

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**Carlsbad Field Office**  
**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.*5. Lease Serial No.  
NMNM62211

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
Multiple--See Attached9. API Well No.  
Multiple--See Attached10. Field and Pool, or Exploratory  
HG MORROW-ATOKA GAS  
PARKWAY11. 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

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<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 recomple 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 recomple 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 add the Hanagan APL Fed Com #3H to PLC-359 application previously approved. Also, add the commingling of the Hanagan #2H & 3H oil only to application.

Yates will like to commingle gas production for the Hanagan #1,2H,&3H and oil production for the Hanagan #2H & 3H only.

The commingled oil will be measured and sold at the Hanagan APL Fed #2H battery.

Please see attached plats and site security diagrams.

Royalty values will not be affected by this commingle.

**NM OIL CONSERVATION**  
ARTESIA DISTRICT  
MAR 29 2016**RECEIVED**

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

Electronic Submission #250882 verified by the BLM Well Information System  
For YATES PETROLEUM CORPORATION, sent to the Carlsbad  
Committed to AFMSS for processing by CATHY QUEEN on 06/10/2015 (15CQ0246SE)

Name (Printed/Typed) MIRIAM MORALES

Title PRODUCTION ANALYST

Signature (Electronic Submission)

Date 06/25/2014

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**Approved By DUNCAN WHITLOCKTitle TECHNICAL LPETDate 03/22/2016

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 \*\***

19

**Additional data for EC transaction #250882 that would not fit on the form**

**7. If Unit or CA/Agreement, Name and No., continued**

NMNM128994  
NMNM133404  
NMNM94463

**Wells/Facilities, continued**

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM128994	NMNM62211	HANAGAN APL FEDERAL COM 213	30-015-39511-00-S1	Sec 31 T19S R30E Lot 3 1600FSL 330FWL
NMNM133404	NMNM62211	HANAGAN APL FED COM 3H	30-015-39801-00-S1	Sec 31 T19S R30E SWSW 660FSL 180FWL
NMNM94463	NMNM62211	HANAGAN APL FED COM 1	30-015-28635-00-C1	Sec 31 T19S R30E SWNE
NMNM94463	NMNM62211	HANAGAN APL FED COM 1	30-015-28635-00-C2	Sec 31 T19S R30E SWNE

**32. Additional remarks, continued**

All owners have been notified. A copy of letter, a list of owners and waivers are attached.

**Continuation on Surface pool/lease commingle for the Hanagan #1, 2H & 3H.**

**Federal Lease #NM-62211 CA #94463**

<u>Well name</u>	<u>Pool (DHC)</u>	<u>MCFpd</u>	<u>BTU</u>
Hanagan APL Fed Com #1	HG; Morrow	10	1172
Sec. 31-T19S-R30E	HG; Atoka	89	
30-015-28635			
Eddy County, NM			

**CA # 128994**

			<u>BOPD</u>	<u>Gravity</u>
Hanagan APL Fed Com #2H	Parkway; Bone Spring	146	1420	107
Sec. 31-T19S-R30E				41.7
30-015-39511				
Eddy County, NM				

**CA # *NM 133404* ~~not available at this time~~**

Hanagan APL Fed Com #3H	Parkway; Bone Spring	128	1205	250	42.5
Sec. 31-T19S-R30E					
30-015-39801					
Eddy County, NM					

**Oil Measurements (Hanagan #2H & #3H only)**

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Hanagan APL Fed. Com #2H Battery. 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**

Total gas production will be based on the measurement at the CDP and allocated back to each well based on EFM daily readings. The DCP's CDP meter #1315032 (future to Agave) is located at Sec. 30-T19S-R30E, north of Hanagan #1

The purpose of the Off-lease, Surface pool/ CA 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  
(505) 748-1471

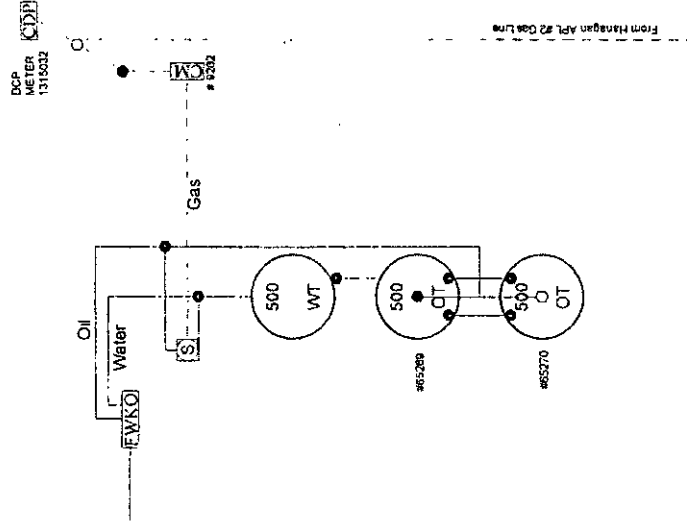
-Keith Hutchens  
-June, 2014

# Hanagan APL Fed Com #1

1980' FSL & 1980' FEL • Sec 31 - T19S-R30E\* Unit G  
Eddy County, NM  
API - 3001528635



● = Valve Closed  
○ = Valve Opened  
CM = Check Meter  
FWKO = Free Water Knock Out  
S = Separator



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 4th Street • Artesia, NM 88210  
(505) 748-1471

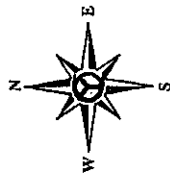
-Keith Hutchens  
-April, 2013

# Hanagan APL Fed Com #2H

1600' FSL & 330' FWL \* Sec 31 - T19S-R30E\* Unit L

Eddy County, NM

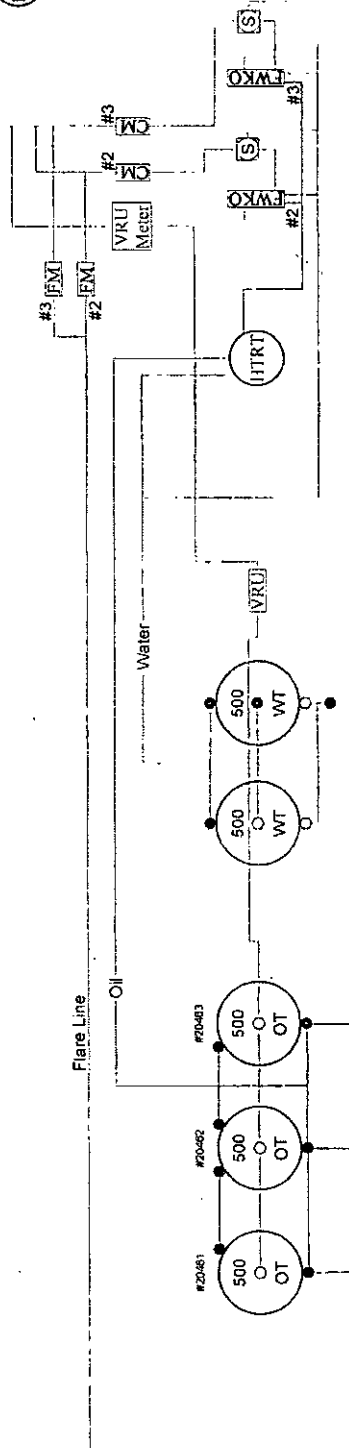
API - 3001539511



DCP  
METER  
1316032

- = Valve Closed
- = Valve Opened
- FM = Flare Meter
- CM = Check Meter
- FWKO = Free Water Knock Out
- S = Separator
- VRU = Vapor Recovery Unit
- HTRT = Heater Treater

- Hanagan #2 Check Meter 9263
- Hanagan #3 Check Meter 9264
- Hanagan #2 Flare Meter 37753
- Hanagan #3 Flare Meter 37825
- VRU Meter 6718



HANAGAN #2 FLOW LINE

HANAGAN #3 FLOW LINE

WELL LOCATION

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

NMNM 11939

NMNM 0062376

1H Focus BDB Federal

NMNM 085909

Hanagan APL  
Fed Com 1

1H Nucleus BGN Federal 1H Nucleus BGN Federal

NMNM 062210

NMNM 089049

Hanagan APL  
Fed Com 2H

NMNM 058815

NMNM 062211

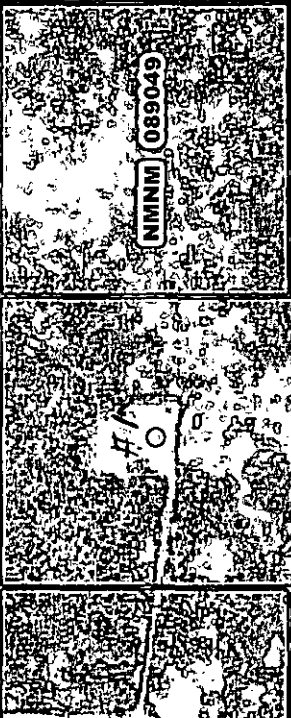
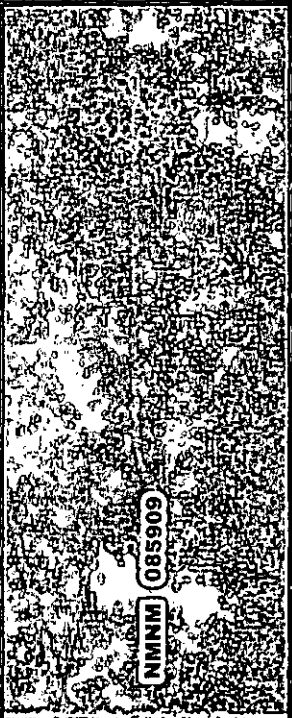
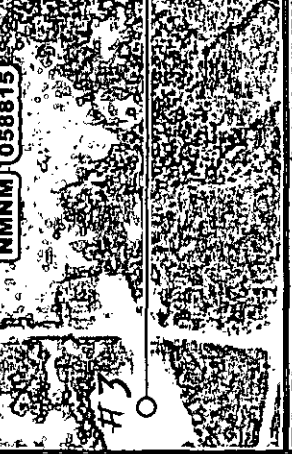
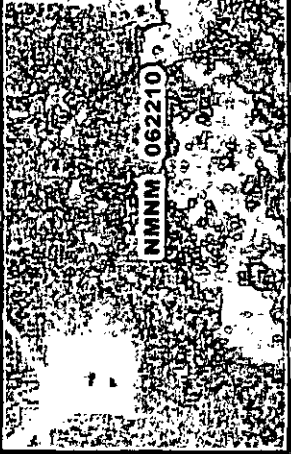
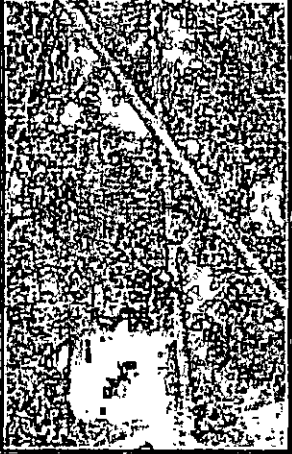
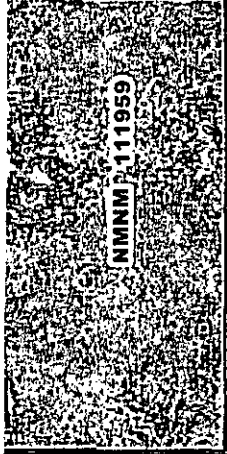
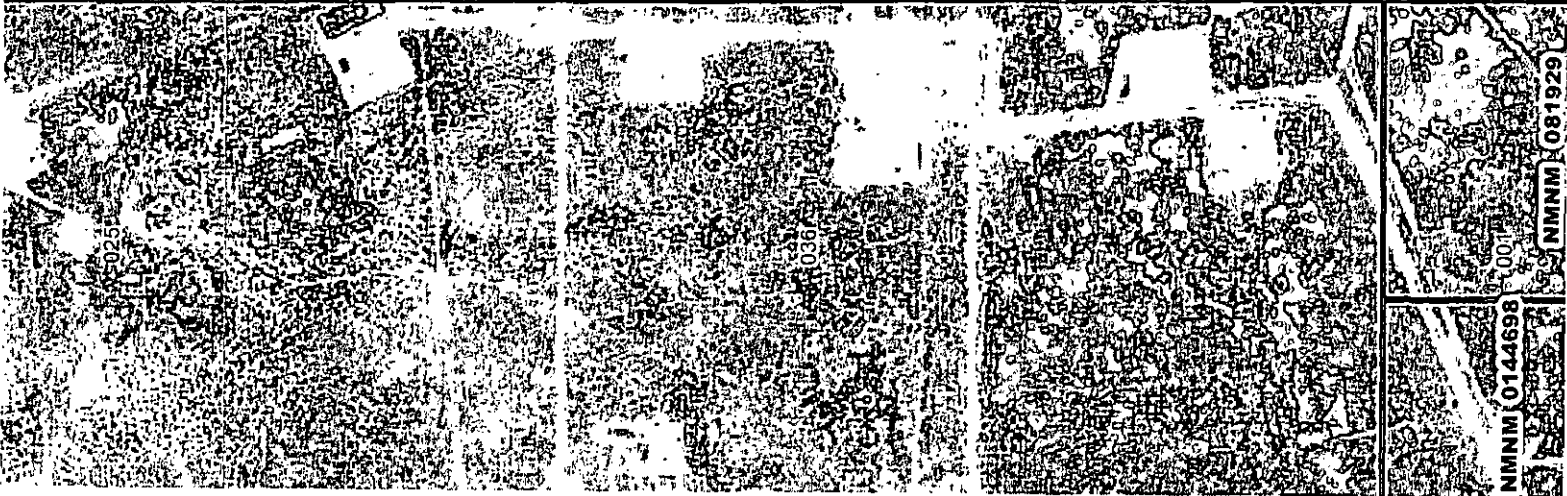
3H Hanagan APL Fed

