

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

HOBBS OCD

5. Lease Serial No.
Multiple--See Attached

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Multiple--See Attached8. Well Name and No.
Multiple--See Attached9. API Well No.
Multiple--See Attached10. Field and Pool, or Exploratory
N DAGGER DRAW
N SEVEN RIVERS-GLOR-YESO11. County or Parish, and State
EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

Contact: MIRIAM MORALES

E-Mail: mmorales@yatespetroleum.com

3a. Address

105 SOUTH FOURTH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)

Ph: 575-748-4200

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Multiple--See Attached

RECEIVED

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒
- Notice of Intent
-
- ☐
- Subsequent Report
-
- ☐
- Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Surface Commingling |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletable horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletable in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum respectfully requests approval to Surface lease (CA)commingle the Polo AOP Fed #1, Polo AOP Fed #6 and the Apollo APU Fed #3 oil production only.

The commingle production will be measured and sold at the Polo AOP Fed. #1 battery located at NESW, Sec. 10-T19S-R25E.

Diversified ownership(WI/OR). All owners will be notified (see attach).

Please see site facility diagram and all other documentation attach.

Royalty values will not be affected by this commingle.

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 24 2015

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED

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

Electronic Submission #252398 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH HAM on 12/11/2014 (15DMH0196SE)

Name (Printed/Typed) MIRIAM MORALES

Title PRODUCTION ANALYST

Signature (Electronic Submission)

Date 07/10/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DUNCAN WHITLOCK

Title TECHNICAL LPET

Date 09/15/2015

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional data for EC transaction #252398 that would not fit on the form

5. Lease Serial No., continued

NMNM023855B
NMNM82845

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM82845	NMNM82845	POLO AOP FED 1	30-015-28170-00-S2	Sec 10 T19S R25E NESW 1980FSL 1980FWL
NMNM82845	NMNM82845	POLO AOP FEDERAL 6	30-015-28871-00-S2	Sec 10 T19S R25E SWSE 660FSL 1980FEL
NMNM023855B	NMNM023855B	APOLLO APU FED COM 3	30-015-29431-00-S2	Sec 10 T19S R25E SESE 660FSL 660FEL

Continuation of Apollo APU #3 surface/lease Commingle oil only

Federal Lease #NM-82845

<u>Well name</u>	<u>Pool #97565</u>	<u>BOPD</u>	<u>Gravity</u>
Polo AOP Federal #1 Sec. 10-T19S-R25E, NESW API #30-015-28170 Eddy County, NM	Glorieta-Yeso	*30	*38
 Polo AOP Federal #6 Sec. 10-T19S-R25E, SWSE API #30-015-28871 Eddy County, NM	 Glorieta-Yeso	 *30	 *38

Federal Lease #NM-94492 *NM 023855B*

Apollo APU Federal #3 Sec. 10-T19S-R25E, SESE API #30-015-29431 Eddy County, NM	Glorieta-Yeso	*30	*38
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*This is an estimated production, updated information will be provided to BLM upon well completion and/or w/o.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Polo AOP Fed #1. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in this application.

Gas Measurement

Each of the wells will have its own meter.

The purpose of the Surface/lease Commingle of production is, in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.



105 South 4th Street * Artesia, NM 88210
(575) 748-1471

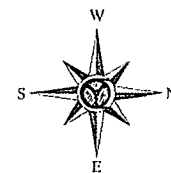
-Owen Meinke
-August, 2015

Polo AOP Federal Com Battery

1980' FSL & 1980' FEL * Sec 10 - T19S-R25E* Unit J

Eddy County, NM

API - 3001520334



Production Phase:

Tank #20704

Valve 1 Tank Open
Valve 2 Tank Sealed Closed
Valve 3 Tank Sealed Closed

Tank #20705

Valve 1 Tank Open
Valve 2 Tank Sealed Closed
Valve 3 Tank Sealed Closed

Tank #20706

Valve 1 Tank Open
Valve 2 Tank Sealed Closed
Valve 3 Tank Sealed Closed

Sales Phase:

