

N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

Form 3160-5  
(June 1990)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS		5. Lease Designation and Serial No. NM-27055
Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals		6. If Indian, Allottee or Tribe Name
SUBMIT IN TRIPLICATE		7. If Unit or CA, Agreement Designation
1. Type of Well Oil <input type="checkbox"/> Gas <input type="checkbox"/> <input type="checkbox"/> Well <input checked="" type="checkbox"/> Well <input type="checkbox"/> Other	8. Well Name and No. Prickly Pear AIE Federal #1	
2. Name of Operator Yates Petroleum Corporation	9. API Well No. 30-015-26738	
3. Address and Telephone No. 105 South Fourth Street, Artesia, NM 88210 (505) 7481471	10. Field and Pool, or Exploratory Area Wildcat Yeso	
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 990' FSL 990' FEL (SESE) Sec 23 T20S R24E	11. County or Parish, State Eddy County, NM	
12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing-
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Off Lease Measurement	<input type="checkbox"/> Dispose Water
	Surface/Lease Commingle	(Note : Report results of multiple completion on Well completion or Recompletion Report and Log Form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Yates Petroleum Corporation respectfully request administrative approval for Off Lease Measurement, Surface/Lease Commingle.

Prickly Pear AIE Federal #1  
Wildcat Yeso  
Sec 23 T20S R24E  
Eddy County, NM  
Federal Lease # 27055

Palo Verde AJV Federal #1  
Cemetery Wolfcamp  
Sec 24 T20S R24E  
Eddy County, NM  
Federal Agreement# NMNM-100192

The battery is located at the Palo Verde Battery. Please see attached plat and site facility diagram.

Oil will be transported off lease after measurement by truck driver. Gas will also be measured separately. Total sales volumes will be allocated back to individual wells based on daily well test.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Estimated daily production for the Prickly Pear is 10 bls of oil, and 55 mcf.

The purpose of the surface/pool commingling, lease commingling, off lease storage and measurement is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases.

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

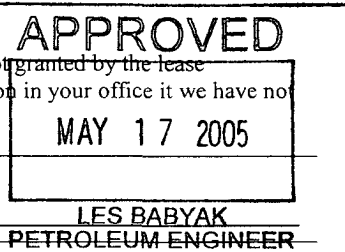
14. I hereby certify that the foregoing is true and correct

Signed

*Mark Beys*

Title Production Secretary

Date May 12, 2005



(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any: