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

		ADMINIOTHATIVE ALL		
Т	HIS CHECKLIST IS N	MANDATORY FOR ALL ADMINISTRATIVE APPLICATION WHICH REQUIRE PROCESSING AT		
Applic	cation Acronym	is:	•	5wells
	[NSL-Non-Sta	indard Location] [NSP-Non-Standard	Proration Unit] [SD-Simultaneo	us Dedication]
	[PC-Pe	ool Commingling] [OLS - Off-Lease	(-Pressure Maintenance Expans ⁽ -Injection Pressure Increase]	nsurement] sion]
717	-	•		· · · · · · · · · · · · · · · · · · ·
[1]	[A]	PPLICATION - Check Those Which A Location - Spacing Unit - Simultane NSL NSP SD		
	Check	k One Only for [B] or [C]		
	[B]	Commingling - Storage - Measurement DHC CTB PLC	ent PC OLS OLM	ſ
	[C]	Injection - Disposal - Pressure Increa	ase - Enhanced Oil Recovery IPI	
	[D]	Other: Specify		
701	NOTIFICAT	NON PROJECTION OF A TELE	STATE A 1 December A	1
[2]	NOTIFICAT [A]	TION REQUIRED TO: - Check Those Working, Royalty or Overriding		ppıy
	[B]	Offset Operators, Leaseholders	or Surface Owner	
	[C]	Application is One Which Requ	nires Published Legal Notice	
	[D]	Notification and/or Concurrent U.S. Bureau of Land Management - Commission		Į.
	[E] .	For all of the above, Proof of N	otification or Publication is Attac	ched, and/or,
	[F]	Waivers are Attached		
[3]		CCURATE AND COMPLETE INFO ATION INDICATED ABOVE.	RMATION REQUIRED TO P	ROCESS THE TYPE
	val is <mark>accurate</mark> a	TION: I hereby certify that the informand complete to the best of my knowled equired information and notifications are	dge. I also understand that no ac	
	Note	: Statement must be completed by an individ	ual with managerial and/or supervisor	y capacity.
Miriam	Morales	I leven I love	Production Analyst	3/14/12
	or Type Name	Signature Signature	Title	Date
			- /	lanna a dina
	<i>C.</i>	てヤー 64	mmorales@yatespetro e-mail Address	euin.com

District I

1625 N. French Drive, Hobbs, NM 88240

District II

1301 W. Grand Ave. Artesia, NM, 88210

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

E-MAIL ADDRESS: <u>mmorales@yatespetrolem.com</u>

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.

APPLICA	TION FOR SURFACE	COMMINGLING	(DIVERSE	OWNERSHIP)	
OPERATOR NAME:	Yates Petroleum Corporation				
OPERATOR ADDRESS:	105 South Fourth St. Artesia, I	NM 88210	<u> </u>	·	
☐ Pool Commingling ☐ Lease	Commingling Pool and Lease Co	mmingling	Storage and Measur	rement (Only if not Surface	Commingled)
Is this an Amendment to exis Have the Bureau of Land Ma Yes No	ting Order? Yes No If nagement BLM and State Land	"Yes", please include d office (SLO) been no	the appropriate C tified in writing o	Order No of the proposed comm	ingling
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
	,				
•					
(4) Measurement type: $\square M$	etering Other (Specify)			ing should be approved	
(2) Is all production from same(3) Has all interest owners been	e source of supply? Yes Notified by certified mail of the pro		⊠Yes □N	0	
(1) C 1. C		ts with the following in	nformation		
(1) Complete Sections A and E	·				
	• /				
-	source of supply? Yes N				
Department Dep					
	• •	•	4.4	ypes)	
(2) A plat with lease boundaries (3) Lease Names, Lease and W	cility, including legal location. ss showing all well and facility locat ell Numbers, and API Numbers.	ions. Include lease number	ers if Federal or Sta	ate lands are involved.	
I hereby certify that the informati	on above is true and complete to the	best of my knowledge an	nd belief.		
SIGNATURE Julius	Affriles T	ITLE:_Production Analys	st	DATE: 3//0	11/2
TYPE OR PRINT NAME Min	am Morales		TEL	EPHONE NO.: <u>(575) 74</u>	8-1471

Form 3160-5 (August 2007)

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.
NM-81952
6. If Indian, Allottee or Tribe Name

			i	
The second state of the second state of the second	PLICATE - Other in	structions on page 2.	7. If Unit or	CA/Agreement, Name and/or No.
Type of Well Oil Well Ga:	s Well Other	PA	8. Well Nan	ne and No.
2. Name of Operator	·		Llama A	LL Federal Com #9H
Yates Petroleum Corporation			9. API Well	
3a. Address	0040	3b. Phone No. (include area cod	· -	
105 S. 4th Str., Artesia, NM 8 4. Location of Well (Footage, Sec., T., R., M.,		575-748-1471		d Pool or Exploratory Area ake; Delaware
330' FSL & 430' FWL Sec. 7-T		SWSW Surface		or Parish, State
330' FNL & 430' FWL Sec. 7-T	•			ounty, New Mexico
		NOTICE, REPORT, O		
TYPE OF SUBMISSION		OF ACTION		
	Acidize	Deepen	Production (Start/Resume)	Water Shut-Off
X Notice of Intent	Alter Casing	Fracture Treat	Reclamation	Well Integrity
	Casing Repair	New Construction	Recomplete	Cther Surface/
Subsequent Report	Change Plans	Plug and Abandon	Temporarily Abandon	Lease Commingle
Final Abandonment Notice	Convert to Injection	Plug Back	Water Disposal	Oil only
following completion of the involved operations testing has been completed. Final Abandonme determined that the site is ready for final inspective of the property of the Petroleum respectfully	nt Notices must be filed only after tion.	er all requirements, including reclamati	on, have been completed and the ope	erator has .
wells:	14	41 411 5		
Llama ALL Federal # Cabin Lake/Delawe	-1	Llama ALL Fed Cabin Lake/De		
Sec. 7-T22S-R31E		Sec. 7-T22S-R		
API #30-015-28093		API #30-015-3	· - ·	
Fed. Lease #NM-819	952	Fed. Lease #N		
Eddy County, NM		Eddy County, N	1M	
14. I hereby certify that the foregoing is true	and correct		*******	
Name (Printed/Typed) Miriam M	orales	Title Produ	ction Analyst	
Signature & Ciciana a	1 Corales	Date 3/14/	1,2	
	THIS SPACE	FOR FEDERAL OR STATE (OFFICE USE	
Approved by		Title		Date

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

Office

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.

Continuation of Llama ALL Federal Com #9H Surface/Lease Commingle oil only application sundry

Llama ALL Federal #5 Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-34298 Fed. Lease #NM-81952

Llama ALL Federal Com #9H(not yet drilled) Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37189

Fed. Lease #NM-81952, LC -069509

Sec. 7-T22S-R31E API #30-015-37190 Fed. Lease #NM-81952 Eddy County, NM

Llama ALL Federal #10H

Cabin Lake/Delaware

Eddy County, NM Eddy County, NM

The battery is located at the Llama ALL Federal #1.

Ownership between the #1,4,5, and #10H is identical; however the #9H will have diversified ownership. All notifications to owners and in house waivers are attached.

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 Llama ALL Federal Com #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.

Estimated daily oiLproduction for the Llama #1 is 23 BOPD, for the Llama #4 is 20 BOPD, for the Llama #5 is 9 BOPD, for the Llama #10H is 326 BOPD and the Llama #9H is estimated 500 BOPD Average gravity 38.9.

The purpose of the Surface/Lease Commingle of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and 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 built separate facilities for this well. This will greatly increase costs and shorten the economic life of the well.

