

DATE IN 07/12/13	SUSPENSE	ENGINEER DB	LOGGED IN 07/16/2013	TYPE OLM	APP NO. PAXICB1973374
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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



201 JUL 12 P 2:13

PAXK1319733744

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 _____

36-015-28501
 Yates Petroleum Corp.
 NPDUP 46

[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

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

2003 JUL 12 P 2:13

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.

(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: Miriam Morales

TITLE: Production Analyst

DATE: 7/9/13

TYPE OR PRINT NAME Miriam Morales

TELEPHONE NO.: (575) 748-1471

E-MAIL ADDRESS: mmorales@yatespetroleum.com

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
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.
NMNM-557142

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒

Oil Well

☐

Gas Well

☐

Other PA

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. 4th St., Artesia, NM 88210

3b. Phone No. (include area code)

575-748-1471

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

NMNM11025X

8. Well Name and No.

NNDUP Unit #46

9. API Well No.

30-015-28501

10. Field and Pool or Exploratory Area

N. Seven Rivers; Glorieta-Yeso

11. County or Parish, State

Eddy County, New Mexico

660' FNL & 1980' FEL Sec. 21-T19S-R25E Unit B, NWNE

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 <u>Off lease</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>measurement</u>
	<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 recompleate 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must 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 off lease measure production for the NDDUP #46 (Ross EG Federal #14, possible future name).

The production will be measured and sold at the Patriot AIZ tank battery facilities located at Sec. 21-T19S-25E. Please see plat and site security diagram.

A list of all owners being notified is attached as well as in house waivers.

Please see attached continuation

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

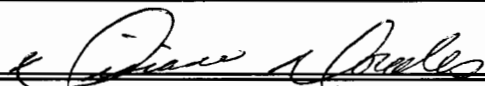
Name (Printed/Typed)

Miriam Morales

Title

Production Analyst

Signature



Date

7/9/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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

Continuation on off lease measurement for NDDUP #46.

Oil measurement

Tanks will be isolated and no surface commingling will take place.

Gas Measurement

The well will have its own meter and no surface commingle will take place.

All equipment is located on Fee land and waiver to access property is attached.

All gate combinations will be sent to BLM office via email.

By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not reduce royalty or improper measurement of production

See attached economic impact report.

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.

District I
PO Box 1988, Hobbs, NM 88240-2988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Grande Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-015-28501		* Pool Code 97565	* Pool Name N. Seven Rivers; Daguer Draw, Upper Penn, North	* Well Number 14
* Property Code ROSS EG FEDERAL COM		* Property Name YATES PETROLEUM CORPORATION		* Elevation 3489.
* OGRID No. 025578		* Operator Name YATES PETROLEUM CORPORATION		

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	21	19S	25E		660	NORTH	1980	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16			17 OPERATOR CERTIFICATION	
			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
			Signature: <u>Ken Beardemphl</u> Printed Name: Ken Beardemphl Title: Landman Date: 3-30-95	
			18 SURVEYOR CERTIFICATION	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.				
MARCH 29, 1995				
Date of Survey				
Signature and Seal of Professional Surveyor:				
Certificate Number: NM PRP-5412				

