

DATE IN <u>5.4.12</u>	SUSPENSE	ENGINEER <u>RE</u>	LOGGED IN <u>5.4.12</u>	TYPE <u>CTB</u>	APP NO. <u>1212553466</u>
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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 Pet. 25575*  
*2 wells*

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify \_\_\_\_\_

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☐ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☒ Waivers are Attached

**[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

**[4] CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Miriam Morales

Print or Type Name

*Miriam Morales*  
 Signature

Production Analyst

Title

5/2/12  
 Date

mmorales@yatespetroleum.com  
 e-mail Address

*23724*  
*205-24E*  
 RECEIVED OGD  
 MAY - 4 P 1:44  
*ddg Fed*

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. \_\_\_\_\_

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. #97451

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: 

TITLE: Production Analyst

DATE: 5/21/12

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.

**NM-81708**

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**

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

**760' FSL & 660' FWL Sec. 24-T20S-R24E Unit M, SWSW Surface**

**760' FSL & 330' FEL Sec. 24-T20S-R24E Unit P, SESE Bottom**

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

8. Well Name and No.

**Palo Verde AJV Federal Com #1H**

9. API Well No.

**30-015-26907**

10. Field and Pool or Exploratory Area

**Long Draw; Glorieta-Yeso**

11. County or Parish, State

**Eddy County, New Mexico**

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

**TYPE OF SUBMISSION**

**TYPE OF ACTION**



Notice of Intent



Subsequent Report



Final Abandonment Notice



Acidize



Alter Casing



Casing Repair



Change Plans



Convert to Injection



Deepen



Fracture Treat



New Construction



Plug and Abandon



Plug Back



Production (Start/Resume)



Reclamation



Recomplete



Temporarily Abandon



Water Disposal



Water Shut-Off



Well Integrity



Other

Surface/Lease

Commingle

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 recomplete 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 recompletion 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 administrative approval to surface/lease commingle for the following wells:

**Palo Verde AJV Federal Com #1H  
Federal FC Com #2H(future name after recompletion)  
Long Draw; Glorieta-Yeso  
Sec. 24-T20S-R24E  
API #30-015-26907  
Fed. Lease #NM-81708 & NM-662  
CA # (not available at this time)  
Eddy County, NM**

**Prickly Pear AIE Federal #1  
Long Draw; Glorieta-Yeso  
Sec. 23-T20S-R24E  
API #30-015-26738  
Fed. Lease #NM-27055  
Eddy County, NM**

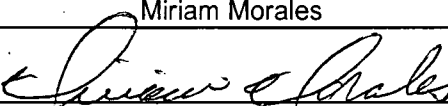
Please see attached continuation

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

**Miriam Morales**

Title **Production Analyst**

Signature



Date

**5/2/12**

**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 of surface/lease commingle for Palo Verde AJV Federal Com #1H**

The battery is located at the Palo Verde #1H. Please see attached plats and site security diagram.

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

### **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 Palo Verde #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 Palo Verde #1H is 160 bbls, and for the Prickly Pear #1 is 1 bbl.

### **Gas Measurement**

Each well will have its own meter.

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 each 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-26738	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name Wildcat Yeso
<sup>4</sup> Property Code	<sup>5</sup> Property Name Prickly Pear AIE Federal	<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	<sup>9</sup> Elevation 3636'GR

<sup>10</sup> Surface Location

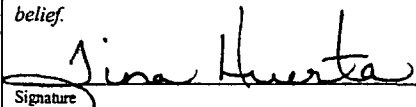
UL or lot no. P	Section 23	Township 20S	Range 24E	Lot Idn	Feet from the 990	North/South line South	Feet from the 990	East/West line East	County Eddy
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

16	RECEIVED OCT 27 2004 OCD-ARTESIA	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Tina Huerta Printed Name Regulatory Compliance Supervisor Title and E-mail Address October 25, 2004 Date	
			18 SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

## DISTRICT I

1825 N. French Dr., Hobbs, NM 88240  
Phone (505) 898-6161 Fax: (505) 898-0720

## DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210  
Phone (505) 748-1284 Fax: (505) 748-6723

## 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) 478-3480 Fax: (505) 478-3482State 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 <b>30-015-26907</b>	Pool Code <b>97451</b>	Pool Name <b>LONG DRAW; GLORIETA- Wildcat Yeso</b>
Property Code <b>12621</b>	Property Name <b>PALO VERDE "AJV" FEDERAL COM</b>	Well Number <b>1H</b>
OGRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORP.</b>	Elevation <b>3633'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	24	20 S	24 E		760	SOUTH	660	WEST	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
P	24	20 S	24 E		760	SOUTH	330	EAST	EDDY
Dedicated Acres 160	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>SURFACE LOCATION</b> Lat - N 32°33'14.30" Long - W 104°32'54.01" NMSPCE- N 565332.928 E 475092.810 (NAD-83)</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°33'13.29" Long - W 104°32'01.82" NMSPCE- N 565221.917 E 479559.770 (NAD-83)</p> <p>Penetration Point 781' FSL &amp; 801' FWL</p> <p>Producing Zone</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>12/5/11 Date</p> <p>Signature Cy Cowan</p> <p>Printed Name cy@yatespetroleum.com</p> <p>Email Address</p>	
<p><b>SURFACE LOCATION</b> Lat - N 32°33'14.30" Long - W 104°32'54.01" NMSPCE- N 565332.928 E 475092.810 (NAD-83)</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°33'13.29" Long - W 104°32'01.82" NMSPCE- N 565221.917 E 479559.770 (NAD-83)</p> <p>Penetration Point 781' FSL &amp; 801' FWL</p> <p>Producing Zone</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>DECEMBER 1, 2011 Date Surveyed</p> <p>Signature &amp; Seal of Professional Surveyor 7977</p> <p>Certificate No. 609 L Jones 7977</p> <p>BASIN SURVEYS 25778</p>	