NMNM 081929

NMNM 124659

3-BURTON 6 FEDERAL 4-BURTON 6 FEDERAL

NMNM 114354





NMNM 111939

NMML 0062376

029

1H-Focus BDB Federal

NMNM 085909

320 ALES

NMNM 094153

Hanagan APL  
Fed Com 1

1H-Nucleus BGN Federal

NMNM 062210

NMNM 089049

Hanagan APL  
Fed Com 2H

NMNM 129099

NMNM 062211

NMNM 058815

13H-Hanagan APL Federal

NM 133404

NMNM 081929

NMNM 084637

006

NMNM 124659

3-BURTON 6 FEDERAL 4-BURTON 6 FEDERAL

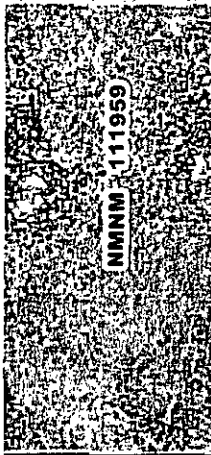
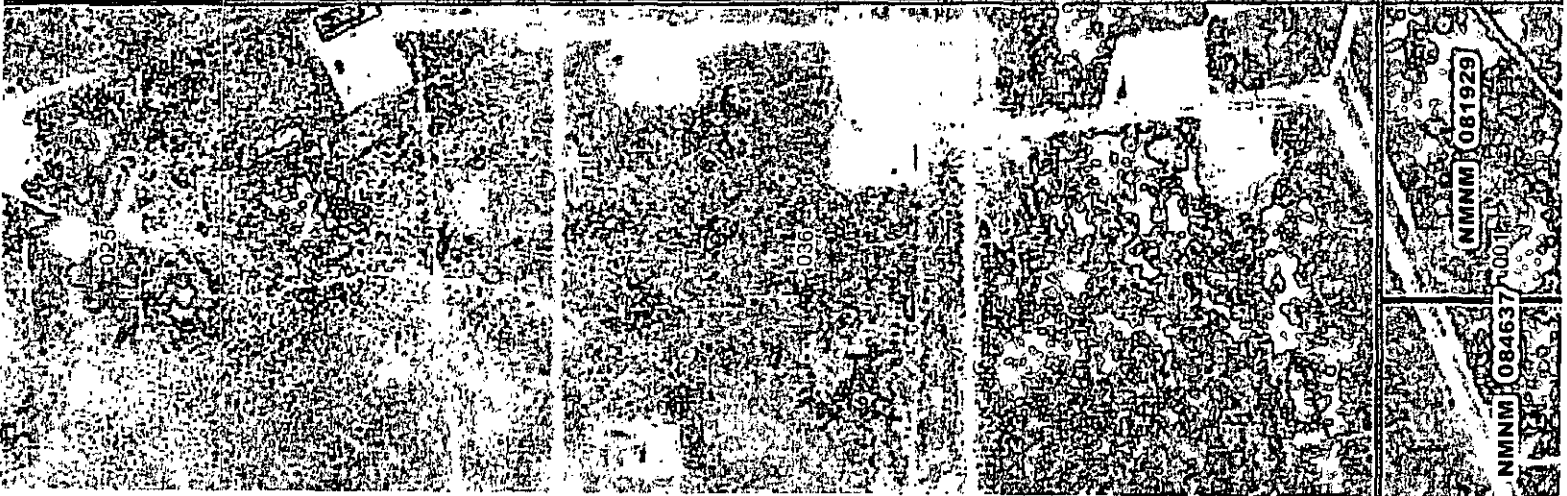
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NMNM 114354

036

032





NMNM 111959



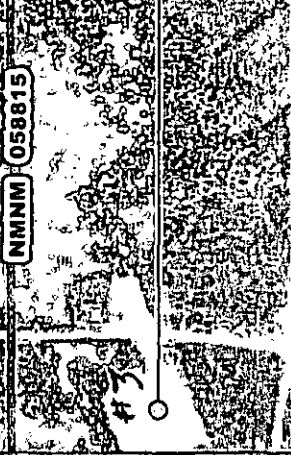
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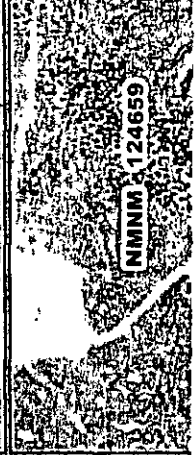
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NMNM 128994