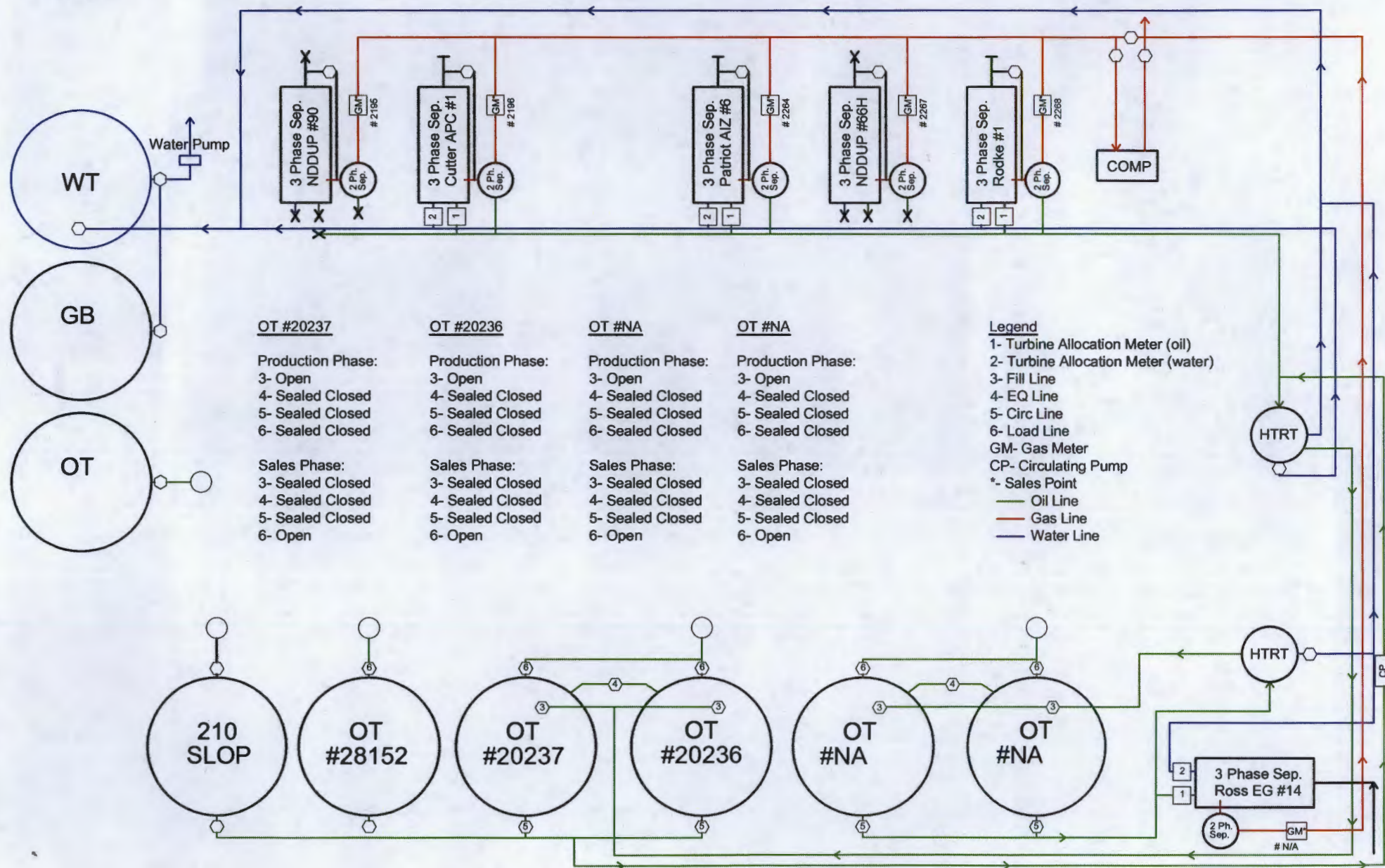


105 South 4th Street
Artesia, NM 88210
(575) 748-1471

Michael Farmer
July 2013

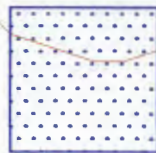
PATRIOT / RODKE BATTERY

Sec 21-T19S-R25E * Unit G * SWNE
Eddy County, NM



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

RESERVOIR



ROAD
AOY



105 SOUTH FOURTH (575) 748-1471
ARTEZIA, NEW MEXICO 88210



LEGEND

- OIL WELL PROPOSED
- GAS WELL
- OIL WELL
- GPS ROADS

- FEDERAL MINERALS
- NM STATE
- US BUREAU OF LAND MANAGEMENT

DRAWN BY: JAH
DATE DRAWN: 07-05-13
COUNTY: EDDY
STATE: NEW MEXICO
SHEET NUMBER: 1 OF 1
SCALE: 1" = 1/16 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
THEREON.
NOR 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.

