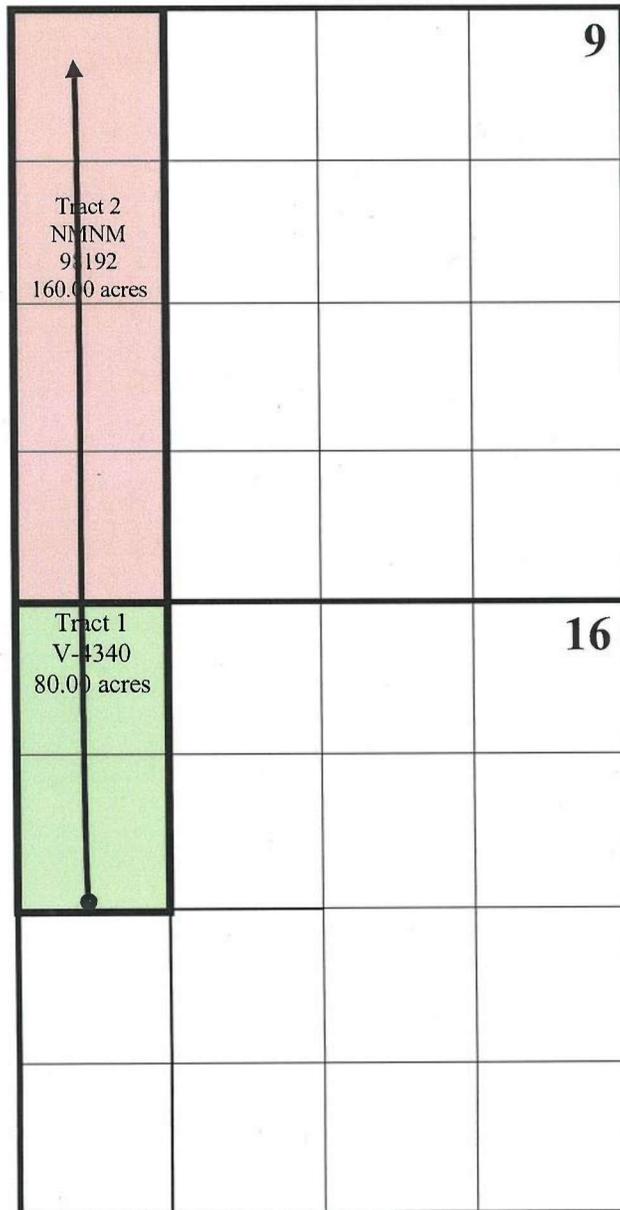
**EXHIBIT "A"**

To Communitization Agreement dated April 1, 2019, covering 240.00 acres in W/2 NW/4 of Section 16 and W/2 W/2 of Section 9, Township 23 South, Range 32 East, N.M.P.M, Lea County, New Mexico

Big Cat 16-9 State Fed Com 1H

SHL 2,590' FNL, 614' FWL, Sec 16-23S-32E

BHL 20' FNL, 360' FWL, Sec 9-23S-32E



## EXHIBIT "B"

To Communitization Agreement dated April 1, 2019, embracing the following described land in W/2 NW/4 of Section 16 and W/2 W/2 of Section 9, Township 23 South, Range 32 East, N.M.P.M, Lea County, New Mexico

**Operator of Communitized Area: Devon Energy Production Company, L.P.**

### DESCRIPTION OF LEASES COMMITTED

#### Tract No. 1

Lease Serial Number:	ST of NM V0-4340-004
Pooling Authority:	Yes
Description of Land Committed:	W/2 NW/4 of Section 16, Township 23 South, Range 32 East, N.M.P.M Lea County, New Mexico
Number of Acres:	80.00
Record Title Owner – Lessee:	Devon Energy Production Company, L.P
Name and Percent ORRI Owners:	ORRI Owners of Record
Name of Working Interest Owners:	Devon Energy Production Company, L.P. – 100.00%

#### Tract No. 2

Lease Serial Number:	NMNM 98192
Description of Land Committed:	W/2 W/2 of Section 9, Township 23 South, Range 32 East, N.M.P.M Lea County, New Mexico
Number of Acres:	160.00
Record Title Owner – Lessee:	Devon Energy Production Company, L.P
Name and Percent ORRI Owners:	ORRI Owners of Record
Name of Working Interest Owners:	Devon Energy Production Company, L.P. – 100.00%

**RECAPITULATION**

<b>TRACT No.</b>	<b>No. of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
Tract No. 1	80.00	33.3333%
Tract No. 2	160.00	66.6667%
Total	240.00	100.0000%



AUBREY DUNN  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Lauren Tollison  
Devon Energy Production Company, LP  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102

November 29<sup>th</sup>, 2018

Re: Communitization Agreement Approval  
Fluffy cat 16-21 State Fed Com #212H  
Vertical Extent: Bone Spring  
Township: 23 South, Range 32 East, NMPM  
Section 21: W2W2  
Section 16: W2SW4  
Lea County, New Mexico

RECEIVED  
DEC 10 2018  
LAND DEPARTMENT

Dear Ms Tollison,

The Commissioner of Public Lands has this date approved the Fluffy cat 16-21 State Fed Com #212H Communitization Agreement for the Bone Spring formation effective 6/1/2018. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for Two Years, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

If we may be of further service, please contact Niranjana Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in black ink, appearing to be "Aubrey Dunn", written over the printed name.