Tank #20704

Valve 1 Tank Sealed Closed
Valve 2 Tank Sealed Closed
Valve 3 Tank Open

Tank #20705

Valve 1 Tank Sealed Closed
Valve 2 Tank Sealed Closed
Valve 3 Tank Open

Tank #20706

Valve 1 Tank Sealed Closed
Valve 2 Tank Sealed Closed
Valve 3 Tank Open

● = Valve Closed
○ = Valve Open

CP = Circulating Pump

WP = Water Pump

G = Gas Meter

3 = 3 Phase Separator

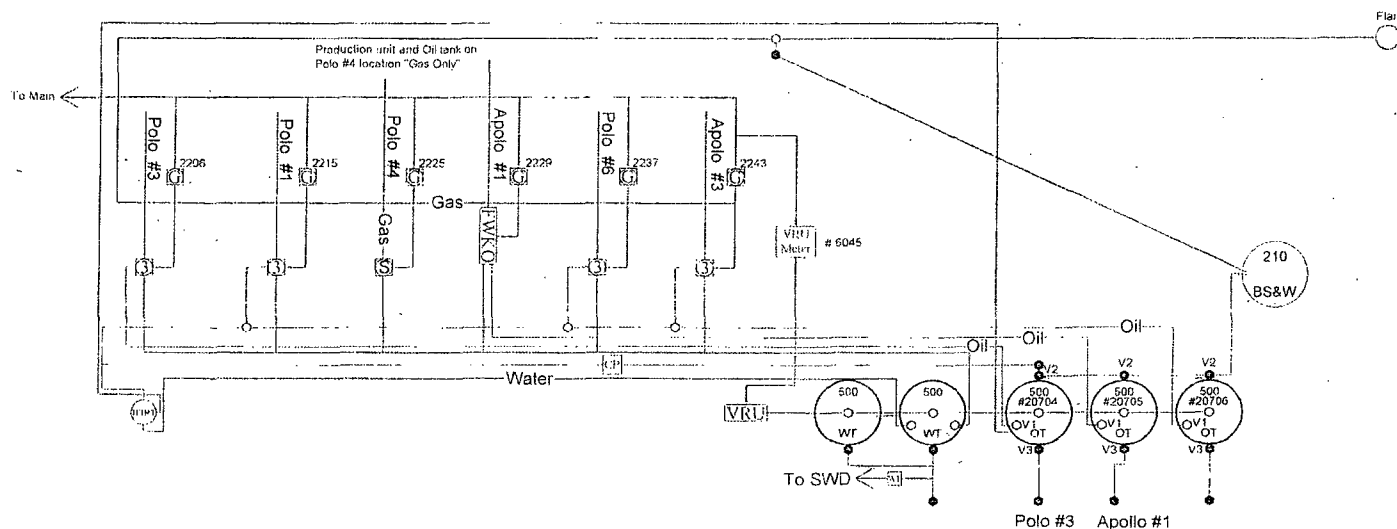
VRU = Vapor Recovery Unit

S = Separator

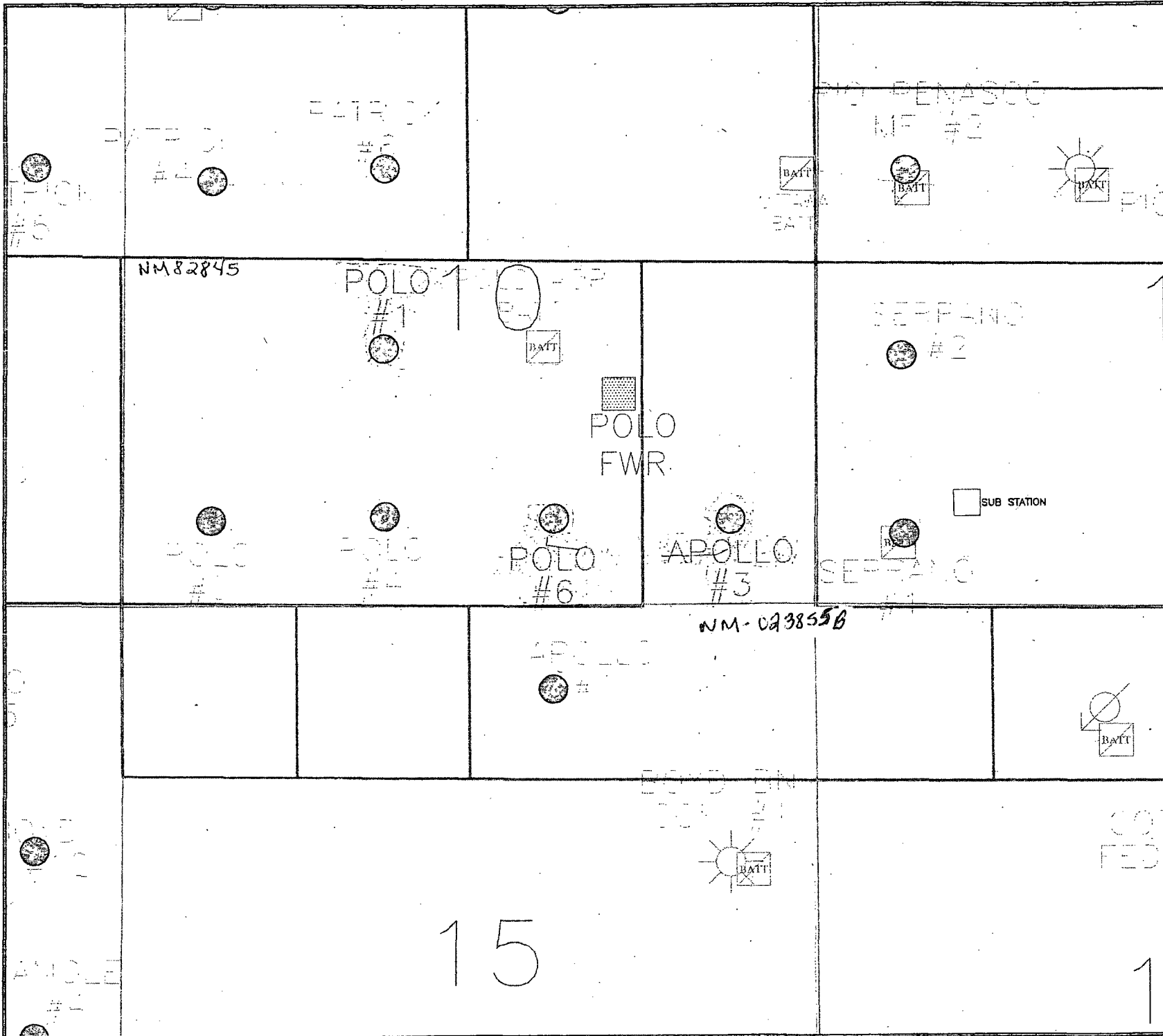
H = Heater Treater

210
BS&W = Bottom Sediment & Water (Slop Tank)

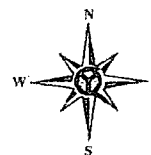
FWKO = Free Water Knock Out



This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan which is on file at 105 South 4th Street, Artesia, NM



105 SOUTH FOURTH (505) 748-1471
ARTESIA, NEW MEXICO 88210



LEGEND

— Lease boundaries

● OIL WELL PROPOSED

☀ GAS WELL

○ OIL WELL

— GPS ROADS

— FLOW LINE YATES

TOWNSHIP AND RANGE
T19S R25E

SECTION
10

NM STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-10-14

COUNTY: EDDY

STATE: NEW MEXICO

SHEET NUMBER: 1 OF 1

SCALE: 1" = 3/16 MILE

THIS MAP HAS BEEN CAREFULLY
COMPILED AND PRINTED BY YATES
PETROLEUM CORPORATION FROM
AVAILABLE INFORMATION. YATES
PETROLEUM CORPORATION DOES NOT
GUARANTEE THE ACCURACY OF THIS
MAP OR INFORMATION DELINEATED
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CORPORATION OR ITS AFFILIATES.

