

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO: 1004-0034  
Expires: September 30, 1998

TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A  
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)  
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)  
Geothermal/Steam Act of 1970 (30 U.S.C. 1001-1025)  
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.

See attached  
Supplement

Type or print plainly in ink and sign in ink.

PART A: TRANSFER

1. Transferee (Sublessee)\*  
Street  
City, State, ZIP Code

See attached Supplement

\*If more than one transferee, check here  and list the name(s) and address(es) of all additional transferees on the reverse of this form or on a separate attached sheet of paper.

This transfer is for: (Check one)  Oil and Gas Lease, or  Geothermal Lease

Interest conveyed: (Check one or both, as appropriate)  Operating Rights (sublease)  Overriding Royalty, payment out of production or other similar interests or payments

2. This transfer (sublease) conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned <small>a</small>	Conveyed <small>c</small>	Retained <small>d</small>	Reserved <small>e</small>	Previously reserved or conveyed <small>f</small>
See attached Supplement					

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

THE UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

Transfer approved effective \_\_\_\_\_

By \_\_\_\_\_ (Authorized Officer) \_\_\_\_\_ (Title) \_\_\_\_\_ (Date)

BEFORE THE OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No.'s 14547 & 14472 Exhibit No 3  
Submitted by:  
JUDAH OIL, LLC  
Hearing Date: November 4, 2010

J000020

**PART B: CERTIFICATION AND REQUEST FOR APPROVAL**

1. The transferor certifies as owner of an interest in the above designated lease that he/she hereby transfers to the above transferee(s) the rights specified above.
2. Transferee certifies as follows: (a) Transferee is a citizen of the United States; an association of such citizens; a municipality, or a corporation organized under the laws of the United States or of any State or territory thereof. For the transfer of NPR-A leases, transferee is a citizen, national, or resident alien of the United States or associations of such citizens, nationals, resident aliens or private, public or municipal corporations. (b) Transferee is not considered a minor under the laws of the State in which the lands covered by this transfer are located; (c) Transferee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; and (d) All parties holding an interest in the transfer are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Transferee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Transferee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Transferee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein. Applicable terms and conditions include, but are not limited to, an obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any operations as described in the lease, and to furnish and maintain such bond as may be required by the lessor pursuant to regulations 43 CFR 3104, 3134, or 3206.

For geothermal transfers, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this transfer is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 10 day of \_\_\_\_\_, \_\_\_\_\_

Executed this 6 day of September, 2010

Name of Transferor See attached Supplement  
Please type or print

See attached Supplement

Transferor \_\_\_\_\_  
or \_\_\_\_\_ (Signature)

Transferee [Signature]  
or \_\_\_\_\_ (Signature)

Attorney-in-fact \_\_\_\_\_  
(Signature)

Attorney-in-fact \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Transferor's Address)

\_\_\_\_\_  
(City) (State) (Zip Code)

**BURDEN HOURS STATEMENT**

Public reporting burden for this form is estimated to average 30 minutes per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer (DW-110), Denver Federal Center, Building 40, P.O. Box 25047, Denver, CO 80225-0047 and the Office of Management and Budget, Paperwork Reduction Project (1004-0034), Washington, D.C. 20503.

Title 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT "A"

Supplement to Transfer of Operating Rights (Sublease) in a Lease for Oil  
and Gas or Geothermal Resources from  
Yaso Energy, LLC, et al, to Judah Oil, LLC

1. Ownership of Operating Rights of the Transferees in the Leases as to the Lands hereinbelow set out is as follows:

Description	Owned	Conveyed	Retained	ORI	
				Reserved	Previously Reserved
a	b	c	d	e	f

The following described lands are located in Eddy County, New Mexico

a) Dow "B" 28 Federal No. 1. United States Oil and Gas Lease LC 029420-B, underlying the following described lands:

<u>Township 17 South, Range 31 East, N.M.P.M.</u>	80%	80%	-0-	-0-	*
Section 28: S/2					
LIMITED IN DEPTH to depths below the base of the San Andres formation.					

b) Dalton Federal No. 1. United States Oil and Gas Lease NM 14840, underlying the following described lands:

<u>Township 17 South, Range 29 East, N.M.P.M.</u>	39.5%	39.5%	-0-	-0-	*
Section 29: SE/4 NE/4, NW/4 SE/4					
LIMITED IN DEPTH from the surface to the base of the San Andres formation					

c) Doy Slavin Federal Lease. United States Oil and Gas Lease LC 029395-B, located on the following described lands:

<u>Township 17 South, Range 31 East, N.M.P.M.</u>	76%	76%	-0-	-0-	*
Section 29: S/2					
LIMITED IN DEPTH to all depths below the base of the Glorieta formation					

\*As shown of record in the records of Eddy County, New Mexico

2. The terms and provisions of this Transfer shall be construed as covenants running with the Lands, and as such, shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

3. This Transfer is executed and delivered without warranty of any kind, either express or implied, but with the full right of substitution and subrogation of assignees in and to any and all warranties, representations and covenants previously given or made by others to any of the Parties, with the respect to the Lease as to the Lands and shall be effective August 11, 2010 at 7:00 A.M.

"Transferors"

YESO ENERGY, INC.

Dated: 9/10/10

By: *R. E. Sen Lee*

Its: PRESIDENT

P. O. Box 2248  
Roswell, New Mexico 88201

CHICA ENERGY, LLC

Dated: 9/10/10

By: *Julia H. Hodge*

Its: Manager

3003 McPherson Road  
Roswell, New Mexico 88201

"Transferee"

JUDAH OIL, LLC

Dated: September 6, 2010

By: *James B. Boyd*

Its: Member Manager

P. O. Box 568  
Artesia, New Mexico 88211-0568