NDDUP

NIT#66H

NDDUP
UNIT #46

PATRIOT

BATT

OSAGE

BATT

BATT
BATT

TITLE:

SURFACE RELEASE AGREEMENT

I J. T. Ross, Of the County of Eddy
in the state of NEW MEXICO, am the surface owner of the lands described
below. I do hereby give authorization to the Bureau of Land Management to enter said
lands associated with the Yates Petroleum facility listed below. I further hereby give
authorization to enter any gates and use any roadways located on surface lands owned by
me that is needed to access the location described as:

Patriot/Rodke Battery _____
Sec 21-T19S-R25E (SWNE) _____
Eddy County, NM _____

J. T. Ross
Surface Owner
P.O. Box 216
Lakewood, NM 88254
Address

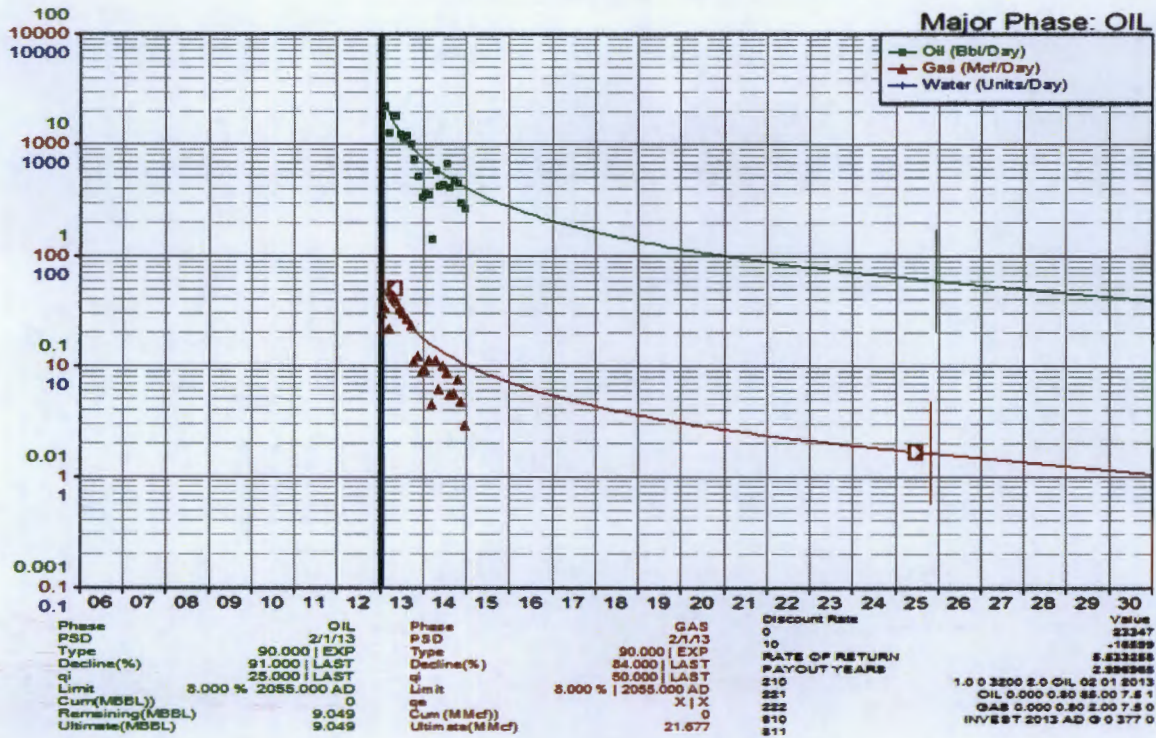
EUR FOR YPC OPERATED YESO RECOMPLETIONS OF DAGGER DRAW WELLS

The average AFE for these wells is \$377K with an estimated rate of return of 5.5% or a value of \$23,347 using the power tools generated type curve, so the cost of building a battery would have a negative value of <\$126,653>.

The type curve was generated with power tools using the wells listed below.

	OIL EUR	GAS EUR	GOR
AMOLE AMM STATE COM 2	4,783	6,838	1.43
PATRIOT AIZ 6	13,784	60,023	4.35
CUTTER APC 1	15,290	54,772	3.58
AMOLE AMM STATE COM 4	13,115	17,883	1.36
TACKITT AOT 1	6,445	12,780	1.98
ROSS EG FEDERAL 8	4,236	6,654	1.57
BOYD X STATE 12	5,303	6,529	1.23
TACKITT AOT 2	7,471	12,558	1.68
RODKE AOY 1	6,695	15,282	2.28
AVERAGE	8,569	21,480	2.16

