

DATE IN <b>4.4.12</b>	SUSPENSE	ENGINEER <b>RE</b>	LOGGED IN <b>4.4.12</b>	TYPE <b>PLC</b>	APP NO <b>120955/1003</b>
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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



*Yates 25575*  
**RECEIVED OGD**  
*Canyon BTH Stat Com 2H*

**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 Addition to PLC-316**

**[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

*4/2/12*  
 Date

mmorales@yatespetroleum.com

e-mail Address

**PLC - 316 - A**

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised June 10, 2003

**OIL CONSERVATION DIVISION**

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

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

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Yates Petroleum Corporation

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

APPLICATION TYPE:

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

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. PLC-316

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
Pierce Crossing-Bone Spring 96473	41.0				
Nash Draw-Del/BoneSp(Av Sand) 47545	41.0				

(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: 4/2/12

TYPE OR PRINT NAME Miriam Morales

TELEPHONE NO: (575) 748-1471

E-MAIL ADDRESS: mmorales@yatespetroleum.com

Submit 1 Copy To Appropriate District Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
Revised August 1, 2011

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-39735
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corp.		6. State Oil & Gas Lease No. VA-2974
3. Address of Operator 105 S Fourth Street Artesia, NM 88210		7. Lease Name or Unit Agreement Name Canyon BJK State Com
4. Well Location Unit Letter <u>O</u> : <u>455</u> feet from the <u>South</u> line and <u>2310</u> feet from the <u>East</u> line Section <u>6</u> Township <u>25S</u> Range <u>30E</u> NMPM County <u>Eddy</u>		8. Well Number <u>2H</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3189' GR		9. OGRID Number 25575
		10. Pool name or Wildcat <u>47545</u> Nash Draw; Delaware/BS(Avalon Sand)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

**NOTICE OF INTENTION TO:**  
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

**SUBSEQUENT REPORT OF:**  
REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: Addition to Pool Lease Commingle of Oil only ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum respectfully requests administrative approval for the addition of the Canyon BJK State Com #2H to Pool/Lease Commingle of oil only to PLC-316.

State ✓  
Ohkay BHH State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34551  
Eddy County, NM  
Lease# VO-6711

State ✓  
Wyatt BHT State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34553  
Eddy County, NM  
Lease# VO-6699

State ✓  
Canyon BJK State #1Y  
Sec 1-T25S-R29E  
Pierce Crossing/Bone Spring  
API# 30-015-36605  
Eddy County, NM  
Lease # VA-2974

State ✓  
Canyon BJK State Com #2H(not yet drilled)  
Sec. 6-T25S-R30E  
Nash Draw; Delaware/BS(Avalon Sand)  
API# 30-015-39735  
Eddy County, NM  
Lease # VA-2974

The battery is located at the Ohkay BHH State #1. Please see attached plat and site facility diagram.

Diversified ownership by percentages. All owners notifications are attached as well as in house waivers.

**Oil Measurements**

Each of these wells shall be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Ohkay BHH State #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 oil production for the Ohkay #1 is 14 bbls, for the Wyatt #1 is 8 bbls, for the Canyon #1Y is 7 bbls, and for the Canyon BJK State Com #2H is 500 bbls of oil per day.

The purpose of the pool/lease commingle 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 each well. This will greatly increase costs and shorten the economic life of the well.

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 4/2/12

Type or print name Miriam Morales E-mail address: mmorales@yatespetroleum.com PHONE: 575-748-4200

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any): \_\_\_\_\_

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 333-6161 Fax: (575) 333-0720

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210  
Phone (575) 746-1233 Fax: (575) 746-9720

DISTRICT III  
1000 Rio Brazos Rd., Artec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3460 Fax: (505) 476-3468

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name CANYON "BJK" STATE COM	Well Number 2H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3189'

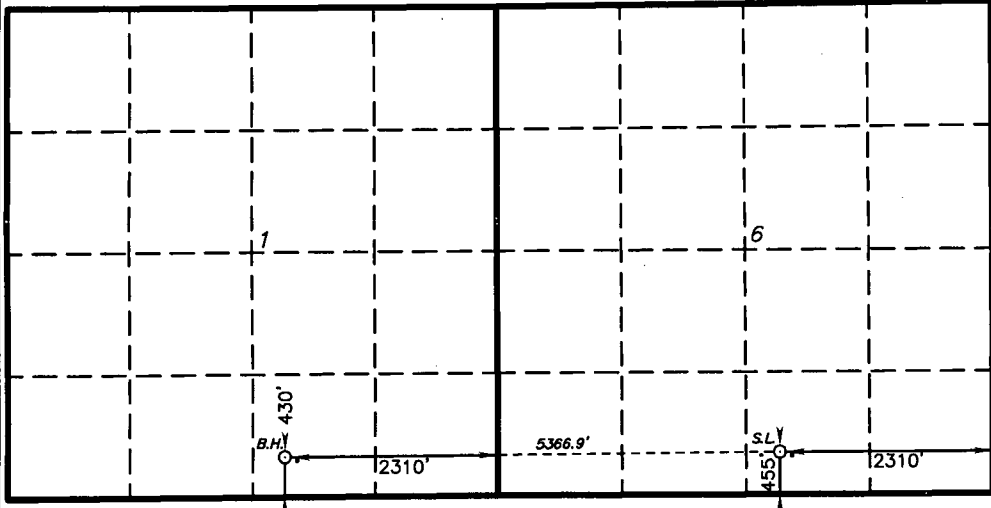
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	6	25 S	30 E		455	SOUTH	2310	EAST	EDDY

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
0	1	25 S	29 E		430	SOUTH	2310	EAST	EDDY
Dedicated Acres	Joint or Infill	Consolidation Code	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

 <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°09'11.44" Long - W 103°56'12.85" NMSPCE- N 419687.202 E 664021.775 (NAD-83)</p> <p><b>SURFACE LOCATION</b> Lat - N 32°09'11.87" Long - W 103°55'10.42" NMSPCE- N 419750.85 E 669388.78 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p> <p><b>SURVEYOR CERTIFICATION</b> 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.</p> <p>NOVEMBER 2011 Date Surveyed _____ Signature _____ Professional Surveyor 7977</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 25593</p>
---	---

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**

1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-39735	2. Pool Code	3. Pool Name CORRAL DRAW; BONE SPRING
4. Property Code 38958	5. Property Name CANYON BJK STATE COM	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3189

**10. Surface Location**

UL - Lot O	Section 6	Township 25S	Range 30E	Lot Idn	Feet From 455	N/S Line S	Feet From 2310	E/W Line E	County EDDY
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**11. Bottom Hole Location If Different From Surface**

UL - Lot O	Section 1	Township 25S	Range 29E	Lot Idn O	Feet From 430	N/S Line S	Feet From 2310	E/W Line E	County EDDY
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12. Dedicated Acres 160.00	13. Joint or Infill	14. Consolidation Code	15. Order No.
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**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**

	<b>OPERATOR CERTIFICATION</b>  <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  E-Signed By: Monti Sanders Title: Date: 11/30/2011
	<b>SURVEYOR CERTIFICATION</b>  <i>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.</i>  Surveyed By: Gary Jones Date of Survey: 11/12/2011 Certificate Number: 7977



105 South 4th Street \* Artesia, NM 88210

(505)-748-1471

Joe Palma

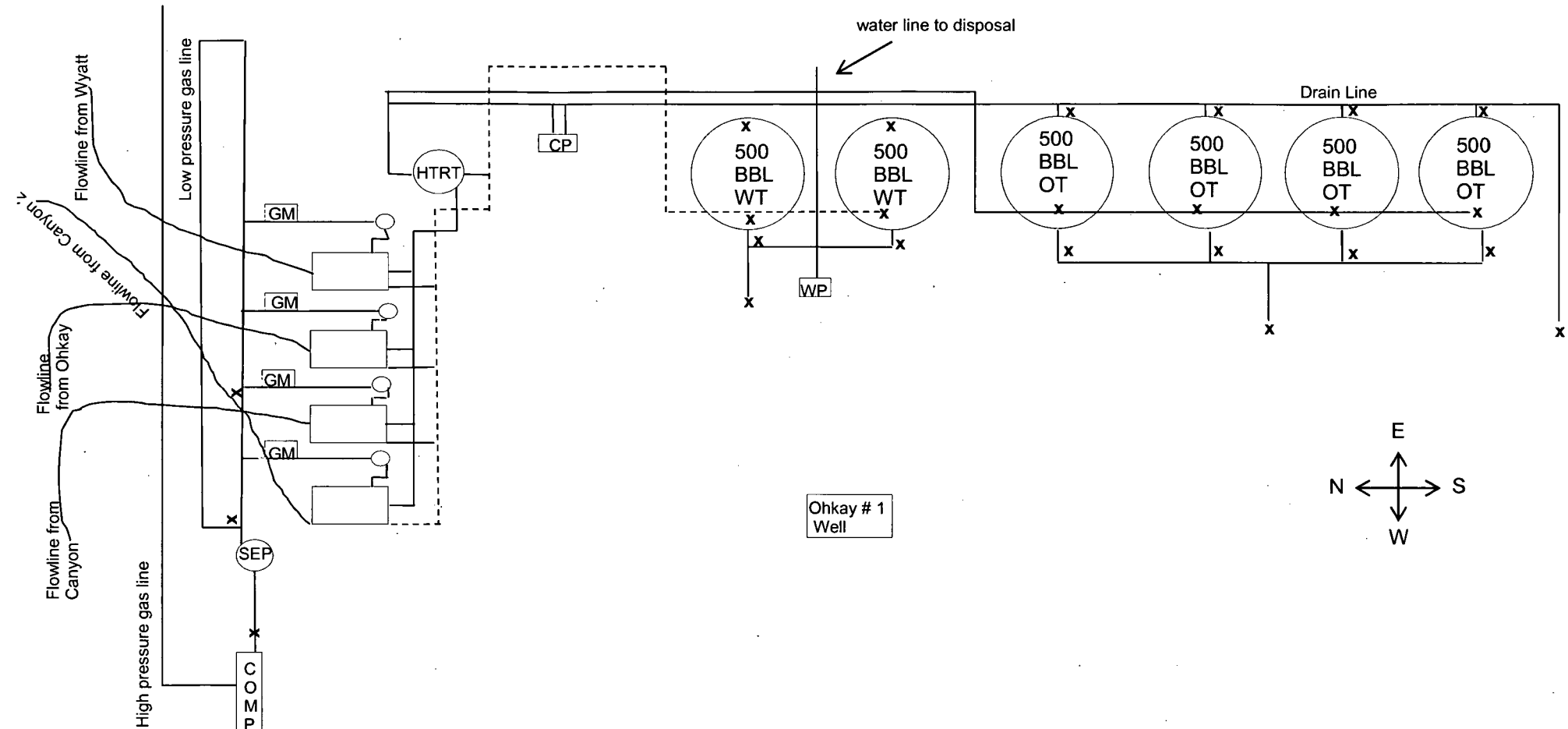
March 2012

## .OHKAY BHH ST #1 Battery

.330'FNL & 330'FWL \* Sec6 - T25S - R30E \* Unit D

.EDDY, NM

.API - 3001534551



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

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

SCOTT M. YATES  
VICE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA  
CHIEF ADMINISTRATIVE OFFICER

March 30, 2012

Re: Addition to Pool Lease Commingle oil only  
Canyon BJK State Com #2H  
Eddy County, NM

Dear Interest Owner,

Yates Petroleum is notifying you of the addition of Canyon BJK State Com #2H to Pool Lease Commingle of oil only to PLC-316 application.

**State**

Ohkay BHH State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34551  
Eddy County, NM  
Lease# VO-6711

**State**

Wyatt BHT State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34553  
Eddy County, NM  
Lease# VO-6699

**State**

Canyon BJK State #1Y  
Sec 1-T25S-R29E  
Pierce Crossing/Bone Spring  
  
API# 30-015-36605  
Eddy County, NM  
Lease # VA-2974

**State**

Canyon BJK State Com #2H(notyetdrilled)  
Sec. 6-T25S-R30E  
Nash Draw/Delaware/BS(Avalon Sand)  
  
API# 30-015-39735  
Eddy County, NM  
Lease # VA-2974

The battery is located at the Ohkay BHH State #1.

Diversified ownership by percentages.

**Oil Measurements**

Each of these wells shall be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Ohkay BHH State #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 oil production for the Ohkay #1 is 14 bbls, for the Wyatt #1 is 8 bbls, for the Canyon #1Y is 7 bbls, and for the Canyon BJK State Com #2H is 500 bbls of oil per day.

The purpose of the pool commingle 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 each well. This will greatly increase costs and shorten the economic life of the well.

If you should have any questions, please give me a call 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  
1914-2008



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (575) 748-1471

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March 30, 2012

Re: Addition to Pool Lease Commingle oil only  
Canyon BJK State Com #2H  
Eddy County, NM

Dear Interest Owner,

Yates Petroleum is notifying you of the addition of Canyon BJK State Com #2H to Pool Lease Commingle of oil only to PLC-316 application.

State	State	State	State
Ohkay BHH State #1	Wyatt BHT State #1	Canyon BJK State #1Y	Canyon BJK State Com #2H(notyetdrilled)
Sec 6-T25S-R30E	Sec 6-T25S-R30E	Sec 1-T25S-R29E	Sec. 6-T25S-R30E
Pierce Crossing/Bone Spring	Pierce Crossing/Bone Spring	Pierce Crossing/Bone Spring	Nash Draw/Delaware/BS(Avalon Sand)
Nash Draw/Delaware	Nash Draw/Delaware		
API# 30-015-34551	API# 30-015-34553	API# 30-015-36605	API# 30-015-39735
Eddy County, NM	Eddy County, NM	Eddy County, NM	Eddy County, NM
Lease# VO-6711	Lease# VO-6699	Lease # VA-2974	Lease # VA-2974

The battery is located at the Ohkay BHH State #1.

Diversified ownership by percentages.

#### Oil Measurements

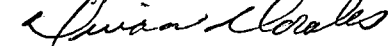
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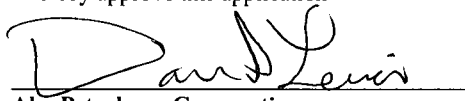
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If you should have any questions, please give me a call at (575) 748-4200 (direct line).

Sincerely,

  
Miriam Morales  
Production Analyst

I hereby approve this application

  
Abo Petroleum Corporation

KATHY H. PORTER  
SECRETARY

DENNIS G. KINSEY  
TREASURER



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1912-1985

FRANK W. YATES

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March 30, 2012

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Canyon BJK State Com #2H  
Eddy County, NM

Dear Interest Owner,

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**State**

Ohkay BHH State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34551  
Eddy County, NM  
Lease# VO-6711

**State**

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Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
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API# 30-015-34553  
Eddy County, NM  
Lease# VO-6699

**State**

Canyon BJK State #1Y  
Sec 1-T25S-R29E  
Pierce Crossing/Bone Spring  
  
API# 30-015-36605  
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Lease # VA-2974

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Eddy County, NM  
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Each of these wells shall be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Ohkay BHH State #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 oil production for the Ohkay #1 is 14 bbls, for the Wyatt #1 is 8 bbls, for the Canyon #1Y is 7 bbls, and for the Canyon BJK State Com #2H is 500 bbls of oil per day.

The purpose of the pool commingle 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 each well. This will greatly increase costs and shorten the economic life of the well.

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

Sincerely,

Miriam Morales  
Production Analyst

I hereby approve this application

Yates 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

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CHIEF ADMINISTRATIVE OFFICER

March 30, 2012

Re: Addition to Pool Lease Commingle of oil only  
Canyon BJK State Com #2H  
Eddy County, NM

Dear Interest Owner,

Yates Petroleum is requesting administrative approval from the Oil Conservation Division and the State Land Office for the addition of the Canyon BJK State Com #2H to Pool Lease Commingle of oil only to PLC-316.

**State**

Ohkay BHH State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34551  
Eddy County, NM  
Lease# VO-6711

**State**

Wyatt BHT State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34553  
Eddy County, NM  
Lease# VO-6699

**State**

Canyon BJK State #1Y  
Sec 1-T25S-R29E  
Pierce Crossing/Bone Spring  
API# 30-015-36605  
Eddy County, NM  
Lease # VA-2974

**State**

Canyon BJK State Com #2H(notyetdrilled)  
Sec. 6-T25S-R30E  
Nash Draw;Delaware/BS(Avalon Sand)  
API# 30-015-39735  
Eddy County, NM  
Lease # VA-2974

The Battery is located at the Ohkay BHH State #1.

Diversified ownership by percentages.

**Oil Measurements**

Each of these wells shall be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Ohkay BHH State #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 oil production for the Ohkay #1 is 14 bbls, for the Wyatt #1 is 8 bbls, for the Canyon #1Y is 7 bbls, and for the Canyon BJK State Com #2H is 500 bbls of oil per day.

The purpose of the pool commingle 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 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

**CERTIFIED MAIL**



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

ADDRESS SERVICE REQUESTED

7010 2780 0002 8287 9409  
7010 2780 0002 8287 9409

PS Form 3800, August 2006

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

See Reverse for Instructions

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

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PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS; FOLD AT DOTTED LINE

**SENDER: COMPLETE THIS SECTION**

- Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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.

1. Article Addressed to:

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

2. Article Number

(Transfer from service label)

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**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

PS Form 3811, February 2004

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Mail receipt sent to you by first class mail. If you do not receive it, please call 1-800-398-7634. For more information, visit our website at [www.usps.com](http://www.usps.com).



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

ADDRESS SERVICE REQUESTED

**CERTIFIED MAIL**

7010 2780 0002 8287 9416

7010 2780 0002 8287 9416

Sent to **SLD**  
Street, Apt. No.: **310 Old Santa Fe Trail**  
or PO Box No.:  
City, State, ZIP+4: **Santa Fe NM 87504-1148**  
PS Form 3800, August 2006 See Reverse for Instructions

Postage \$  
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Fe Trail

Mexico 87504-1148

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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:

New Mexico State Land Office  
Commissioner of Public Lands  
310 Old Santa Fe Trail  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

**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

2. Article Number  
(Transfer from s)

7010 2780 0002 8287 9416

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540