TITLE:

Serial Register Page



DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time: 02:44 PM

Page 1 of 2

Click here to see on map

Run Date: 07/02/2014

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD-1987
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres
240.000

Serial Number:
NMNM-082845

Name & Address	Int Rel	% Intere
ABO PETRO CORP 105 S 4TH ST MYCO INDUSTRIES INC 105 S 4TH ST OKY-Y-I COMPANY PO BOX 27570 YATES PETRO CORP 105 S 4TH ST	ARTESIA NM 88210 ARTESIA NM 88210 HOUSTON TX 77227570 ARTESIA NM 88210	LESSEE LESSEE LESSEE LESSEE 10.000000000 10.000000000 10.000000000 70.000000000

Serial Number: NMNM- - 082845

Mer Twp	Rng	Sec	STYP	SNR	Subdivision	District/Field Office	County	Mgmt Agency
23	0100S	0250E	010	ALIO	SW.25SE	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM- - 082845

Act Date	Code	Action	Action Remar	Pending Offic	
09/18/1987	357	CASE ESTABLISHED	PARCEL #78		1987 08 15
09/18/1987	191	SALE HELD			1987 08 16
09/18/1987	347	BID RECEIVED	247975.000		1987 08 16
09/18/1987	302	MONIES RECEIVED	\$12000.000		1987 08 16
09/17/1989	131	RENTAL RECEIVED	8760.00/115/97-98		1989 08 17
10/10/1987	037	LEASE ISSUED			1987 10 10
10/16/1987	074	AUTOMATED RECORD VERIFY	60-18C		1987 10 16
11/01/1987	436	FIND CODE	05/11/0503		1987 11 01
11/01/1987	537	RENTAL RECEIVED			1987 11 01
11/01/1987	846	RENTAL RECEIVED			1987 11 01
11/09/1987	111	RENTAL RECEIVED	9240.00/11/003570077		1987 11 09
12/10/1987	600	RENTAL RECEIVED			1987 12 10
12/20/1987	042	CASE MICROFILMED	0181 567,140		1987 12 20
08/12/1990	111	RENTAL RECEIVED	1340.00/12/12/135		1990 08 12
08/12/1990	111	RENTAL RECEIVED	1340.00/12/12/135		1990 08 12
03/04/1991	111	RENTAL RECEIVED	8940.00/12/12/135		1991 03 04
06/05/1992	595	BOND ACCEPTED	LFE 04/12/93/1202140		1992 06 05
10/27/1994	040	LEASE COMMITTED TO CA	0022044810		1994 10 27
10/27/1994	050	HELL BY FPOD - ACTUAL			1994 10 27
10/27/1994	050	MEMO OF 1ST PROG-ACTUAL			1994 10 27
10/31/1994	061	RENTAL RECEIVED BY O&G	8195.00/12/12/000000240		1994 10 31
10/31/1994	028	EXTENDED	THRU 10/31/94		1994 10 31
10/31/1994	072	AUTOMATED RECORD VERIFY	18C		1994 10 31
09/10/1995	040	LEASE COMMITTED TO CA	00404400		1995 09 10
09/15/1995	071	API FILED			1995 09 15
12/05/1995	070	API APPROVED	1-POLIO ADP FEL		1995 12 05
12/05/1995	070	API APPROVED	1-POLIO ADP FEL		1995 12 05
03/17/1996	070	API APPROVED	1-POLIO ADP FEL COM		1996 03 17
03/22/1996	070	API FILED			1996 03 22
09/10/1996	070	API APPROVED	1-POLIO ADP FEL COM		1996 09 10
09/10/1996	021	RTY REC-STRIPPER HELI	10.11/10		1996 09 10
10/11/2004	021	RTY REC-STRIPPER HELI	2.15/10		2004 10 11
11/02/2005	021	RTY REC-STRIPPER HELI	3.74/10		2005 11 02
11/02/2006	021	RTY REC-STRIPPER HELI	10.15/10		2006 11 02

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 09/15/15 12:56 PM

Page 1 of 3

01 02-25-1920;041STAT0437;30USC226

Total Acres

Serial Number

Case Type 311111: O&G LSE NONCOMP PUB LAND

200.000

NMNM-- 0 023855B

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris:

