



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



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NOV 30 P 2: 51

IN REPLY REFER TO:

NM135355

3105.2 (P0220)

Reference:

Communitization Agreement

Baroque BTQ Fed Com 1H

T. 19 S., R. 30 E.,

Section 5, N2S2

Section 6, N2SE

Eddy County, NM

November 25, 2015

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

30-015-43148

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135355 involving 160 acres of Federal land in lease NMNM001144 and 80 acres of Federal land in lease NMNM114974, Eddy County, New Mexico, which comprises a 240 acre well spacing unit.

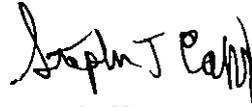
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the N2S2 of sec. 5, and beneath the N2SE of sec. 6, T. 19 S., R. 30 E., NMPM, and is effective 08/01/2015. Approval of this agreement does not warrant or certify that the operator, thereof, and 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

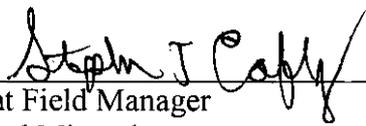
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 N2S2 of sec. 5, the N2SE of sec. 6, T. 19 S., R. 30 E., NMPM, as to all producible hydrocarbons from the Bone Spring 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: 08/01/2015

Contract No.: Com. Agr. NM135355