



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:

NM134559

3105.2 (P0220)

Reference:

Communitization Agreement

Wolf AJA Fed Com 21H

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

Section 25, W2W2

Section 36, W2NW, NWSW

Eddy County, NM

RECEIVED OCD
2015 MAY 27 P 3:19

May 20, 2015

Yates Petroleum Corporation
104 South Fourth St.
Artesia, NM 88210-2118

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134559 involving 120 acres of State land and 160 acres of Federal land in lease NMNM61358, Eddy County, New Mexico, which comprises a 280 acre well spacing unit.

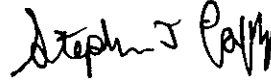
The agreement communitizes all rights to all producible hydrocarbons from the Delaware formation beneath the W2W2 of sec. 25, the W2NW and NWSW of sec. 36, T. 21 S., R. 31 E., NMMP, and is effective 06/18/2014. Approval of this agreement does not warrant or certify that the operator, thereof, and other 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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Caffey".

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.

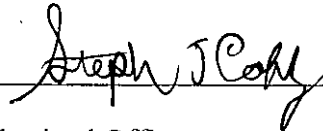
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 W2W2 of sec. 25, the W2NW and NWSW of sec. 36, 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 (e) 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: ,



Authorized Officer

Effective: 06/18/2014

Contract No.: Com. Agr. NM134559



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



In Reply Refer to
NM134559
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134559

Date of Completion:	12/19/2014
Date of First Production:	12/20/2014
Field:	Lost Tank
Operator, Well Name & No, API Number:	Yates Petroleum; Wolf AJA Fed Com 21H; 30-015-42239
Surface Location:	sec. 36, NWSW, T. 21 S., R. 31 E.
Total Depth:	16,745 MD; 8,157' TVD
Surface Elevation:	3,556 GL
Producing Formation:	Delaware (8,573 – 16,632)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 86 BBL; Gas 143 MCF; Water 617 BBL
Current Status:	Producing Gas Well
Remarks:	CA NM134559, effective 06/18/14, communitizes production of all gas and fluid hydrocarbons in the Delaware formation beneath the W2W2 of sec. 25, and beneath the W2NW, NWSW of sec. 36, T. 21 S., R. 31 E., NMPM, and comprises 160 acres of Federal land in lease NM61358, and 120 acres of State land for a 280 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/ Deborah Ham
05/20/2015

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