

30-005-27972



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Pecos District  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-2019  
www.nm.blm.gov



In Reply Refer To:  
NMNM126714  
3105.2 NM (P0130)

HOBBS OCD

JUL 14 2011

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210

JUL 18 2011

RECEIVED

Gentlemen:

Enclosed is one approved copy of Communitization Agreement NMNM126714, involving 80.00 acres of Federal land in lease NM-105886 and 80.00 acres of Fee land in Chaves County, New Mexico, comprising a 160.00-acre well spacing unit.

The agreement communitizes all rights as to oil, gas, and associated hydrocarbons producible from the Wolfcamp formation in the S½S½ section 12, T. 15 S., R. 31 E., NMPM, and is effective January 11, 2011. 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.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Office Of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call David Glass at (575) 627-0275.

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

Sincerely,

*/s/ Angel Mayes*

Angel Mayes  
Assistant Field Manager,  
Lands and Minerals

1 Enclosure:  
1 - Communitization Agreement

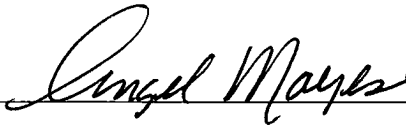
cc/  
NMOC-D-Hobbs

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 S $\frac{1}{2}$ S $\frac{1}{2}$  section 12, T. 15 S., R. 31 E., NMPM, Chaves County, New Mexico, as to oil, gas, and associated hydrocarbons producible from the Wolfcamp formation. 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:

  
\_\_\_\_\_  
Authorized Officer

Effective: January 1, 2011

Contract No.: Com. Agr. NMNM126714

# Exhibit A

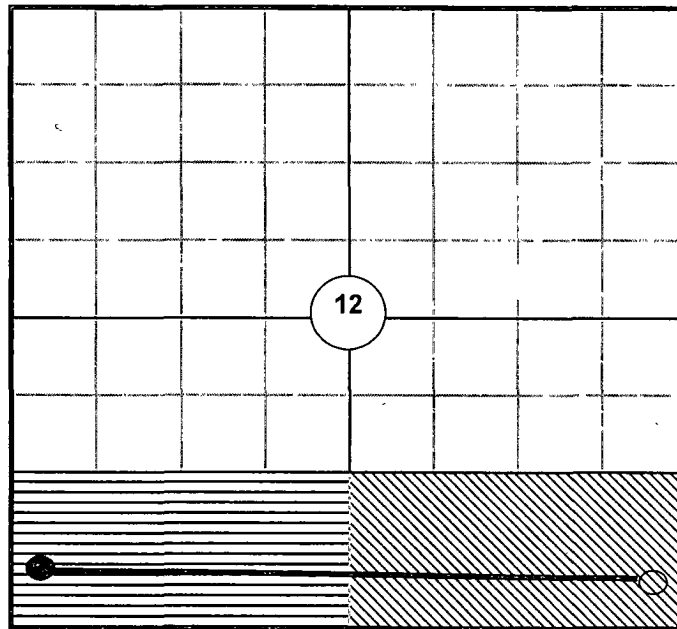
## PLAT OF COMMUNITIZED AREA

Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2S/2  
Chaves County, New Mexico  
160 acres

Wolfcamp Formation

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Tract #1: NM-105886

Tract #2: Fee



Surface Location: 330' FSL & 330' FEL



Bottom Hole Location: 354' FSL & 4,932' FEL

The Communitization Agreement dated March 23, 2011, but effective January 1, 2011 embracing  
S/2S/2 Sec. 12, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico

Operator of Communitized Area: Yates Petroleum Corporation  
105 S. 4<sup>th</sup> Street  
Artesia, New Mexico 88210

**Tract 1**

1) Date: March 1, 2001  
Lease #: NM-105886  
Recorded:  
Lessor: United States, Bureau of Land  
Original Lessee: Yates Petroleum Corporation, et. al.  
Current Lessee: Yates Petroleum Corporation – 52.00%  
Abo Petroleum Corporation – 16.00%  
Myco Industries, Inc. – 16.00%  
Oxy Y-1 Company – 16.00%  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SE/4  
Chaves County, New Mexico  
80 gross / 80 net  
Royalty: 1/8th  
Overriding Royalty: Abo Petroleum Corporation - 1.20000%  
Myco Industries, Inc. - 1.20000%  
Oxy Y-1 Company - 1.20000%