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

1	API Number			² Pool Code		EAGE DEDIC	³ Pool Na		,		
					•						
30-	-015-2809	93		08435			Cabin Lake I	elaware 💮	5		
⁴ Property (Code				4 v	Vell Number					
15601					Llama ALL	Federal	•	ļ	1		
OGRID :	No.		-		. ,	Elevation					
02557			Ya	3351'GR							
					¹⁰ Surface	Location					
UL or lot no.	Section	Township Range		Feet from the	North/South line F	Feet from the	East/West line	County			
M	7	22S	31E		330	South	950	West	Eddy		
			11 Bc	ottom Ho	le Location I	f Different From	n Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
² Dedicated Acre	s ¹³ Joint	or infill 14	Consolidatio	n Code 15 Or	rđer 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 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Tina Huerta RECEIVED Regulatory Compliance Supervisor MAY 1 8 2004 Title and E-mail Address BEB-ARTESIA May 12, 2004 18SURVEYOR 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

District 1

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. St. Francis Dr., Santa Fe, NM 87505

District IV

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised June 10, 2003 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1	API Number		T	¹ Pool Code		³ Pool Name					
30-	015-3429) 7		08435			Cabin Lake I	Delaw are			
⁴ Property Co	ode				⁵ Property N	lame	~ -		4 Well Number		
15601					4						
⁷ OGRID N	io.			Operator Name						* Elevation	
025575	5			Yates Petroleum Corporation						3348'GL	
				***************************************	¹⁰ Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
N	7	22S	31E		330	South	1650	We	st	Eddy	
		-	11 Bc	ottom Ho	le Location I	f Different From	n Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
									1		
12 Dedicated Acres	s 13 Joint	or Infill 14 (Consolidation	n Code 15 O	rder No.						
40											

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
		REC	EIVED	is true and complete to the best of my knowledge and belief.
,			0 1 2006	Jima Huerta
		QCD:	ARTERNA	Signature
				Tina Huerta Printed Name
				Regulatory Compliance Supervisor
i I				Title and E-mail Address
				January 30, 2006
·				Date
				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.
<u>.</u> .				Date of Survey
	N			Signature and Scal of Professional Surveyor:
1620,M				
	330'5			Certificate Nuruber

rench Dr., Hobbs, NM 88240
£111
of W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

12 Dedicated Acres

40

13 Joint or Infill

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Number			Pool Code			Pool Na				
30-	-015-342	98	L	08435			Cabin Lake J	Jelaware			
⁴ Property (Code				⁵ Property ?	lame			* Well Number		
15601	1					5					
OGRID !	Vo.					⁹ Elevation					
02557	5			Yates Petroleum Corporation 3368							
					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		
0	7	22S	31E		330	South	1650	East	Eddy		
			11 Bo	ottom Ho	le Location I	f Different From	m Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
		1					ļ				

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

14 Consolidation Code

15 Order No.

	5171112	ARD UNII HAS BEEN	MITAG VED DI ME	
16			RECEIVED	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein
			1477717	is true and complete to the best of my knowledge and
			JAN 2 7 2006	belief.
			OUU-MITTEDW.	Signature Signature
				Tina Huerta
				Printed Name
				Regulatory Compliance Supervisor
				Title and E-mail Address
			,	January 25, 2006
		•		Date
				18SURVEYOR 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.
				Date of Survey
		, , , , , , , , , , , , , , , , , , ,		Signature and Seal of Professional Surveyor:
				Opening and or a rote source of the rote o
			:	
		И е	1450'E	
		930,		Certificate Number
	1			<u> </u>

DISTRICT I 1656 M. Franch Dr., Hobbs, 101 80500 DISTRICT II

1201 V. Grand Arenno, Artesia. III 22210

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102 Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT III 1000 He Brezoe Rd., Asteo, NM 87410