NMNM 058815



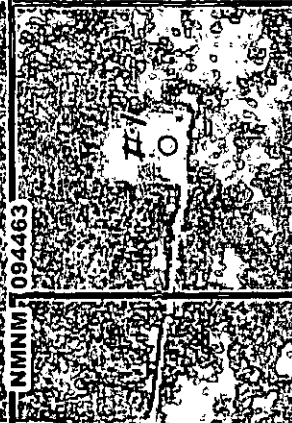
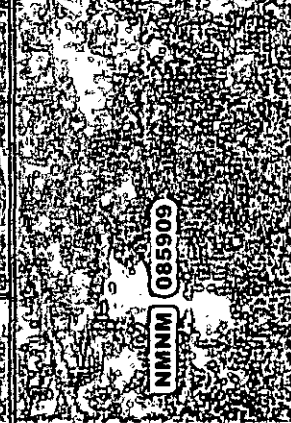
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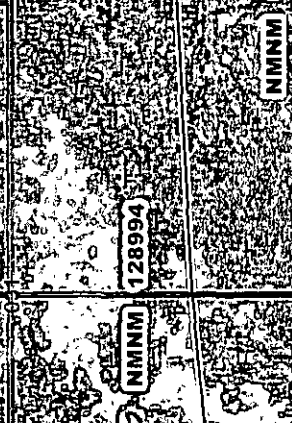
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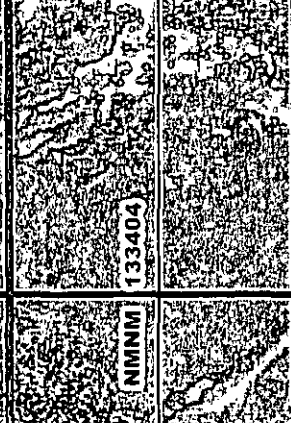
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NMNM 094463



NMNM 128994

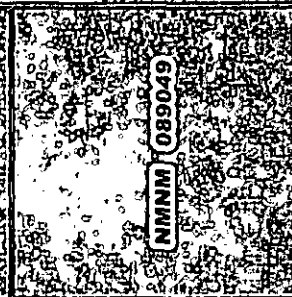
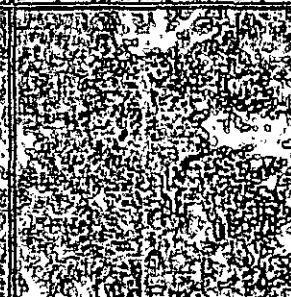


NMNM 062211

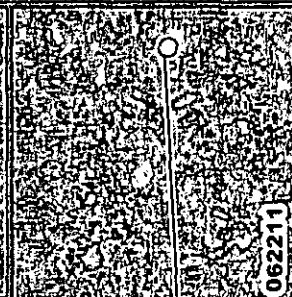
133404



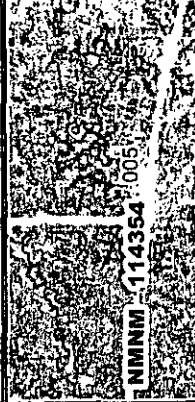
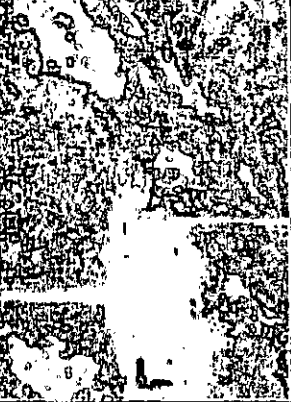
NMNM 128649



NMNM 089049

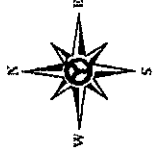


NMNM 114354





185 SOUTH POINTE (S75 T8S R1E)  
ARTESIA, NEW MEXICO 88010



# LEGEND

GPS ROADS

- GAS WELL PROPOSED
- OIL WELL PROPOSED
- GAS WELL
- OIL WELL
- FLOW LINE YATES

TOWNSHIP AND RANGE  
T19S R30E

SECTION  
31

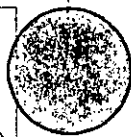
NM STATE  
US BUREAU OF  
LAND MANAGEMENT

DRAWN BY: JAH  
DATE DRAWN: 06-25-14  
COUNTY:  
STATE: NEW MEXICO  
SHEET NUMBER: 1 OF 1  
SCALE: 1" = 1/16 Mile

TITLE:

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  
THEREON.  
FOR DOES YATES PETROLEUM  
CORPORATION ASSUME  
RESPONSIBILITY FOR ANY RELIANCE  
THEREON. RECIPIENT AGREES NOT TO  
COPY, DISTRIBUTE OR DIGITIZE THIS  
MAP WITHOUT EXPRESS CONSENT  
FROM YATES PETROLEUM  
CORPORATION OR ITS AFFILIATES.

