



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



IN REPLY REFER TO:

NM134557

3105.2 (P0220)

Reference:

Communitization Agreement

Wolf AJA Fed Com 17H

T. 21 S., R. 31 E.,

Section 25, N2N2

Eddy County, NM

May 20, 2015

Yates Petroleum Corporation

104 South Fourth St.

Artesia, NM 88210-2118

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134557 involving 40 acres of State land and 120 acres of Federal land in lease NMNM61358, Eddy County, New Mexico, which comprises a 160 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Delaware formation beneath the N2N2 of sec. 25, T. 21 S., R. 31 E., NMPM, and is effective 07/18/2014. 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.

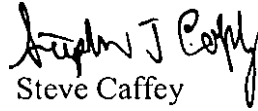
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward G Fernandez, Petroleum Engineer at (575) 234-2220.

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2015 MAY 27 P 3:20

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve J Caffey", is written over the typed name.

Steve Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

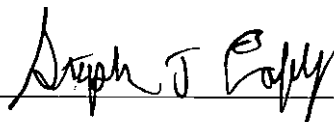
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering the N2N2 of sec. 25, T. 21 S., R. 31 E., NMPM, as to all producible hydrocarbons from the Delaware 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:

A handwritten signature in black ink, reading "Stephen J. Coffey", is written over a horizontal line.

Authorized Officer

Effective: 07/18/2014

Contract No.: Com. Agr. NM134557



United States Department of the Interior

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



In Reply Refer to
NM134557
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134557

Date of Completion: 02/07/2015
Date of First Production: 02/08/2015
Field: Lost Tank
Operator, Well Name & No, API Number: Yates Petroleum; Wolf AJA Fed Com 17H; 30-015-39829
Surface Location: sec. 12, SENE, T. 21 S., R. 31 E.
Total Depth: 11,865 MD; 7,220' TVD
Surface Elevation: 3,665 GL
Producing Formation: Delaware (7,626 – 11,840)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 140 BBL; Gas 114 MCF; Water 1902 BBL
Current Status: Producing Gas Well
Remarks: CA NM134557, effective 07/18/14, communitizes production of all gas and fluid hydrocarbons in the Delaware formation beneath the N2N2 of sec. 25, T. 21 S., R. 31 E., NMPM, and comprises 120 acres of Federal land in lease NM61358, and 40 acres of State land for a 160 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please call Arthur Morrison at ajmorrison@blm.gov.

/S/ Arthur Morrison
05/20/2015

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