AUBREY DUNN  
COMMISSIONER OF PUBLIC LANDS

7281057

**NEW MEXICO STATE LAND OFFICE**

**CERTIFICATE OF APPROVAL**

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

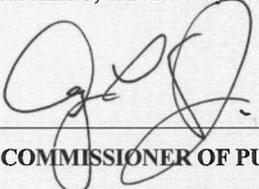
**Devon Energy Production Company, LP**  
**Fluffy cat 16-21 State Fed Com #212H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 21 : W2W2**  
**Section 16: W2SW4**  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **June 1, 2018**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **29<sup>th</sup> Day of November, 2018**.

  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Devon Energy Production Company, LP**  
**Fluffy cat 16-21 State Fed Com #212H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 21 : W2W2**  
**Section 16: W2SW4**  
**Lea County, New Mexico**

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---

**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Devon Energy Production Company, LP**  
**Fluffy cat 16-21 State Fed Com #212H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 32 East, NMPM**  
**Section 21 : W2W2**  
**Section 16: W2SW4**  
**Lea County, New Mexico**

---

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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 29<sup>th</sup> Day of November, 2018.



---

**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

ONLINE Version  
COMMUNITIZATION AGREEMENT

Contract No. \_\_\_\_\_

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

SW/4, W/2 SE/4 of Section 16 & W/2, W/2 E/2 of Section 21, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico

Containing 720 acres, more or less, and this agreement shall include only the Bone Spring Formation and the oil, condensate, natural gas and associated liquid hydrocarbon substances (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is June 1, 2018, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

**Devon Energy Production Company, L.P.**

Date: 8-30-2018

By: Catherine Lebsack  
Catherine Lebsack, Vice President



2018 SEP -7 AM 9:55

**ACKNOWLEDGMENTS**

STATE OF OKLAHOMA           §  
  §  
COUNTY OF OKLAHOMA       §

The foregoing instrument was acknowledged before me on this 30<sup>th</sup> day of August, 2018 by Catherine Lebsack, Vice President of Devon Energy Production Company, L.P., an Oklahoma limited partnership, on behalf of said limited partnership.

My Commission Expires:



Courtney Thomas  
Notary Public

2018 SEP -7 AM 9:56

**EXHIBIT A**

To Communitization Agreement dated June 1, 2018, embracing SW/4, W/2 SE/4 of Section 16 & W/2, W/2 E/2 of Section 21 Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Plat of communitized area:

16	
21	

Tract No. 1  
ST NM V0-4340  
240 Acres

Tract No. 2  
NMNM 86153  
480 Acres

## EXHIBIT B

To Communitization Agreement dated June 1, 2018, embracing the SW/4, W/2 SE/4 of Section 16 & W/2, W/2 E/2 of Section 21, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

**Operator of Communitized Area: Devon Energy Production Company, L.P.**

### DESCRIPTION OF LEASES COMMITTED

#### TRACT NO. 1

Lease Serial No.: ST OF NM V0 – 4340 - 004

Lease Date: April 1, 1994

Lease Term: 5 Years

Lessor: State of New Mexico acting by and through its Commissioner of Public Land

Original Lessee: Strata Production Company

Present Lessee: Devon Energy Production Company, L.P.

Description of Land Committed: SW/4, W/2 SE/4 of Section 16, Township 23 South, Range 32 East, N.M.P.M Lea County, New Mexico insofar as such lease covers those depths from the top of the Bone Spring formation to 10,000'

Number of Acres: 240

Royalty Rate: 1/6

Name and Percent ORRI Owners: ORRI Owners of Record

Name and Percent WI Owners: Devon Energy Production Company, L.P. – 100.00%

#### TRACT NO. 2

Lease Serial No.: NMNM 86153

Lease Date: April 1, 1991

Lease Term: 5 Years

Lessor: United States of America

Original Lessee: Santa Fe Energy Operating Partners, L.P.

Present Lessee: Devon Energy Production Company, L.P.

Description of Land Committed: W/2, W/2 E/2 of Section 21, Township 23 South, Range 32 East, N.M.P.M Lea County, New Mexico insofar as such lease covers those depths from the top of the Bone Spring formation to 10,000'

Number of Acres: 480

Royalty Rate: 1/8

Name and Percent ORRI Owners: ORRI Owners of Record

Name and Percent WI Owners: Devon Energy Production Company, L.P. – 100.00%

**Recapitulation**

Tract Numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 1	240.00	33.3333%
Tract No. 2	480.00	66.6667%
<hr/> Total	<hr/> 720.00	<hr/> 100.000%