HANAGAN  
APL #2H



HANAGAN  
APL #3H

TRACK

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

Run Date/Time: 08/15/12 07:34 AM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

318.540

NMNM-- - 094463

Commodity 410: NATURAL GAS LC

Case Disposition: AUTHORIZED

Case File Juris:

Serial Number: NMNM-- - 094463

Name & Address

Int Rel

%Interest

BLM ROSWELL FO

2909 W 2ND ST

ROSWELL NM 83201

OFFICE OF RECORD

0.000000000

YATES PETRO CORP

105 S 4TH ST

ARTESIA NM 83210

OPERATOR

100.000000000

Serial Number: NMNM-- - 094463

Mer Twp Rng Sec

Type

Nr Sulf

Subdivision

District/Resource Area

County

Mgmt Agency

23 0150S 0300E 031

ALIQ

NE, E2NW,

CARLSBAD FIELD OFFICE

EDDY

BUREAU OF LAND MGMT

23 0150S 0300E 031

LOTS

1,2

CARLSBAD FIELD OFFICE

EDDY

BUREAU OF LAND MGMT

Serial Number: NMNM-- - 094463

Act Date

Code

Action

Action Remarks

Pending Office

07/31/1995

516

CASE ESTABLISHED

07/31/1995

516

FORMATION

MRRW06;MORROW

07/31/1995

516

FORMATION

STRW06;STRAWN

07/31/1995

520

ACRES-FED INT 100%

318.54;100.00%

07/31/1995

866

EFFECTIVE DATE

/A/

08/28/1995

580

PROPOSAL RECEIVED

CA REC'D

08/29/1995

516

AGENT APPROVED

08/29/1995

974

AUTOMATED RECORD VERIF

NO/MO

12/28/1995

654

AGENT PRODUCING

NM:162211;1 HANAGAN

04/01/1996

516

FORMATION

/1/ ATOKA;ATOKA

Line Nr Remarks

Serial Number: NMNM-- - 094463

0002 /A/ RECAPITULATION EFFECTIVE 07/31/1995

0003 TR# LEASE SERIAL NO AC COMMITTED % INTEREST

0004 1 NMNM 62211 40.00 12.5573

0005 2 NMNM 89049 40.00 12.5573

0006 3 NMNM 85909 159.26 49.9969

0007 4 NMNM 62210 79.28 24.8986

0008 TOTAL 318.54 100.0000

0009 /1/ THE NO. 1 HANAGAN APL FED COM WELL WAS COMPLETED

0010 IN THE MORROW/ATOKA FORMATIONS. SINCE THE COMM

0011 AGREEMENT COVERED ONLY THE MORROW AND STRAWN FORMA-

0012 TIONS, THE AGREEMENT WAS AMENDED 04/01/96 TO INCLUDE

0013 THE ATOKA FORMATION.

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

Run Date/Time: 04/15/14 08:40 AM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

159.280

NMNM-- - 128994

Commodity 410: NATURAL GAS LC

Case Disposition: AUTHORIZED Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 128994

Name & Address			Int Rel	%Interest
BLM CARLSBAD FO	620 E.GREENE ST	CARLSBAD NM 88220	OFFICE OF RECORD	0.000000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATOR	100.000000000

Serial Number: NMNM-- - 128994

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0190S	0300E	031	ALIQ	NESW,N2SE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGM
23	0190S	0330E	031	LOTS	3;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGM

Serial Number: NMNM-- - 128994

Act Date	Code	Action	Action Remarks	Pending Office
03/01/2012	387	CASE ESTABLISHED	HANAGAN APL FED COM 2	
03/01/2012	517	FORMATION	BONE SPRING	
03/01/2012	526	ACRES-FED INT 100%	159.28 ACRES/100%	
03/01/2012	868	EFFECTIVE DATE		
06/10/2012	654	AGRMT PRODUCING		
08/24/2012	334	AGRMT APPROVED		

