

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well
Oil ☐ Gas ☒
☐ Well ☒ Well ☐ Other

2. Name of Operator
Yates Petroleum Corporation

3. Address and Telephone No.
105 South Fourth Street, Artesia, NM 88210 (575) 7481471

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

1980' FSL & 250' FEL Section 1-T12S-R26E NESE Unit I
1929' FSL & 1959' FEL NWSE Unit J BHL

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

TYPE OF SUBMISSION

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

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Lease Commingle Oil Only

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(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 to Lease Commingle the following wells Oil Only;

Please see attachment.

The Battery is located at the Football BCF Federal #2H. Please see attached plat and site facility diagram.

Diversified ownership.

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 Football BCF Federal #2H location.

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 oil for the Football BCF Federal #2H 0-1 barrels of oil per day and the estimated daily oil production for the Grid Iron BLI Federal #1H is 0-2 barrels per day.

The purpose of the Lease Commingle 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

Title Production Secretary

Date November 18, 2008

(This space for Federal or State office use)

DAVID R. GLASS

Title PETROLEUM ENGINEER

Date NOV 21 2008

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Federal

Football BCF Federal #2H
Sec 1-T12S-R26E SHL
Sec 1-T12S-R26E BHL
Coyote/ Wolfcamp
Chavez County, NM
Federal Lease #NM-106904
API# 30-005-64020

Federal

Grid Iron BLI Federal #1H
Sec 1-T12S-R26E SHL
Sec 6-T12S-R27E BHL
Coyote/ Wolfcamp
Chavez County, NM
Federal Lease # NM-101579
API# 30-005-64033

**Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287
(575) 627-0272**

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
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 is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. 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 to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201-1287 for wells in Chaves or Roosevelt County if you have not already done so.