AVERAGE DAGGER DRAW YESO RECOMPLETION
 BASED ON POWER TOOLS TYPE CURVE OF
 SYPC OPERATED DAGGER DRAW YESO RECOMPLETIONS



OGRE(R) V2.6 BTAX
 FILE NAME: DDYESO~1(1)
 CASE NAME: DD YESO RECOMPL TYPE CURVE
 101 DD YESO RECOMPL TYPE CURVE
 104 SEVEN RIVERS NORTH GLORIETA YESO
 105 YATES PETROLEUM CORPORATION

D A T A R E P O R T

DATE: 06/14/13
 TIME: 09:15:20

117 CASE \$COM
 120 1 2013 12 1 1 2013 10 M

	W.I. FRACTION	OP. COST (\$/w/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD. DATE (MO/DY/YR)				
210	1.00000000	.00	3200.00	2.000	OIL	2/01/2013				
	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH			
221	OIL	.000	.80000000	85.000	7.500	1.0				
222	GAS	.000	.80000000	2.000	7.500	.0				
223	WATER	.000	.00000000	.000	.000	.0				
	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT	(M OR Y)	CALC VALUE		
405	OIL	90.000	91.000	25.000	X	8.000	%	D		
CALC	OIL	90.000END=	8.000	25.000	.596	12.948	YRS	D	11.816	MBBL
406	OIL	EXP	LAST	LAST	X	2055.000	AD	D		
CALC	OIL	EXP	END=	8.000	.596	42.000	YRS	D	14.192	MBBL
410	GAS	90.000	84.000	50.000	X	8.000	%	D		
CALC	GAS	90.000END=	8.000	50.000	1.614	12.803	YRS	D	28.940	MMCF
411	GAS	EXP	LAST	LAST	X	2055.000	AD	D		
CALC	GAS	EXP	END=	8.000	1.614	42.000	YRS	D	35.386	MMCF
	INV NAME	INV. POINT	(G OR N)	TANG-M\$	INTANG-M\$	LSEHLD-M\$	RISK FRAC	OVHD FLAG		
810	INVEST	2013.000	AD	G	.000	377.000	.000			
ECONOMIC LIFE (YRS): 5.000										
GROSS OIL (MBBL): 9.049										
GROSS GAS (MMCF): 21.677										

DATE: 06/14/13
TIME: 09:15:20
FILE: DDYESO~1
PROP: 1
STID: BASE
.CMD: CURRENT:
.OUT: SAMPLE
M CORPORATION

RESERVES AND ECONOMICS

YATES PETROLEUM CORPORATION

AS OF JANUARY 1, 2013

--END-- MO-YR	---GROSS PRODUCTION---			---NET PRODUCTION---			---PRICES---		---OPERATIONS, M\$---		CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	10.00 PCT CUM. DISC BTAX, M\$	
	OIL, MMBL	GAS, MCMCF	MMCF	OIL, MMBL	GAS, MCMCF	MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES				NET OPER EXPENSES
12-13	4.338	9.687		3.470	7.750		85.00	2.00	310.450	29.027	35.200	377.000	-130.777	-143.166
12-14	1.974	4.903		1.579	3.922		85.00	2.00	142.059	13.282	38.400	.000	90.377	-64.829
12-15	1.208	3.096		.966	2.477		85.00	2.00	87.064	8.141	38.400	.000	40.523	-32.897
12-16	.863	2.242		.690	1.794		85.00	2.00	62.238	5.819	38.400	.000	18.019	-19.989
12-17	.666	1.749		.533	1.399		85.00	2.00	48.103	4.498	38.400	.000	5.205	-16.599
S TOT	9.049	21.677		7.238	17.342		85.00	2.00	649.914	60.767	188.800	377.000	23.347	-16.599
REM.	.000	.000		.000	.000		.00	.00	.000	.000	.000	.000	.000	-16.599
TOTAL	9.049	21.677		7.238	17.342		85.00	2.00	649.914	60.767	188.800	377.000	23.347	-16.599
CUM.	.000	.000												
ULT.	9.049	21.677												
-----PRESENT WORTH PROFILE-----														
BTAX RATE OF RETURN (PCT)										615.230	DISC RATE	PW OF NET BTAX, M\$	DISC RATE	PW OF NET BTAX, M\$
BTAX PAYOUT										34.684				
BTAX PAYOUT (DISC)										649.914				
BTAX NET INCOME/INVEST														
BTAX NET INCOME/INVEST (DISC)														
PROJECT LIFE (YEARS)										5.000		23.347	30.0	-72.601
DISCOUNT RATE (PCT)										10.000	2.0	14.467	35.0	-83.311
GROSS OIL WELLS										1.000	5.0	2.039	40.0	-93.073
GROSS GAS WELLS										.000	8.0	-9.432	45.0	-102.011
GROSS WELLS										1.000	10.0	-16.599	50.0	-110.230
											12.0	-23.419	60.0	-124.843
INITIAL NET OIL FRACTION										.800000	15.0	-33.049	70.0	-137.466
FINAL NET OIL FRACTION										.800000	18.0	-42.026	80.0	-148.497
INITIAL NET GAS FRACTION										.800000	20.0	-47.680	90.0	-158.236
FINAL NET GAS FRACTION										.800000	25.0	-60.785	100.0	-166.911
WATER	GROSS PROD. (MU)			.000	WATER	NET PRODUCTION (MU)			.000	WATER	NET REVENUES (M\$)			.000