DISTRICT IV
1820 S. St. Premais Dr., Sunta Pa, 306 07506

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

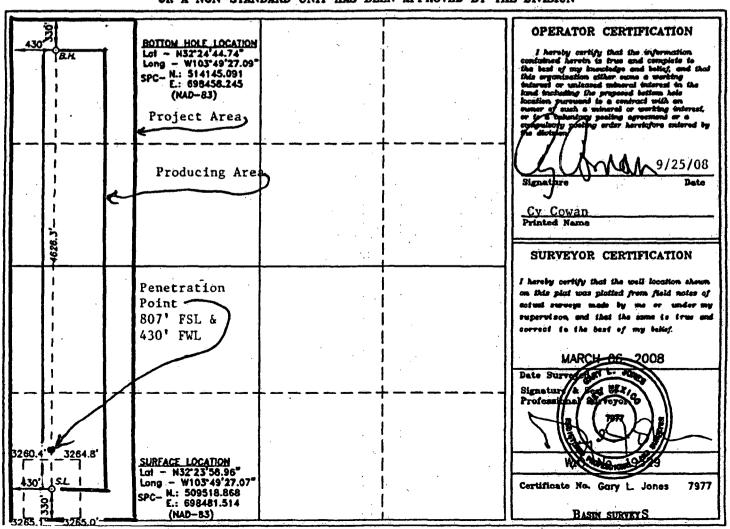
Santa Fe, New Mexico 87505

CI AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	Mumber) 5-3	7189	5	Pool Gode 3435		Cabin Lake; Pool Namo Livingston Ridge Delaware							
Property				LLAM	Proporty Nan A ALL FEDE			Well Number 9H					
002557	9.			YATE		Revation 3261							
Surface Location													
UL or lot No.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Foot from the	East/West line	County				
М	7	22 S	31. E		330	SOUTH	430	WEST	EDDY				
			Bottom	Hole Lo	cation If Diffe	erent From Sur	face						
UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County				
D	7	22 S	31 E		330	NORTH	430 ຶ	WEST	EDDY				
Dedicated Acres	Joint o	Infill Co	nsolidation	Code Or	der No.		·						
W2W2 160													

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



DISTRICT I 1825 N French Dr., Hobbs, NM 88240 DISTRICT II 1301 W. Grand Avenue, Artesia, NM 88210

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102 Revised July 16, 2010

Submit one copy to appropriate District Office

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV 1220 S. St. Prancis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

WELL LOCATION AND ACREAGE DEDICATION PLAT

Santa Fe, New Mexico 87505

AMENDED REPORT

API Number 30-015-37190	Pool Code 08435	• • • • • • • • • • • • • • • • • • • •		
Property Code	Property		Well Number	
37765	Llama ALI		10H	
ogrid No.	Operator	Name	Elevation	
025575	Yates Petro	Dleum Corporatin	3356 GR	

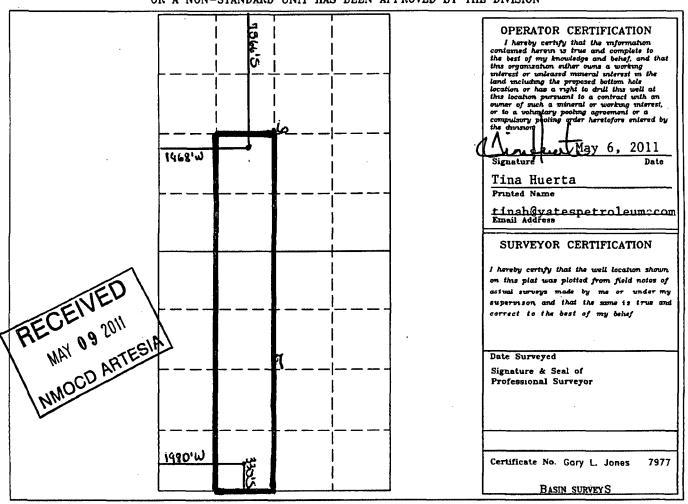
Surface Location

UL or lot No.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	228	31E		330	South	1980	West	Eddy

Bottom Hole Location If. Different From Surface

UL or lot No.	Section 6	Townshi 22S		Lot Idn	Feet from the 7566	North/South line South	Feet from the	East/West line West	County Eddy
Dedicated Acres	Joint o	r infill	Consolidation	Code 0	rder No.				
240			•	İ					

