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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov



IN REPLY REFER TO:
NM121081
3105.2 NM (513)

SEP 04 2008

CERTIFIED MAIL— 7000 1530 0003 7686 9166
RETURN RECEIPT REQUESTED

SEP - 8 2008

OC-D-ARTESIA

Yates Petroleum Corporation
Attention: W. "Lucky" Briggs
105 South 4th Street
Artesia, NM 88210

Gentlemen:

Enclosed is one approved copy of Communitization Agreement NM121081 involving 240.00 acres of Federal land in oil and gas lease NM101575 and 80.00 acres of Fee land in Chaves County, New Mexico. The Communitization Agreement comprises a 320.00-acre well spacing unit.

This agreement communitizes all rights as to natural gas, condensate, and associated hydrocarbons producible from the Siluro-Devonian, Mississippian, Cisco, Strawn and Wolfcamp Formations in the S½ of section 14, T. 6 S., R. 26 E., N.M.P.M., Chaves County, New Mexico. This Communitization Agreement is effective July 1, 2008. 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.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call Al Collar at (575) 627-0272.

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

Sincerely,

/s/ Angel Mayes

ACCEPTED FOR RECORD

Angel Mayes
Assistant Field Manager,
Lands and Minerals

SEP 8 - 2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

1 Enclosure:
1 - Communitization Agreement

cc:

MMS, Denver MS 357B-1, Antoinette Contreras, Stacey Kaiser (copy of Exhibits A & B)

NM Taxation & Revenue Dept. (Copy of CA)

Revenue Processing Division - Attention: Manuelita Martinez

P. O. Box 2308

Santa Fe, NM 87504

✓ NMOCD - Artesia

NM (921)

NM (513, L. Askwig)(copy of signed CA)

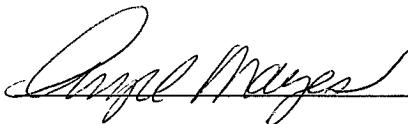
Lease Files – NM-101575

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 S½ of section 14, T. 6 S., R. 26 E., N.M.P.M., Chaves County, New Mexico, as to natural gas, condensate, and associated hydrocarbons producible from the Siluro-Devonian, Mississippian, Cisco, Strawn and Wolfcamp Formations. This approval will become invalid if the public interest requirements under section 3105.2-3(e) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: August 27, 2008



Authorized Officer

Effective: July 1, 2008

Contract No.: Com. Agr. NM121081