

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

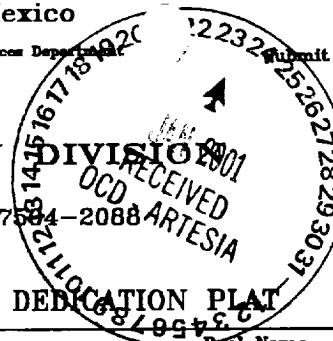
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088



☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 70920	Pool Name Avalon Morrow
Property Code	Property Name LAKE SHORE (FED. STATE COM) 10	Well Number 4
OGRID No. 002678	Operator Name BONNEVILLE FUELS	Elevation 3214

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	10	21 S	26E		1310	NORTH	1160	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
Dedicated Acres 322.87	Joint or Infill Infill	Consolidation Code	Order No. Communitization: State & Federal Lands NM NM 101369 : Attached							

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature R. A. Schwering</p> <p>Printed Name R. A. Schwering</p> <p>Title Operations Manager</p> <p>Date 10/24/2000</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 4, 2000</p> <p>Date Surveyed LMP</p> <p>Signature & Seal of Professional Surveyor Ronald J. Edson 10/09/00 60-11-1213</p> <p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641 MASON McDONALD 12185</p>

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO


Bonneville Fuels Corporation
Lake Shore 10 Federal Com Well No. 3
Eddy County, New Mexico
W/2 Section 16, Township 21 South, Range 26 East
Wolfcamp, Cisco Canyon, Strawn, Atoka and Morrow

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 January 1, 1999, 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 22nd day of February, 1999.

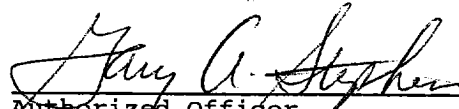

COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

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 lots 2, 3, 4, 9, 10, SW1/4NW1/4, W1/2SW1/4, (W1/2) section 10, T. 21 S., R. 26 E., NMPM, Eddy County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the Wolfcamp, Cisco, Canyon, Strawn, Atoka, and Morrow 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: February 22, 1999


Authorized Officer

Effective: January 1, 1999

Contract No.: Com. Agr. NMNM101369

RECEPTION
992934

Deborah A. Geary
Bonnerville Fuels Corp
1660 Lincoln St #2200
Denver CO 80264

Federal 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",

W I T N E S S E T H:

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 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 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: W/2 Section 10-Township 21 South - Range 26 East containing 322.87 acres, more or less, and this agreement shall include only the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow Formations underlying said lands and the natural gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances"), producible from such formation(s). This agreement shall apply separately to the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formations in the same manner as though a separate agreement for each formation had been entered into.
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, 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 each 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 productions 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 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 January 1, 1999, 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 by the Commissioner or his duly authorized representative, and shall remain in force and effect as to the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formations individually 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 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, 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, 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 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 interests until this agreement terminates and any grant, transfer, or conveyance of any such lease 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, 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. 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 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 above written and have set opposite their respective names the date of execution.

DEVON ENERGY CORPORATION (NEVADA)

By: J. M. Lacey
Name: J. M. Lacey
Title: Vice President
Date: 2-18-99

BONNEVILLE FUELS CORPORATION

By: James O. Cable
Name: James O. Cable
Title: Vice President - Operations
Date: January 25, 1999

OXY USA, INC.

By: _____
Name: _____
Title: _____
Date: _____

The foregoing instrument was acknowledged before me this 25nd day of January, 1999, by James O. Cable as Vice President Operations of Bonneville Fuels Corporation, a Colorado Corporation, on behalf of said corporation.

My Commission Expires:

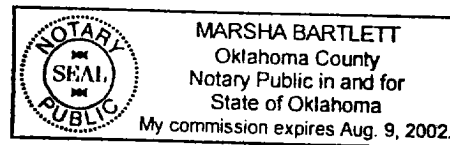
STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA) ss

The foregoing instrument was acknowledged before me this 18th day of February, 1999, by J. M. Lacey, Vice President of DEVON ENERGY CORPORATION (NEVADA) _____, a Nevada Corporation, on behalf of said corporation.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public
Residing at:

[illegible]

The foregoing instrument was acknowledged before me this ____ day of _____, 1999, by _____ of OXY USA Inc. _____, a _____ Corporation, on behalf of said corporation.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public
Residing at:

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.