**Tract 2**

2.a) Date: August 4, 1980  
Recorded: August 20, 1980 in Book 194, Page 951  
Lessor: Loy Wrinkle, a single man  
Original Lessee: Gulf Oil Corporation  
Current Lessee: Penroc Oil Corporation – 87.5%  
Beakon Oil & Gas, Inc. – 12.5%  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80.00 gross / 1.555552 net  
Royalty: 3/16ths  
Overriding Royalty: None  
  
2.b) Date: August 7, 1980  
Recorded: August 28, 1980 in Book 195, Page 76

Lessor: Gaylord K. Walden, a single man, dealing in his separate property  
Original Lessee: Gulf Oil Corporation  
Current Lessee: Penroc Oil Corporation – 87.5%  
Beakon Oil & Gas, Inc. – 12.5%  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80.00 gross / 1.0370368 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.c) Date: August 6, 1980  
Recorded: September 2, 1980 in Book 195, Page 147  
Lessor: Dawn Ruthann Miller, a single woman, dealing in her separate property  
Original Lessee: Gulf Oil Corporation  
Current Lessee: Penroc Oil Corporation – 87.5%  
Beakon Oil & Gas, Inc. – 12.5%  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 1.0370368  
Royalty: 3/16ths  
Overriding Royalty: None

2.d) Date: September 15, 1980  
Recorded: October 22, 1980 in Book 196, Page 932  
Lessor: Janis Jean Joines, a single woman, dealing in her sole and separate property  
Original Lessee: Gulf Oil Corporation  
Current Lessee: Penroc Oil Corporation – 87.5%  
Beakon Oil & Gas, Inc. – 12.5%  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 1.0370376 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.e) Date: September 30, 1980  
Recorded: October 22, 1980 in Book 196, Page 936  
Lessor: Rose Edwards, a widow  
Original Lessee: Gulf Oil Corporation  
Current Lessee: Penroc Oil Corporation – 87.5%  
Beakon Oil & Gas, Inc. – 12.5%  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 6.6666664 net

	Royalty:	3/16ths
	Overriding Royalty:	None
2.f)	Date:	September 30, 1980
	Recorded:	October 22, 1980 in Book, Page 940
	Lessor:	Mary Lou Hill, as Agent and Attorney-in-Fact for Carol Joe Walden, a/k/a Carol J. Walden
	Original Lessee:	Gulf Oil Corporation
	Current Lessee:	Penroc Oil Corporation – 87.5%
		Beakon Oil & Gas, Inc. – 12.5%
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico 80 gross / 1.555556 net
	Royalty:	3/16ths
	Overriding Royalty:	None
2.g)	Date:	May 10, 2007
	Recorded:	June 25, 2007 in Chaves County Records Book 591, Page 70
	Lessor:	Madison M. Hinkle and Susan M. Hinkle, husband and wife
	Original Lessee:	COG Oil & Gas LP
	Current Lessee:	COG Operating LLC
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico 80 gross / 5.888888 net
	Royalty:	23.00%
	Overriding Royalty:	None.
2.h)	Date:	May 10, 2007
	Recorded:	June 25, 2007 in Chaves County Records Book 591, Page 68
	Lessor:	Rolla R. Hinkle II and Marjorie W. Hinkle, husband and wife
	Original Lessee:	COG Oil & Gas LP
	Current Lessee:	COG Operating LLC
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico 80 gross / 5.888888 net
	Royalty:	23.00%
	Overriding Royalty:	None
2.i)	Date:	May 10, 2007
	Recorded:	June 25, 2007 in Chaves County Records Book 591, Page 63
	Lessor:	Rolla R. Hinkle III and Rosemary H. Hinkle, husband and wife,
	Original Lessee:	COG Oil & Gas LP
	Current Lessee:	COG Operating LLC
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4

