



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/st/en.html



IN REPLY REFER TO:
NMNM124500
3105.2 NM (P0220)

MAR 30 2010

30-025-34015

Endeavor Energy Resources, LP
Attention: Land Department
110 N. Marienfeld, Ste 200
Midland, TX 79701

RECEIVED

APR 05 2010

HOBBSOCD

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM124500, involving 40.00 acres of Federal land in lease NMNM-05792 and 80.00 acres of Fee land and 240 acres of Federal land in lease NMNM-119277 in Lea County, New Mexico, which comprises a 360.00-acre well spacing unit.

The agreement communitizes all rights as to the gas and associated liquid hydrocarbons producible from the Bone Spring formation in the S2S2 and N2SE, Section 34, T. 25 S., R. 33 E., and N2SW and SWSW in Section 35, T. 25 S., R. 33 E., NMPM, and is effective December 19, 2008. 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 based on statewide spacing per NMOCD rules 19.15.15.8 and 19.15.15.9.

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 Minerals Management Service at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Wesley Ingram, Supervisory Petroleum Engineer at (575) 234-5982.

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

Sincerely,

for Don Peterson
Assistant Field Manager,
Lands and Minerals

1 Enclosure:
1 Communitization Agreement

cc:

MMS, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

Attention: Manuelita Martinez

NMOCD-Artesia

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 S2S2 and N2SE, Section 34, T. 25 S., R. 33 E., and N2SW and SWSW in Section 35, T. 25 S., R. 33 E., NMPM, Lea County New Mexico, as to the gas and associated liquid hydrocarbons producible from the Bone Spring 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: December 19, 2008

Contract No.: Com. Agr. NMNM124500