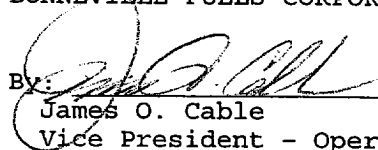
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may 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 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 above written and have set opposite their respective names the date of execution.

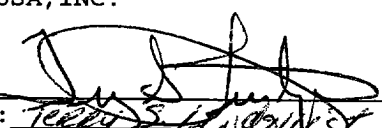
DEVON ENERGY CORPORATION (NEVADA)

By: _____
Name: _____
Title: _____
Date: _____

BONNEVILLE FUELS CORPORATION

By: 
James O. Cable
Vice President - Operations
Date: January 25, 1999

OXY USA, INC.

By: 
Name: Terry S. Anderson
Title: Attorney-at-Law
Date: 2/1/99

STATE OF COLORADO)
) ss
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 25th day of January 1999, by James O. Cable as Vice President Operations of Bonneville Fuels Corporation, a Colorado Corporation, on behalf of said corporation.

WITNESS my hand and official seal.

My Commission Expires:

[Signature]
Notary Public
Residing at:

STATE OF OKLAHOMA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1999, by _____ of DEVON ENERGY CORPORATION (NEVADA) _____, a _____ Corporation, on behalf of said corporation.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public
Residing at:

STATE OF TEXAS)
) ss
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 1st day of February, 1999, by Terry S. Lindquist, Attorney-in-Fact of OXY USA Inc., a Delaware Corporation, on behalf of said corporation.

WITNESS my hand and official seal.

My Commission Expires:

05-05-01

Betty L. Chatwell
Notary Public
Residing at: Midland Texas

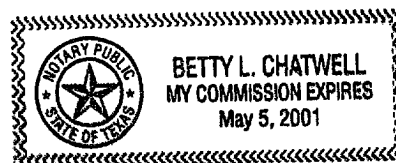


EXHIBIT "A"

Plat of Communitized Area embracing the
W/2 of Section 10, Township 21 South, Range 26 East, N.M.P.M.
Eddy County, New Mexico