		Chaves County, New Mexico
		Gross 80 / 5.888888 net
Royalty:		23.00%
Overriding Royalty:		None
2.j)	Date:	May 10, 2007
	Recorded:	June 25, 2007 in Chaves County Records Book 591, Page 65
	Lessor:	Randolph M. Richardson and Patricia B. Richardson, husband and wife
	Original Lessee:	COG Oil & Gas LP
	Current Lessee:	COG Operating LLC
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico
		80 gross / 5.8888912 net
	Royalty:	23.00%
	Overriding Royalty:	None
2.k)	Date:	September 5, 2007
	Recorded:	September 20, 2007 in Chaves County Records Book 598, Page 1435
	Lessor:	Eva L. Bennett, a widow, dealing in her sole and separate property
	Original Lessee:	Bold Energy LP
	Current Lessee:	Cimarex Energy Co.
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico
		80 gross / 3.1703704 net
	Royalty:	3/16ths
	Overriding Royalty:	None
2.l)	Date:	August 30, 2007
	Recorded:	September 20, 2007 in Chaves County Records Book 598, Page 1432
	Lessor:	Marjorie L. Smith, dealing in her sole and separate property
	Original Lessee:	Bold Energy LP
	Current Lessee:	Cimarex Energy Co.
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico
		80 gross / 3.1703704 net
	Royalty:	3/16ths
	Overriding Royalty:	None
2.m)	Date:	September 4, 2007
	Recorded:	September 26, 2007 in Chaves County Records Book 599, Page 656
	Lessor:	Phyllis L. Lynch, a/k/a Phyllis Lynch, dealing in her sole and separate property
	Original Lessee:	Bold Energy LP

Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 0.7925928 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.n) Date: September 21, 2007  
Recorded: October 2, 2007 in Chaves County Records Book 599, Page 1633  
Lessor: Georgena M. Moore, Trustee of the Carrell H. Moore and Georgena M. Moore Family Trust dated May 3, 1989  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 3.1703704 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.o) Date: September 6, 2007  
Recorded: October 3, 2007 in Chaves County Records Book 600, Page 156  
Lessor: Mary Lou Hill, dealing in her sole and separate property  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 0.0197528 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.p) Date: September 24, 2007  
Recorded: October 3, 2007 in Chaves County Records Book 600, Page 6  
Lessor: Jerry Kityk, Trustee of the Lonnie D. Moore Revocable Trust dated September 4, 1996  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 3.1703704 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.q) Date: September 20, 2007  
Recorded: October 3, 2007 in Chaves County Records Book 600, Page 153



Lessor: Theodore S. Moore, dealing in his sole and separate property  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 3.1703704 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.r) Date: September 5, 2007  
Recorded: October 5, 2007 in Chaves County Records Book 600, Page 535  
Lessor: Martha McDonald, dealing in her sole and separate property  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 0.7925928 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.s) Date: September 4, 2007  
Recorded: October 1, 2007 in Chaves County Records Book 599, Page 1319  
Lessor: Beda Merrill, dealing in her sole and separate property  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 0.7925928 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.t) Date: September 4, 2007  
Recorded: October 1, 2007 in Chaves County Records Book 599, Page 1325  
Lessor: Edward L. Barganski, a/k/a Edward Barganski, dealing in his sole and separate property  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 0.7925928 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.u) Date: September 6, 2007

Recorded:	September 20, 2007 in Chaves County Records Book 598, Page 1429
Lessor:	Carolyn J. Moore, Trustee of Carl T. Moore and Carolyn J. Moore Family Trust, dated January 24, 1989
Original Lessee:	Bold Energy LP
Current Lessee:	Cimarex Energy Co.
Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico 80 gross / 3.1703704 net
Royalty:	3/16ths
Overriding Royalty:	None

2.v)	Date:	September 5, 2007
	Recorded:	October 4, 2007 in Chaves County Records Book 600, Page 177
	Lessor:	Carole Ann Tong, as her sole and separate property
	Original Lessee:	Bold Energy LP
	Current Lessee:	Cimarex Energy Co.
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico 80 gross / 0.0197528 net
	Royalty:	3/16ths
	Overriding Royalty:	None