Line Nr Remarks Serial Number: NMNM-- - 128994

0001	RECAPITULATION EFFECTIVE 03/01/2012			
0002	TR#	LEASE SERIAL#	AC COMMITTED	%INTEREST
0003	1	NM-62211	30.00	50.2260
0004	2	NM-58815	79.28	49.7740
0005	TOTAL		159.28	100.0000

} Royalty RATE At 12.5%

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

Run Date/Time: 03/22/16 05:46 AM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

159.300

NMNM-- - 133404

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 133404

Name & Address

Int Rel

%Interest

BLM CARLSBAD FO  
YATES INDUSTRIES LLC

620 E GREENE ST  
105 S 4TH ST

CARLSBAD NM 88220  
ARTESIA NM 882102177

OFFICE OF RECORD  
OPERATOR

0.000000000  
100.000000000

Serial Number: NMNM-- - 133404

MerTwp Rng Sec SType Nr Suff Subdivision

District/Resource Area

County

Mgmt Agency

23 0190S 0300E 031 ALIQ

S2S2;

CARLSBAD FIELD OFFICE

EDDY

BUREAU OF LAND MGMT

Serial Number: NMNM-- - 133404

Act Date

Code

Action

Action Remarks

Pending Office

01/28/2014 387 CASE ESTABLISHED  
01/28/2014 516 FORMATION  
01/28/2014 526 ACRES-FED INT 100%  
01/28/2014 868 EFFECTIVE DATE  
04/09/2014 654 AGRMT PRODUCING  
04/09/2014 658 MEMO OF 1ST PROD-ACTUAL  
10/02/2014 643 PRODUCTION DETERMINATION

BONE SPRING  
159.30; 100%  
/1/ 3001539801  
/1/  
/1/ MEMO 10/2/14  
/1/

Line Nr Remarks

Serial Number: NMNM-- - 133404

0001 RECAPITULATION EFFECTIVE 1/28/14  
0002 TR# LEASE# AC COMMITTED %INT  
0003 1 NMNM62211 80 50.2197  
0004 2 NMNM58815 79.30 49.7803  
0005 TOTAL 159.30 100.00

} BOTH 12.5% Royalty Rate

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

JOHN A. YATES  
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.  
PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA  
CHIEF ADMINISTRATIVE OFFICER

June 25, 2014

RE: Surface Pool/Lease Commingle  
Hanagan APL Federal Com #3H  
Eddy County, NM

Dear interest owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to add Hanagan #3 to PLC-359. Also, add the commingling of the Hanagan #2H and 3H oil only to application.

Ownership is diversified. The commingle oil will be measured and sold at the Hanagan APL Fed #2H battery.

Federal Lease #NM-62211 CA #94463

Well name	Pool (DHC)	MCFpd	BTU
Hanagan APL Fed Com #1	HG; Morrow	10	1172
Sec. 31-T19S-R30E	HG; Atoka	89	
30-015-28635			
Eddy County, NM			

CA # 128994

			BOPD	Gravity
Hanagan APL Fed Com #2H	Parkway; Bone Spring	146	1420	41.7
Sec. 31-T19S-R30E			107	
30-015-39511				
Eddy County, NM				

CA # not available at this time

Hanagan APL Fed Com #3H	Parkway; Bone Spring	128	1205	250	42.5
Sec. 31-T19S-R30E					
30-015-39801					
Eddy County, NM					

#### Oil Measurement ( Hanagan #2H & #3H)

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Hanagan APL Fed Com #2H battery. 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

Total gas production will be based on the measurement at the CDP and allocated back to each well based on EFM daily readings. The DCP's CDP meter #1315032 (future Agave) is located at Sec. 30-T19S-R30E, north of Hanagan #1.

The purpose of the Off-lease, Surface pool/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. This will greatly increase costs and shorten the economic life of the well.

Any objection must be filed in writing with the Oil Conservation Division in Santa Fe within 20 days from the date the division receives the application. Application will be sent in conjunction with notification to owners.

If you should have any questions, please give me a call 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