Serial Number: NMNM-- 0 023855B

Name & Address	Int Rel	%Interest
ATLANTIC RICHFIELD CO PO BOX 2819 DALLAS TX 75221	OPERATING RIGHTS	0.000000000
COLL CLARKE C PO BOX 1818 ROSWELL NM 882021818	OPERATING RIGHTS	0.000000000
COLL ERIC J PO BOX 1818 ROSWELL NM 882021818	OPERATING RIGHTS	0.000000000
COLL JON F II 7373 WALLA WALLA DR SAN ANTONIO TX 78250	OPERATING RIGHTS	0.000000000
COLL MAX W III 7625 #2 EL CENTRO BLVD LAS CRUCES NM 88012	OPERATING RIGHTS	0.000000000
DETEMPE-COLL MELANIE 5653 TOBIAS AVE VAN NUYS CA 91411	OPERATING RIGHTS	0.000000000
OXY USA WTP LP 5 GREENWAY PLAZA #110 HOUSTON TX 77046	LESSEE	100.000000000
SHARBRO ENERGY LLC PO BOX 840 ARTESIA NM 882110840	OPERATING RIGHTS	0.000000000
SHARBRO OIL LTD CO PO BOX 840 ARTESIA NM 88210	OPERATING RIGHTS	0.000000000
YATES INDUSTRIES LLC PO BOX 1091 ARTESIA NM 88211091	OPERATING RIGHTS	0.000000000
YATES PETRO CORP 105 S 4TH ST ARTESIA NM 88210	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- 0 023855B

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0190S	0250E	010	ALIQ	E2SE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0190S	0250E	014	ALIQ	NWNW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0190S	0250E	015	ALIQ	N2NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM 0023855B

Relinquished/Withdrawn Lands

23 0190S 0250E 711	FF	SWSW,ASGN;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
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Serial Number: NMNM-- 0 023855B

Act Date	Code	Action	Action Remarks	Pending Office
10/31/1956	387	CASE ESTABLISHED		
11/01/1956	496	FUND CODE	05;145003;	
11/01/1956	530	RLTY RATE - 12 1/2%		
11/01/1956	553	CASE CREATED BY ASGN	OUT OF NMNM023855;	
11/01/1956	868	EFFECTIVE DATE		
10/31/1964	235	EXTENDED	THRU 10/31/66;	
08/10/1966	940	NAME CHANGE RECOGNIZED	ATL RFG/ATL RICHFIELD	
10/01/1966	570	CASE SEGREGATED BY ASGN	INTO NMNM023855-E;	
07/29/1968	246	LEASE COMMITTED TO CA	NMNM71180;SW-469;	
07/30/1968	246	LEASE COMMITTED TO CA	SW-468;	
09/25/1968	650	HELD BY PROD - ACTUAL	/1/	
09/25/1968	658	MEMO OF 1ST PROD-ACTUAL	/1/NMNM71180;	
11/01/1968	102	NOTICE SENT-PROD STATUS		
07/29/1970	522	CA TERMINATED	SW-468;	
03/24/1971	500	GEOGRAPHIC NAME	UNDEFINED FLD;	
03/24/1971	510	KMA CLASSIFIED		
05/03/1971	246	LEASE COMMITTED TO CA	SW-608;	
05/31/1974	522	CA TERMINATED	SW-608;	
01/20/1981	246	LEASE COMMITTED TO CA	NMNM72135;SCR-25;	
09/13/1985	817	MERGER RECOGNIZED	ATL RICHFIELD PA/DE	
03/10/1987	140	ASGN FILED	ATLANTIC/HONDO OIL	
05/15/1987	139	ASGN APPROVED	EFF 04/01/87;	
05/18/1987	974	AUTOMATED RECORD VERIF	GEA/EP	

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

RE: Surface lease (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

NM 0238558
Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Polo AOP Fed #1. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

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Each well will have its own meter.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application

Company: MYCO Industries, Inc.

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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API #30-015-28170
Eddy County, NM

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BOPD
*30

Gravity
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Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

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Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565

Glorieta-Yeso

BOPD

*30

Gravity

*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

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The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application

Company: Sharbro Energy LLC

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985
FRANK W. YATES
1936-1986
S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

RE: Surface lease (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Polo AOP Fed #1. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

Gas Measurement

Each well will have its own meter.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

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I hereby approve this application

Companv: John A Yates

KATHY H. PORTER
SECRETARY

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Eddy County, New Mexico

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Well name
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API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

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Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Polo AOP Fed #1. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

Gas Measurement

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If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application

Company: Yates Petroleum Corporation

KATHY H. PORTER
SECRETARY

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RE: Surface lease (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
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BOPD
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Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Polo AOP Fed #1. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

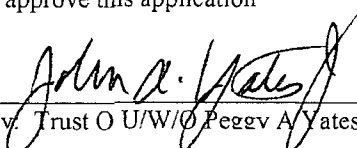
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If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application


Company Trust O U/W/O Peggy A Yates, deceased
KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
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EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

July 10, 2014

RE: Surface lease (CA) commingle oil only

Apollo AOU Federal #3

Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to Surface Lease (CA) commingle oil only for the Polo AOP Fed #1, Polo AOP Fed #6 and Apollo APU Fed #3.