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

July 9, 2013

RE: Off Lease Measurement
NDDUP Unit #46
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to off lease measure production from the NDDUP unit #46.

The production will be measured and sold at the Patriot AIZ tank battery facilities located at Sec. 21-T19S-25E.

Oil measurement

Tanks will be isolated and no surface commingling will take place.

Gas Measurement

The well will have its own meter and no surface commingle will take place.

All equipment is located on Fee land and waiver to access property will be sent to BLM.

All gate combinations will be sent to BLM office via email.

By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not reduce royalty or improper measurement of production.

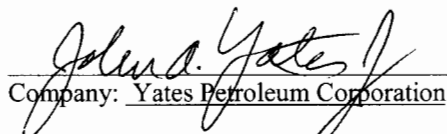
We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

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

Sincerely,

Miriam Morales
Production Analyst

I hereby approve this application


Company: Yates Petroleum Corporation

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
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July 9, 2013

RE: Off Lease Measurement
NDDUP Unit #46
Eddy County, New Mexico

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By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not reduce royalty or improper measurement of production.

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.

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

Sincerely,

Miriam Morales
Production Analyst

I hereby approve this application

Company: MYCO Industries, Inc.

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

July 9, 2013

RE: Off Lease Measurement
NDDUP Unit #46
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to off lease measure production from the NDDUP unit #46.

The production will be measured and sold at the Patriot AIZ tank battery facilities located at Sec. 21-T19S-25E.

Oil measurement

Tanks will be isolated and no surface commingling will take place.

Gas Measurement

The well will have its own meter and no surface commingle will take place.

All equipment is located on Fee land and waiver to access property will be sent to BLM.

All gate combinations will be sent to BLM office via email.

By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not reduce royalty or improper measurement of production.

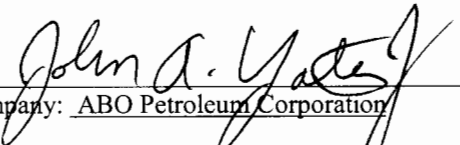
We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

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

Sincerely,

Miriam Morales
Production Analyst

I hereby approve this application


Company: ABO Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
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JAMES S. BROWN
CHIEF OPERATING OFFICER

July 9, 2013

RE: Off Lease Measurement
NDDUP Unit #46
Eddy County, New Mexico

Dear Interest Owner,

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The production will be measured and sold at the Patriot AIZ tank battery facilities located at Sec. 21-T19S-25E.

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Gas Measurement

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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.

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

Sincerely,

Miriam Morales
Production Analyst

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



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ARTESIA, NEW MEXICO 88210-2118

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www.yatespetroleum.com

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PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

July 9, 2013

RE: Off Lease Measurement
NDDUP Unit #46
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to off lease measure production from the NDDUP unit #46.

The production will be measured and sold at the Patriot AIZ tank battery facilities located at Sec. 21-T19S-25E.

Oil measurement

Tanks will be isolated and no surface commingling will take place.