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

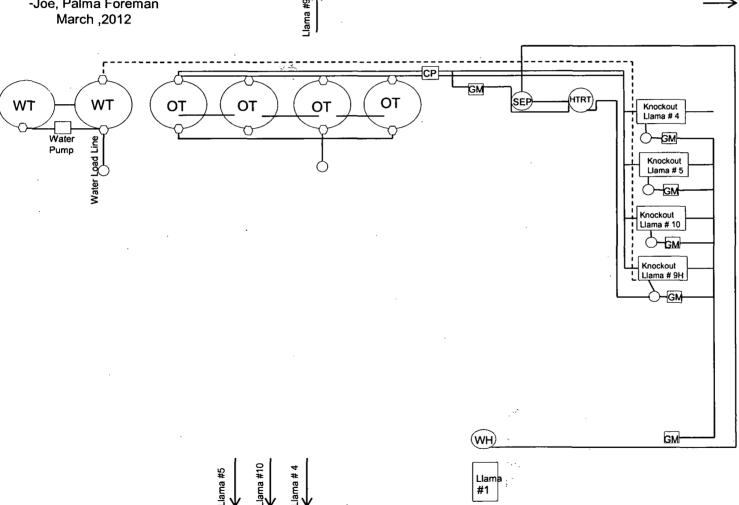


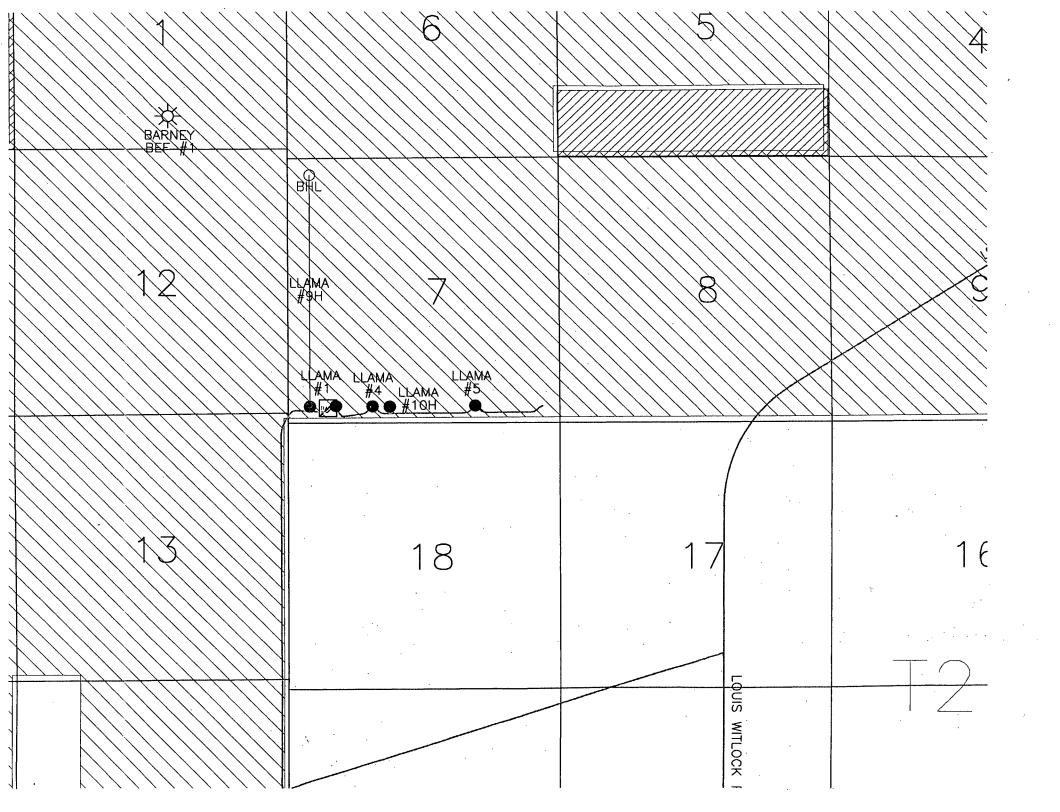
LLAMA BATTERY

330' FSL & 950' FWL * Sec7 - T22S R31E * Unit M **Eddy County, NM** API - 300152809300

