



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:
NM135706
3105.2 (P0220)

30-025-41452

Reference:
Communitization Agreement
Resolute BTO Fed Com 2H
T. 25 S., R. 32 E.,
Section 13, W2E2
Section 24, W2NE
Lea County, NM

03/28/2016

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135706 involving 160 acres of Federal land in lease NMNM110835 and 80 acres of Federal land in lease NMNM15912, Lea 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 W2E2 of sec. 13, and beneath the W2NE of sec. 24, T. 25 S., R. 32 E., NMPM, and is effective 10/01/2015. 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.

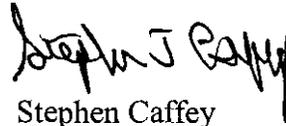
Approval of this agreement does not constitute as adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

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 or Deborah Ham at (575) 234-5965.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Caffey". The signature is written in a cursive style with some capital letters.

Stephen 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

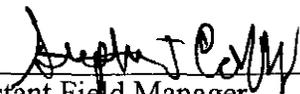
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 W2E2 of sec. 13, the W2NE of sec. 24 T. 25 S., R. 32 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: 10/01/2015

Contract No.: Com. Agr. NM135706



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM135706
3107 (P0220)

Memorandum

To: State Director (9210)

From: Legal Instrument Examiner (P0220)

Subject: First Production, Communitization Agreement NM135706

Date of Completion:	12/20/2015
Date of First Production:	12/21/2015
Field:	WC-025 G-08 S253235G (Wildcat)
Operator, Well Name & No, API Number:	Yates Petroleum Corp.; Resolute BTO Fed Com 2H; 30-015-41452
Surface Location:	SWNE, sec. 24, T. 25 S., R. 32 E.
Bottom Location:	NWNE, sec. 13, T. 25 S., R. 32 E.
Total Depth:	16,639' MD; 9,428' TVD
Surface Elevation:	3,458' GL
Producing Formation:	Bone Spring (9,590' – 16,623')
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 339 BBL; Gas 694 MCF; Water 2523 BBL
Current Status:	Producing Oil Well

Remarks: CA NM135706, effective 10/01/15, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath the W2E2 of sec. 13, and beneath the W2NE of sec. 24, T. 25., R. 32 E., NMPM, and comprises 160 acres of Federal land in lease NM110835, and 80 acres of Federal land in lease NM15912 for a 240 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
03/28/2016

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