Lakeshore Federal S. C. 10 #3 Well
Bonneville Fuels Corporation - Operator

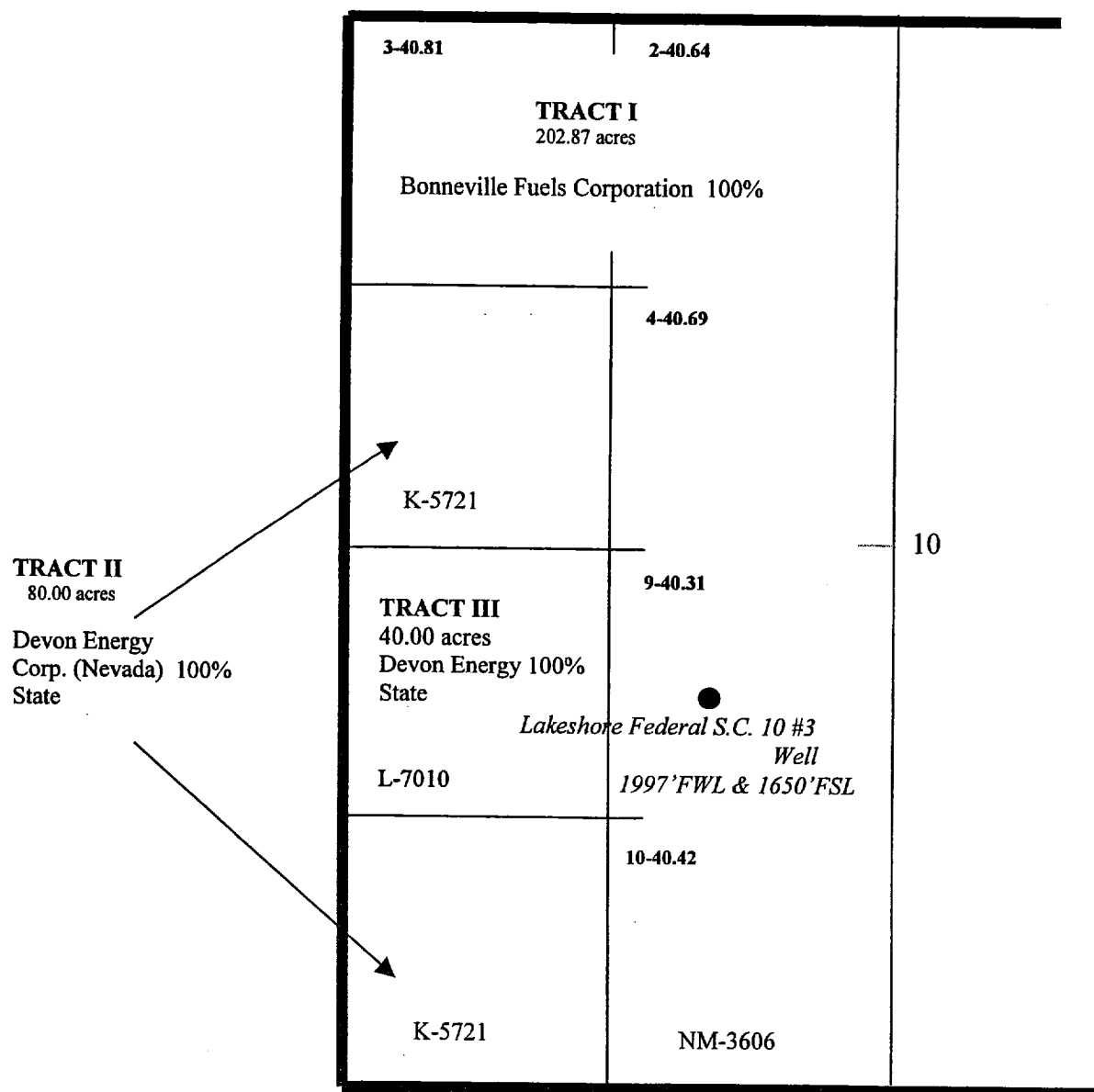


EXHIBIT "B"

To Communitization Agreement dated January 1, 1999 embracing the
W/2 of Section 10, Township 21 South, Range 26 East, N.M.P.M.
Eddy County, New Mexico

OPERATOR OF COMMUNITIZED AREA: Bonneville Fuels Corporation
1660 Lincoln Street, Suite 2200
Denver, CO 80264

DESCRIPTION OF LEASES COMMITTED

TRACT I

Lease Serial No.: NM-3606
Lease Date: December 1, 1967
Lease Term: (10) Ten Years
Lessor: United States of America
Original Lessee: Gilbert E. Behlen
Present Lessee: Bonneville Fuels Corporation

Description of Lease
Lands Committed:

Township 21 South - Range 26 East
Section 10: Lots 2,3,4,9, and 10
(previously described as E/2W/2,
NW/4NW/4)

Number of Acres: 202.87

Royalty Rate: 12.5%

Name and Percent of
ORRI Owners:

States, Inc.	.16666%
Richard Coats	.75000%
Tim Goudeau	.25000%
Carol Ann Hoffman	1.50000%
Alan Jochimsen	.33334%
Charles R. Wiggins	.62500%
Andrea C. Wiggins	.37500%

Name and Percent of
WI Owners:

Bonneville Fuels Corporation 100.00%

TRACT II

Lease Serial No.: K-5721
Lease Date: February 15, 1964
Lease Term: (5) Five Years
Lessor: State of New Mexico
Original Lessee: The Atlantic Refining Company
Present Lessee: Devon Energy Corporation (Nevada)

Description of Lease
Land Committed:

Township 21 South - Range 26 East
Section 10: SW/4NW/4, S/W4SW/4

Number of acres: 80.00

Royalty Rate: 12.5%

Name and Percent of
ORRI Owners:

None

Name and Percent of
WI Owners:

Devon Energy Corporation (Nevada) 100.0000%

TRACT III

Lease Serial No.: L-7010
Lease Date: February 15, 1972
Lease Term: (5) Five Years
Lessor: State of New Mexico
Original Lessee: Cities Service Oil Company
Present Lessee: OXY USA Inc.

Description of Lease
Land Committed:

Township 21 South - Range 26 East
Section 10: NW/4SW/4

Number of acres: 40.00

Royalty Rate: 12.5%

Name and Percent of
ORRI Owners:

OXY USA Inc. 7.50000%

Name and Percent of
WI Owners:

Devon Energy Corporation (Nevada) 100.0000%

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
I	202.87	62.83334%
II	80.00	24.77777%
III	40.00	12.38889%
	322.87	100.0000%

STATE OF NEW MEXICO, County of Eddy, SS. I hereby certify that this instrument was filed for record on the 15 day of March 1999 at 10:05 o' clock A. M., and recorded in BOOK 346 PAGE 18 of Eddy County Records
JEAN ETCHEVERRY, County Clerk By: Freida Unguizco Deputy