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

-Joe, Palma Foreman





A 40	A 40	д 40	a 40	A 40	A 40 2	5 40 A	39.44	A 40	A 40 3	O 40 A	A 40 2	9 40 A	A 40
26 40 A	A 40	A 40	A 40	A 40	A 40	A 40	³∟.4 39.52	д 40	д 40	a 40	a 40	A 40	A 40
A 40	A 40	A.40	A 40		A 40	а 40	L 1 39.58	A 40	a 40	A 40	V 34 24 3	A.40	a ∛40
A 40	а 40 -35	a 40	A.40	LS 30E A 40	A 40	a 40	L 2 39.62	a 40	a 40	á 40	215-31 A 40	д 40	а 40
A 40	A 40	a 40	a 40	A 40	6 a 40	A 40	L 3 39.66	3 A 40	1 A 40	A 40	A 40	─32 A 40	A 40
a 40	A 40	a 40	a 40	A 40	A 40	A.40	L 4 39.68	A 40	ā 40	A:40	A 40	A 40	A 40
40.4 L 3	40.36 • L 2	40.34 L 1	40.28 L 4	40.2 L 3	L 2 40.12	40.04 L 1	L 4 39.75	L 3 39.97	39.91	29/96	39.86 L 4	39.91 L 3	39.95 L 2
а 40	а 40 —2	д 40	a 40	A 40	a 40	a 40	39.75	1/40/		4 9 0/	a 40	A 40	A 40
A 40	д 40	а 40	A 40	а 40	a 40	a 40	39/17	A 40	40	x/40/	A 40	5 д 40	A 40
a 40	a 40	A 40	A 40	A 40	a 40	a 40	39,79	x/40/	<i>A A</i> 0 /	4/40/	A 40	A 40	A 40
A 40	A 40	A 40	A 40	A 40	A 40	a 40	39.82	A 49	49/	4/40/	100000000000000000000000000000000000000	д 40	A 40
д 40	A 40 11	a 40	25 30E A 40	A'40 1	A 40	a 40	L 2 39:85	4/40/	N 40	440	225-31 A 40	A 40	A 40
д 40	д 40	a 40	a 40	x 40	A 40	a 40	7 V 3/ 29/89	40)	40/	a/40	ă 40	8 A 40	A 40
A 40	a 40	а 40	A 40	A 40	A 40	ă 40	39.92	j 46/	9/40/	1/40/	a 40	A 40	A 40
A 40	а 40	a 40	д 40	a 40 1	A 40	a 40	39.98 1	A 40	1	Δ 40	ā 40	A 40	À 40
4 ₄₀	A.40	A 40	a 40	д 40	a 40	а 40	L 2 40.05	THE STREET, SEE	8 a 40	ā 40	a 740	17_ a 40	A 40
A 40	à 40	A 40	A 40	a 40	a 40	д 40	L®3 40.13	A 40	A 40	A 40	A 40	A∛40	A 40

NM 81952 Lts. 1, 2, 6, 7; SZNE, EZ SW, SE Sec. 6 Lts. 1, 3,4; E2, E2w2 Sec. 7

LC069509 Lt. 2, Sec 7

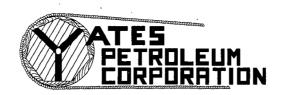
T 225, R31

No warranty is made by the BLM for the use of the data for purposes not intended by the 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

JOHN A. YATES

JOHN A. YATES JR. PRESIDENT

SCOTT M. YATES VICE PRESIDENT

JAMES S. BROWN CHIEF OPERATING OFFICER

JOHN D. PERINI CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA CHIEF ADMINISTRATIVE OFFICER

March 12, 2012

RE: Surface/Lease commingle oil only Llama ALL Federal Com #9H Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of a Surface/lease Commingle oil only on the following wells:

Llama ALL Federal #1 Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-28093 Fed. Lease #NM-81952 Eddy County, NM

Llama ALL Federal #4 Cabin Lake/Delaware Sec. 7-T22S-R31E #30-015-34297 Fed. Lease #NM-81952

Eddy County, NM

Llama ALL Federal #5 Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-34298 Fed. Lease #NM-81952 Eddy County, NM

Llama ALL Federal Com #9H (not yet drilled) Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37189 Fed. Lease #NM-81952, LC-069509 Eddy County, NM

Llama ALL Federal #10H Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37190 Fed. Lease #NM-81952 Eddy County, NM

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Oil Measurement

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Estimated daily oil production for the Llama #1 is 23 BOPD, for the Llama #4 is 20BOPD, for the Llama #5 is 9 BOPD, for the Llama #10H is 326 BOPD, and the Llama #9H is estimated for 500 BOPD.

The purpose of the Surface/lease commingle of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not result in reduced royalty or improper measurement or production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for this well. This will greatly increase costs and shorten the economic life of the well.

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

Sincerely

Miriam Morales **Production Analyst**

I hereby approve this application

MYCO Industries, INC

MARTIN YATES, III 1912-1985

FRANK W. YATES 1936-1986

S.P. YATES



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

JOHN A. YATEŚ CHAIRMAN OF THE BOARD

JOHN A. YATES JR.

SCOTT M. YATES

JAMES S. BROWN CHIEF OPERATING OFFICER

JOHN D. PERINI

JORGE S. MENDOZA CHIEF ADMINISTRATIVE OFFICER

March 12, 2012

RE: Surface/Lease commingle oil only Llama ALL Federal Com #9H Eddy County, New Mexico

Dear Interest Owner.

Yates Petroleum is notifying you of a Surface/lease Commingle oil only on the following wells:

Llama ALL Federal #1 Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-28093 Fed. Lease #NM-81952

Sec. 7-T22S-R31E #30-015-34297 Eddy County, NM Eddy County, NM

Llama ALL Federal #4 Llama ALL Federal #5 Cabin Lake/Delaware Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-34298 Fed. Lease #NM-81952 Fed. Lease #NM-81952 Eddy County, NM

Llama ALL Federal Com #9H (not yet drilled) Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37189 Fed. Lease #NM-81952, LC-069509 Eddy County, NM

Llama ALL Federal #10H Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37190 Fed. Lease #NM-81952 Eddy County, NM

The battery is located at the Llama ALL Federal #1.

Ownership between the #1, 4, 5, and #10H is identical; however, the #9H will have 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 Hama ALL Federal.#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.

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

Sincerely,

Miriam Morales **Production Analyst**

I hereby approve this application

ABO Petroleum Corporation

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.

SCOTT M. YATES VICE PRESIDENT

JAMES S. BROWN CHIEF OPERATING OFFICER

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JORGE S. MENDOZA

March 12, 2012

RE: Surface/Lease commingle oil only Llama ALL Federal Com #9H Eddy County, New Mexico

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Eddy County, NM

Llama ALL Federal #4 Cabin Lake/Delaware Sec. 7-T22S-R31E #30-015-34297 Fed. Lease #NM-81952

Eddy County, NM

Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-34298 Fed. Lease #NM-81952 Eddy County, NM

Llama ALL Federal #5

Llama ALL Federal Com #9H (not yet drilled) Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37189 Fed. Lease #NM-81952, LC-069509 Eddy County, NM

Llama ALL Federal #10H Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37190 Fed. Lease #NM-81952 Eddy County, NM

The battery is located at the Llama ALL Federal #1.

Ownership between the #1, 4, 5, and #10H is identical; however, the #9H will have diversified ownership.

Oil Measurement

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

Sincerely 2

Miriam Morales **Production Analyst**

I hereby approve this application

Petroleum Corporation

KATHY H. PORTER SECRETARY

DENNIS G. KINSEY TREASURER

MARTIN YATES, III

FRANK W. YATES 1936-1986

S.P. YATES



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

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JOHN A. YATES JR.

SCOTT M. YATES

JAMES S. BROWN CHIEF OPERATING OFFICER

JOHN D. PERINI CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

March 12, 2012

RE: Surface/Lease commingle oil only Llama ALL Federal Com #9H Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from Bureau of Land Management and Oil Conservation Division for a Surface/lease Commingle oil only on the following wells:

Llama ALL Federal #1 Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-28093 Fed. Lease #NM-81952 Eddy County, NM Llama ALL Federal #4 Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-34297 Fed. Lease #NM-81952 Eddy County, NM Llama ALL Federal #5 Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-34298 Fed. Lease #NM-81952 Eddy County, NM

Llama ALL Federal Com #9H (not yet drilled)
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-37189
Fed. Lease #NM-81952, LC-069509
Eddy County, NM

Llama ALL Federal #10H Cabin Lake/Delaware Sec. 7-T22S-R31E API #30-015-37190 Fed. Lease #NM-81952 Eddy County, NM

The battery is located at the Llama ALL Federal #1. Please see attached plats and site security diagram.

Ownership between the #1, 4, 5, and #10H is identical; however, the #9H will have diversified ownership.

Oil Measurement

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The purpose of the Surface/lease commingle of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and 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 this 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).

Miriam Morales

Production Analyst

in Nachs



YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

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Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. Print your name and address on the reverse	A Signature ☐ Agent ☐ Addressee
so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delivery
Article Addressed to:	D. Is delivery address different from Item 1? ☐ Yes ☐ No. ☐ No.
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	☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D ☐ Yes ☐ Yes
2: Article Number 7010 2780 0002	8287 9362

建筑(44).



YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

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YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

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YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

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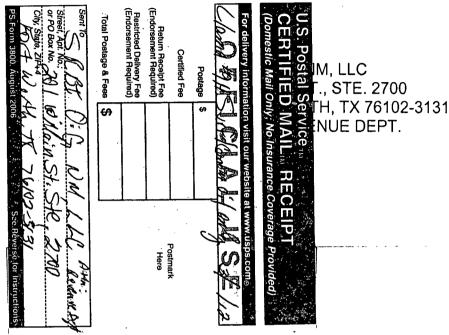
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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse.	A' Signature X □ Agent □ Addressee
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YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

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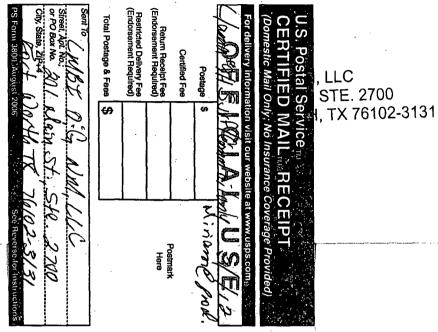
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YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse	A Signature ☐ Agent X
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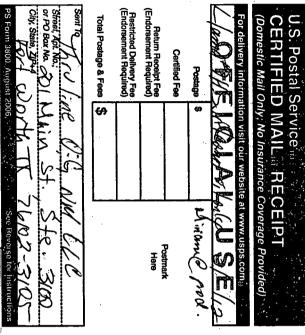
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YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

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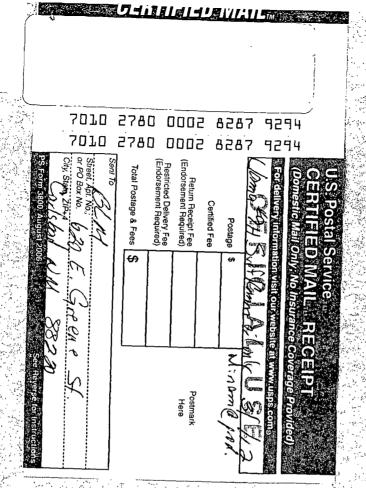
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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse	rA Signature X □ Agent Addressee	
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Yates Petroleum Corporation 105 South 4th Street Artesia, NM 88210



Bureau of Land Management 620 E. Greene St. Carlsbad, NM 88220