2.w)	Date:	September 5, 2007
	Recorded:	October 4, 2007 in Chaves County Records Book 600, Page 1111
	Lessor:	Debra Booker, as her sole and separate property
	Original Lessee:	Bold Energy LP
	Current Lessee:	Cimarex Energy Co.
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico 80 gross / 0.0197528 net
	Royalty:	3/16ths
	Overriding Royalty:	None

2.x)	Date:	September 5, 2007
	Recorded:	October 1, 2007 in Chaves County Records Book 599, Page 1322
	Lessor:	Gaylord K. Walden, as his sole and separate property
	Original Lessee:	Bold Energy LP
	Current Lessee:	Cimarex Energy Co.
	Lands Covered:	<u>Township 15 South, Range 31 East, N.M.P.M.</u> Section 12: S/2SW/4 Chaves County, New Mexico 80 gross / 0.0296296 net
	Royalty:	3/16ths
	Overriding Royalty:	None

- 2.y) Date: September 17, 2007  
Recorded: October 24, 2007 in Chaves County Records Book 601, Page 1504  
Lessor: New Mexico Boys and Girls Ranches, Inc., a/k/a New Mexico Boys Ranch Inc.  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 15.851852 net  
Royalty: 3/16ths  
Overriding Royalty: None
- 2.z) Date: January 10, 2008  
Recorded: April 8, 2008 in Chaves County Records Book 614, Page 1214  
Lessor: A.D. Jones, dealing in his sole and separate property  
Original Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 2.222224 net  
Royalty: 20.00%  
Overriding Royalty: None
- 2.aa) Date: January 10, 2008  
Recorded: April 8, 2008 in Chaves County Records Book 614, Page 1211. A Ratification of Lease and Bonus Receipt with respect to this lease executed by Tika Hudson on April 21, 2008 was recorded on May 20, 2008 in Chaves County Records Book 618, Page 524  
Lessor: Tika Hudson, dealing in her sole and separate property  
Original Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 0.0296296 net  
Royalty: 3/16ths  
Overriding Royalty: None
- 2.ab) Date: August 30, 2007  
Recorded: September 26, 2007 in Chaves County Records Book 599, Page 659  
Lessor: Mike W. Hurst, dealing in his sole and separate property  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 1.5851848 net  
Royalty: 3/16ths  
Overriding Royalty: None

2.ac) Date: August 30, 2007  
Recorded: September 26, 2007 in Chaves County Records Book 599, Page 662  
Lessor: Roger L. Hurst, dealing in his sole and separate property  
Original Lessee: Bold Energy LP  
Current Lessee: Cimarex Energy Co.  
Lands Covered: Township 15 South, Range 31 East, N.M.P.M.  
Section 12: S/2SW/4  
Chaves County, New Mexico  
80 gross / 1.5851856 net  
Royalty: 3/16ths  
Overriding Royalty: None

<b>RECAPITULATION</b>		
<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00000000	50.0000000%
2.a	1.55555520	0.9722220%
2.b	1.03703680	0.6481480%
2.c	1.03703680	0.6481480%
2.d	1.03703760	0.6481485%
2.e	6.66666640	4.1666665%
2.f	1.55555600	0.9722225%
2.g	5.88888800	3.6805550%
2.h	5.88888800	3.6805550%
2.i	5.88888800	3.6805550%
2.j	5.88889120	3.6805570%
2.k	3.17037040	1.9814815%
2.l	3.17037040	1.9814815%
2.m	0.79259280	0.4953705%
2.n	3.17037040	1.9814815%
2.o	0.01975280	0.0123455%
2.p	3.17037040	1.9814815%
2.q	3.17037040	1.9814815%
2.r	0.79259280	0.4953705%
2.s	0.79259280	0.4953705%
2.t	0.79259280	0.4953705%
2.u	3.17037040	1.9814815%
2.v	0.01975280	0.0123455%
2.w	0.01975280	0.0123455%
2.x	0.02962960	0.0185185%
2.y	15.85185200	9.9074075%
2.z	2.2222240	1.3888890%
2.aa	0.02962960	0.0185185%
2.ab	1.58518480	0.9907405%
2.ac	1.58518560	0.9907410%
Total	160.00000000	100.0000000%