



IN REPLY REFER TO:

# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

[www.blm.gov/nm](http://www.blm.gov/nm)



IN REPLY REFER TO:

NM135343

3105.2 (P0220)

Reference:

Communitization Agreement

Roy AET Fed Com 9H

T. 19 S., R. 25 E.,

Section 17, N2N2

Eddy County, NM

November 20, 2015

Yates Petroleum Corporation

104 South Fourth St.

Artesia, NM 88210-2118

RECEIVED OOD  
2015 NOV 23 P 2:52

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135343 involving 40 acres of Federal land in lease NMNM125008 and 120 acres of Fee land, Eddy County, New Mexico, which comprises a 160 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Yeso formation beneath the N2N2 of sec. 17, T. 19 S., R. 25 E., NMPM, and is effective 10/01/2014. 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". The signature is written in a cursive style with a large initial "S".

Steve Caffey  
Assistant Field Manager,  
Lands and Minerals

1 Enclosure:  
1 - Communitization Agreement

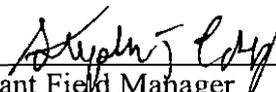
cc:  
ONRR, Denver  
NM Taxation & Revenue Dept. (Revenue Processing Div.)  
NMOCD  
NM (9200)  
NM (P0220-CFO, File Room)

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. 17, T. 19 S., R. 25 E., NMPM, as to all producible hydrocarbons from the Yeso formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) 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:

  
\_\_\_\_\_  
Assistant Field Manager  
Lands and Minerals

Effective: 10/01/2014

Contract No.: Com. Agr. NM135343



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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



In Reply Refer to  
NM135343  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135343

Date of Completion:	10/13/2014
Date of First Production:	10/14/2014
Field:	N. Seven Rivers
Operator, Well Name & No, API Number:	Yates Petroleum; Roy AET Fed Com 9H; 30-015-42252
Surface Location:	sec. 17, NENE, T. 19 S., R. 25 E.
Bottom Location:	sec. 17, NWNW, T. 19 S., R. 25 E.
Total Depth:	7,390 MD; TVD
Surface Elevation:	3,531 GL
Producing Formation:	Yeso (2,797 – 7,244)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 67 BBL; Gas 27 MCF; Water 840 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM135343, effective 10/01/14, communitizes production of all gas and fluid hydrocarbons in the Yeso formation beneath the N2N2 of sec. 17, T. 19 S., R. 25 E., NMPM, and comprises 40 acres of Federal land in lease NM125008, and 120 acres of Fee 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 Deborah Ham at (575) 234-5965.

**/S/ Deborah Ham**  
11/20/2015

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