The commingle production will be measured and sold at the Polo AOP tank battery facilities located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-0557142

Well name

Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565

Glorieta-Yeso

BOPD

*30

Gravity

*38

Polo AOP Federal #6
Sec. 10-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo APU Federal #3
Sec. 10-T19S-R25E, SESE
API #30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Ross EG Fed #3. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

Gas Measurement

Each well will have its own meter.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

Any objections must be filed in writing with the OCD in Santa Fe within 20 days from the date the division received the application. Application will be sent in conjunction with notification to owners.

If you have any questions, please call me at (575) 748-4200 (direct line)

Sincerely,

Miriam Morales
Production Analyst

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

CONLEY RESOURCES LLC P O BOX 100 LARKSPUR CO 80118-0100	7013 2250 0000 5201 2358
KAREN V & WILLIAM H MARTIN ENERGY, LTD 400 N MARIENFELD SUITE 100 MIDLAND TX 79701-4310	7013 2250 0000 5201 2365
LAI CORPORATION P O BOX 10626 MIDLAND TX 79702-7626	7013 2250 0000 5201 2372
JUDSON PROPERTIES, LTD P O BOX 3340 MIDLAND TX 79702	7013 2250 0000 5201 2389
ANN C JOHNSON TRUST 13408 SUMMIT HILLS PLACE ALBUQUERQUE NM 87112	7013 2250 0000 5201 2396
MADISON M HINKLE P O BOX 2292 ROSWELL NM 88202-2292	7013 2250 0000 5201 2402
ROLLA R HINKLE III P O BOX 2292 ROSWELL NM 88202-2292	70 13 2250 0000 5201 2419
BANK OF AMERICA NA T J & MARY R SIVLEY TRUST P O BOX 832407 DALLAS TX 75283-2407	7013 2250 0000 5201 2426
OXY USA WTP LIMITED P O BOX 27570 HOUSTON TX 77227	7013 2250 0000 5201 2433

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

OXY Y-1 COMPANY P O BOX 841803 DALLAS TX 75284-1803	7013 2250 0000 5201 2457
SANTO LEGADO LLLP P O BOX 1020 ARTESIA NM 88211	7013 2250 0000 5201 2464
MARIGOLD LLLP P O BOX 1290 ARTESIA NM 88211-1290	7013 2250 0000 5201 2471
TULIPAN LLC 428 SANDOVAL SUITE 200 SANTA FE NM 87501	7013 2250 0000 5201 4796
YATES INDUSTRIES LLC P O BOX 1091 ARTESIA NM 88211-1091	7013 2250 0000 5201 4802
EVERETT R SHARP 407 ROCK CREEK DR PEACHTREE CITY GA 30269-3449	7013 2250 0000 5201 4819
OIL CONSERVATION DIVISION 1220 S ST. FRANCIS DRIVE SANTA FE NM 87505	7013 2250 0000 5201 4826

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☒ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Miriam Morales
Print or Type Name

Signature

Production Analyst
Title

7/10/14
Date

mmorales@yatespetroleum.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave. Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Yates Petroleum Corporation

OPERATOR ADDRESS: 105 South Fourth St. Artesia, NM 88210

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. N. Seven Rivers; Glorieta-Yeso #97565

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attach sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Miriam Morales

TITLE: Production Analyst

DATE: 7/10/14

TYPE OR PRINT NAME Miriam Morales

TELEPHONE NO.: (575) 748-1471

E-MAIL ADDRESS: mmorales@yatespetroleum.com

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Commingling and Off lease measurement of production
September 15, 2015**

**Conditions of Approval: Yates Petroleum Corp.
Polo APO Federal #1 & #6, Apollo APU Federal #3
NM82845, NM023855B 3001528170, 3001528871 and 3001529431**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.