DAVID PETROLEUM CORP 116 W FIRST STREET ROSWELL, NM 88203	7013 2250 0000 5201 1764
FIRST ROSWELL COMPANY PO BOX 1797 ROSWELL, NM 88202-1797	7013 2250 0000 5201 1771
BRIAN T GROOMS PO BOX 2990 RUIDOSO, NM 88355-2990	7013 2250 0000 5201 1788
HUGH E & MICHAEL G HANAGAN C/O BETTY L HANAGAN RESIDUARY TRUST PO BOX 1737 ROSWELL, NM 88202-1737	7013 2250 0000 5201 1795
NATALIE V HANAGAN 1922 N 18TH AVE W WILLISTON, ND 58801-2553	7013 2250 0000 5201 1801
HANAGAN PETROLEUM CORP PO BOX 1737 ROSWELL, NM 88202-1737	7013 2250 0000 5201 1818
MADISON M HINKLE PO BOX 2292 ROSWELL, NM 88202-2292	7013 2250 0000 5201 1825
ROLLA R III & ROSEMARY H HINKLE PO BOX 2292 ROSWELL, NM 88202-2292	7013 2250 0000 5201 1832
EDSEL B NEFF JR 403 TIERRA BERRENDIA ROSWELL, NM 88201	7013 2250 0000 5201 1849
THOMAS R NICKOLOFF PO BOX 51807 MIDLAND, TX 79710-1807	7013 2250 0000 5201 1856
NUEVO SEIS, LTD PO BOX 2588 ROSWELL, NM 88202-2588	7013 2250 0000 5201 1863
JOSE R PEREZ PO BOX 3091 CORPUS CHRISTI, TX 78463	7013 2250 0000 5201 1870

MORRIS E SCHERTZ PO BOX 2588 ROSWELL, NM 88202-2588	7013 2250 0000 5201 1887
CHALCAM EXPLORATION LLC 403 TIERRA BERRENDA ROSWELL, NM 88201	7013 2250 0000 5201 1894
WILLIAM B OWEN 116 W FIRST STREET ROSWELL, NM 88203	7013 2250 0000 5201 1900
HANAGAN PROPERTIES PO BOX 1887 SANTA FE, NM 87504-1887	7013 2250 0000 5201 1917
PERMIAN BASIN INVESTMENT CORP C/O BANK OF THE SOUTHWEST PO BOX 1638 ROSWELL, NM 88202-1638	7013 2250 0000 5201 1924
SCOTT EXPLORATION INC PO BOX 1834 ROSWELL, NM 88202-1834	7013 2250 0000 5201 1931
INNOVENTIONS INC PO BOX 40 CEDAR CREST, NM 87008	7013 2250 0000 5201 1948
SOUTHWEST PETROLEUM LAND SERVICES LLC 100 N PENNSYLVANIA ROSWELL, NM 88203	7013 2250 0000 5201 1955
NADEL & GUSSMAN PERMIAN LLC 15 E 5TH STREET SUITE 3200 TULSA, OK 74103	7013 2250 0000 5201 1962
BETTY L HANAGAN RESIDUARY TRUST P O BOX 1737 ROSWELL, NM 88202	7013 2250 0000 5201 1979
ORION INVESTMENTS, LLC 215 S. STATE STREET, SUITE 100 SALT LAKE CITY, UT 84111	7013 2250 0000 5201 1986
STEPHEN T. MITCHELL 6212 HOMESTEAD BLVD. MIDLAND, TX 79707	7013 2250 0000 5201 1993
MONICA ANN SOLIS 1908 W. RAY AVE ARTESIA, NM 88210	7013 2250 0000 5201 2006

OXY Y-1 COMPANY  
P O BOX 841803  
DALLAS, TX 75284-1803

7013 2250 0000 5201 2013

NANCY S HANAGAN  
P O BOX 1887  
SANTA FE, NM 87504

7013 2250 0000 5201 2020

RONADERO COMPANY, INC  
P.O BOX 746  
BIG HORN, WY 82833

7013 2250 0000 5201 2037

SOUTHWEST PETROLEUM  
1901 W 4<sup>TH</sup> STREET  
ROSWELL, NM 88201

7013 2250 0000 5201 2044

OIL CONSERVATION DIVISION  
1220 S SAINT FRANCIS DR  
SANTA FE, NM 87505

7013 2250 0000 5201 2051

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

*Miriam Morales*  
 Signature

Production Analyst  
 Title

6/25/14  
 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 Commingling)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. PLC-359  
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
HG; Morrow 78400	1172	1219		
HG; Atoka 96461	1172			
Parkway; Bone Spring 49622	1313			

- (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.  
(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 attached 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: 

TITLE: Production Analyst

DATE: 6/25/14

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**

**Hanagan APL Fed Com #1, #2H, & #3H  
3001528635, 3001539511, 3001539801  
Leases: NM85909, NM62210, NM89049, NM58815, NM62211, &  
CA: NM94463, NM128994, NM133404**

**Yates Petroleum Corporation  
March 22, 2016**

**Condition of Approval**

**Commingling of lease/CA production, and off lease/CA storage, measurement and sales for the  
Hanagan APL Fed Com #3H**

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.
11. Variance to Onshore Order #4 oil measurement to use Allocation meters on the Hanagan APL Fed com 2H and 3H oil is approved with this approval.