Project Area

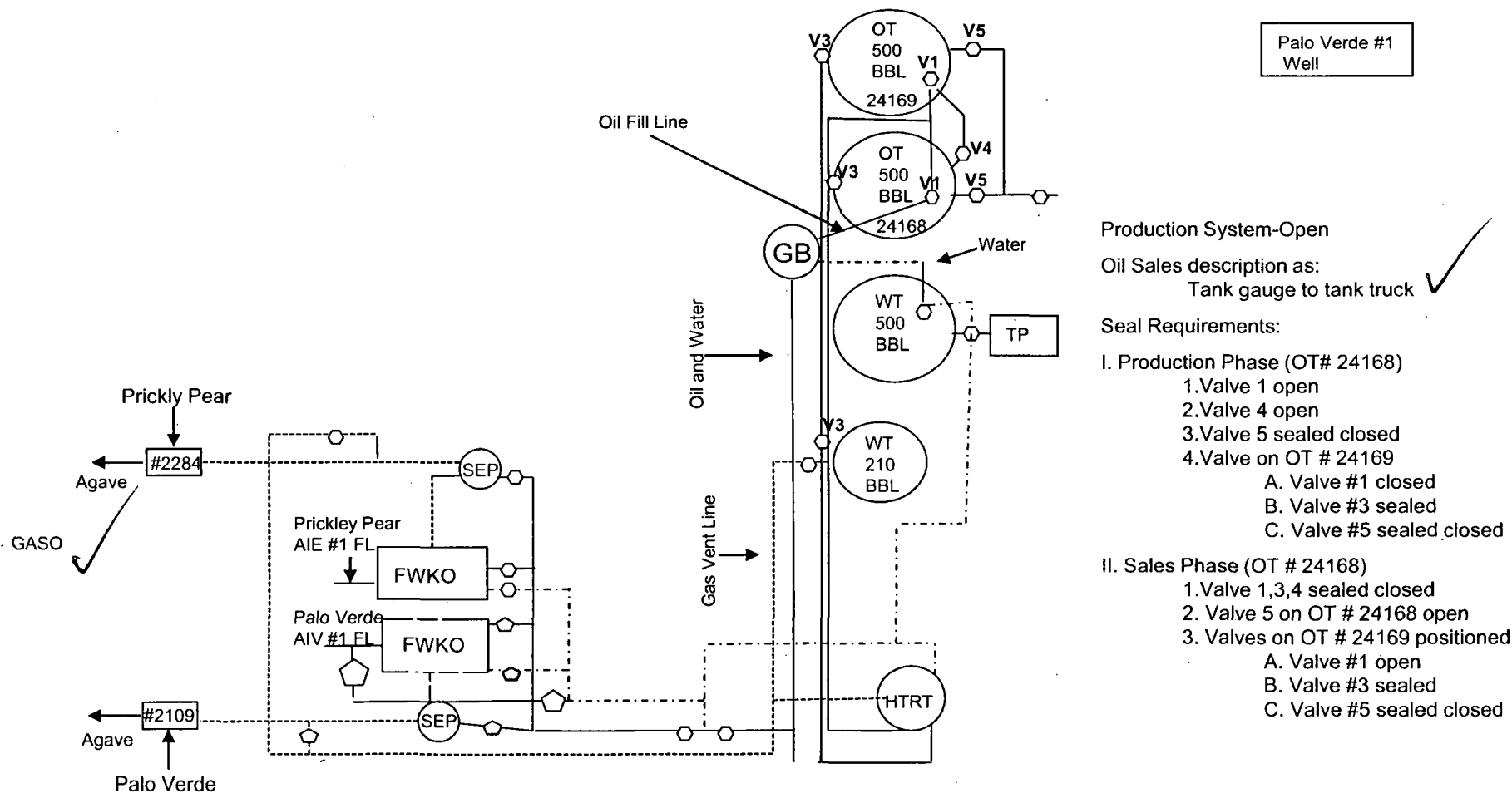


105 South 4<sup>th</sup> Street \* Artesia, NM 88210  
(575)-748-1471

-Chance Sexton  
October, 2011

## Palo Verde AJV Com #1 Battery

760' FSL & 660' FWL \* Sec 24 - T20S - R24E \*  
Eddy County, NM  
API -30-015-26907  
Lease # NM-81708

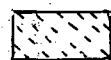


This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan  
which is on file at 105 South 4th Street, Artesia, NM

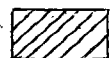
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15		14				13				39.6				
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27		26				25				39.96				
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NM-027055



NM-81708

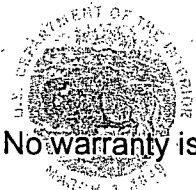


NM-662

Sec. 23 SESE'

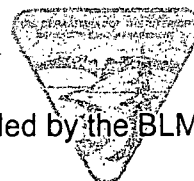
Sec. 24 SW'

Sec. 24 SE' 19 E2SW, SE;  
lots 3, 4



4/13/2012

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  
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

May 2, 2012

RE: Surface/lease Commingle  
Palo Verde AJV Federal Com #1H  
Eddy County, NM

Dear Interest Owner,

Yates Petroleum is notifying you of a surface/lease commingle on the following wells:

Palo Verde AJV Federal Com #1H  
Federal FC Com #2H(future name after recompletion)  
Long Draw; Glorietta-Yeso  
Sec. 24-T20S-R24E  
API #30-015-26907  
Fed. Lease #NM-81708 & NM-662  
CA # (not available at this time)  
Eddy County, NM

Prickly Pear AIE Federal #1  
Long Draw; Glorietta-Yeso  
Sec. 23-T20S-R24E  
API #30-015-26738  
Fed. Lease #NM-27055  
Eddy County, NM

The battery is located at the Palo Verde #1H.

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 Palo Verde #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 Palo Verde #1H is 160 bbl and for the Prickly Pear #1 is 1 bbl.

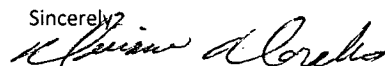
#### Gas Measurement

Each well will have its own meter.