Gas Measurement

The well will have its own meter and no surface commingle will take place.

All equipment is located on Fee land and waiver to access property will be sent to BLM.

All gate combinations will be sent to BLM office via email.

By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not reduce royalty or improper measurement of production.

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.

Any objections must be filed in writing with the Oil Conservation Division 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 should have any questions, please call me at (575) 748-4200 (direct line)

Sincerely,

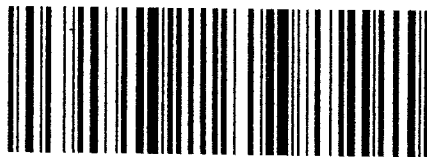
Miriam Morales
Production Analyst



YATES BUILDING - 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

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City, State, ZIP+4
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NEARBURG EXPLORATION CO LLC
P O BOX 678100
DALLAS, TX 75267-8100

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1. Article Addressed to:

NEARBURG EXPLORATION CO LLC
P O BOX 678100
DALLAS, TX 75267-8100

2. Article Number
(Transfer from s)

7012 3460 0001 7460 0313

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A. Signature

X

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
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3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



YATES BUILDING - 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL™



7012 3460 0001 7460 0795

7012 3460 0001 7460 0795

Sent To
Street, Apt. No.,
or PO Box No. 105 S 4TH STREET
City, State, ZIP+4 ARTESIA, NM 88210
PS Form 3800, August 2006 See Reverse for Instructions

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NM 88210

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1. Article Addressed to:

TULIPAN LLC
105 S 4TH STREET
ARTESIA, NM 88210

2. Article Number
(Transfer from st

7012 3460 0001 7460 0795

COMPLETE THIS SECTION ON DELIVERY

A. Signature

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☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes



YATES BUILDING - 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

ADDRESS SERVICE REQUESTED

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7012 3460 0001 7460 0788

Sent To
Street, Apt. No.
or PO Box No.
City, State, ZIP
SANTO LEGADO LLLP
P O BOX 1020
ARTESIA, NM 88211-1020

PS Form 3800, August 2006
See Reverse for Instructions

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Return Receipt Fee
(Endorsement Required)
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Restricted Delivery Fee
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\$
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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

SANTO LEGADO LLLP
P O BOX 1020
ARTESIA, NM 88211-1020

2. Article Number
(Transfer from s

7012 3460 0001 7460 0788

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A. Signature
X
☐ Agent
☐ Addressee

B. Received by (Printed Name)
C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

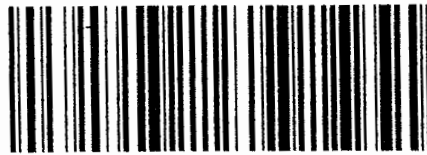
3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes



YATES BUILDING - 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

ADDRESS SERVICE REQUESTED



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7012 3460 0001 7460 0290

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or PO Box No.
City, State, ZIP+
PS Form 3800, August 2006 See Reverse for Instructions

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JUSTIES LLC
91
M 88211-1091

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

YATES INDUSTRIES LLC
P O BOX 1091
ARTESIA, NM 88211-1091

2. Article Number
(Transfer from s

7012 3460 0001 7460 0290

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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☐ Agent
☐ Addressee

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C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

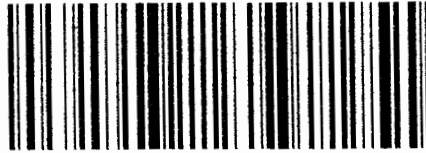
4. Restricted Delivery? (Extra Fee) ☐ Yes

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ADDRESS SERVICE REQUESTED



7012 3460 0001 7460 0801

7012 3460 0001 7460 0801

Sent To OXY-Y-1 Company
Street, Apt. No., P.O. Box 841803
or PO Box No.
City, State, ZIP+4 Dallas, TX 75284-1803

PS Form 3800, August 2005

See Reverse for Instructions

Postage \$
Certified Fee
Return Receipt Fee
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Restricted Delivery Fee
(Endorsement Required)
Total Postage & Fees \$

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Company
803
5284-1803

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

OXY-Y-1 Company
P.O. Box 841803
Dallas, TX 75284-1803

2. Article Number
(Transfer from se

7012 3460 0001 7460 0801

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes