



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

October 15, 2002

IN REPLY REFER TO:
SCR-344
3105.2 (065)

Yates Petroleum Corporation
105 South Fourth Street
Artesia, N.M. 88210

Gentlemen:

Communitization Agreement (CA) SCR-344 was approved September 3, 1982, effective as of April 20, 1981. This agreement communitized the N½ sec. 27, T. 17 S., R. 25 E., NMPM, Eddy County, New Mexico involving 80.00 acres of land in Federal lease NM-0630, 80.00 acres of land in Federal lease NM-054434, 40.00 acres of land in Federal lease NM-27911, and 120.00 acres of Fee land comprising a 320.00-acre well spacing unit as to dry gas and associated liquid hydrocarbons producible from the Strawn formation.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the well in the above-described communitized spacing unit, your No. 7-Federal BQ Com. located on Federal lease NM-054434 in the NW¼NW¼ sec. 27 last produced from the communitized formation during October 1995. A Notice of Intention to Abandon (NIA) the aforementioned well was approved by this office on July 8, 2002. The well was plugged August 21, 2002, and the downhole plugging was approved September 16, 2002.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA SCR-344 is considered to have expired by its own terms as of July 8, 2002, the day the NIA the last producible well in the communitized spacing unit was approved. Leases NM-0630, NM-054434, and NM-27911 are held by actual production from other wells.

Please contact David Glass at (505) 627-0275 or at the letterhead address if any additional information is required.

Sincerely,

(Signature) Larry D. Bray

Larry D. Bray
Assistant Field Manager,
Lands and Minerals

cc:
NMOC-D-Artesia