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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

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 OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA  
CHIEF ADMINISTRATIVE OFFICER

May 2, 2012

RE: Surface/lease Commingle  
Palo Verde AJV Federal Com #1H  
Eddy County, NM

Dear Interest Owner,

Yates Petroleum is notifying you of a surface/lease commingle on the following wells:

Palo Verde AJV Federal Com #1H  
Federal FC Com #2H(future name after recompletion)  
Long Draw; Glorietta-Yeso  
Sec. 24-T20S-R24E  
API #30-015-26907  
Fed. Lease #NM-81708 & NM-662  
CA # (not available at this time)  
Eddy County, NM

Prickly Pear AIE Federal #1  
  
Long Draw; Glorietta-Yeso  
Sec. 23-T20S-R24E  
API #30-015-26738  
Fed. Lease #NM-27055  
  
Eddy County, NM

The battery is located at the Palo Verde #1H.

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 Palo Verde #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 Palo Verde #1H is 160 bbl and for the Prickly Pear #1 is 1 bbl.


#### Gas Measurement

Each well will have its own meter.

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 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

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

May 2, 2012

RE: Surface/lease Commingle  
Palo Verde AJV Federal Com #1H  
Eddy County, NM

Dear Interest Owner,

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Palo Verde AJV Federal Com #1H  
Federal FC Com #2H(future name after recompletion)  
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Eddy County, NM

Prickly Pear AIE Federal #1

Long Draw; Glorietta-Yeso  
Sec. 23-T20S-R24E  
API #30-015-26738  
Fed. Lease #NM-27055

Eddy County, NM

The battery is located at the Palo Verde #1H.

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 Palo Verde #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 Palo Verde #1H is 160 bbl and for the Prickly Pear #1 is 1 bbl.


#### Gas Measurement

Each well will have its own meter.

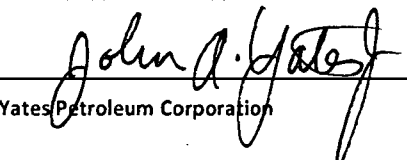
The purpose of the Surface/Lease Commingle of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for 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

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

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

May 2, 2012

RE: Surface/lease Commingle  
Palo Verde AJV Federal Com #1H  
Eddy County, NM

Dear Interest Owner,

Yates Petroleum is requesting administrative approval from the Bureau of Land Management and Oil Conservation Division to surface/lease commingle the following wells:

Palo Verde AJV Federal Com #1H  
Federal FC Com #2H(future name after recompletion)  
Long Draw; Glorietta-Yeso  
Sec. 24-T20S-R24E  
API #30-015-26907  
Fed. Lease #NM-81708 & NM-662  
CA # (not available at this time)  
Eddy County, NM

Prickly Pear AIE Federal #1  
Long Draw; Glorietta-Yeso  
Sec. 23-T20S-R24E  
API #30-015-26738  
Fed. Lease #NM-27055  
Eddy County, NM

The battery is located at the Palo Verde #1H. Please see attached plats and site security diagram.

Diversified ownership.

#### Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Palo Verde #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 Palo Verde #1H is 160 bbls and for the Prickly Pear #1 is 1 bbl.

#### Gas Measurement

Each well will have its own meter.

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 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



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

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL™

7010 2780 0002 8287 9850

7010 2780 0002 8287 9850

Sent to  
Street, Apt. No.,  
or PO Box No. *1-ern O.I. Company*  
City, State, ZIP+4 *PO Box 700968*  
*San Antonio TX 78270*  
PS Form 3800, August 2006 See Reverse for Instructions

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

Postmark  
Here

For delivery information visit our website at [www.usps.com](http://www.usps.com)  
US Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only. No Insurance Coverage Provided)

TY, LLC

8270-0968

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:

TIERRA OIL COMPANY, LLC  
P O BOX 700968  
SAN ANTONIO, TX 78270-0968

2. Article Number:  
(Transfer from s

7010 2780 0002 8287 9850

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



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

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL

7010 2780 0002 8287 9843

7010 2780 0002 8287 9843

Sent To  
Roy G. Barton III  
Street, Apt. No.  
or PO Box No. 13700 Marina Pointe Unit #1819  
City, State, ZIP+4  
Marina Del Rey CA 90292  
PS Form 3811, August 2006 See Reverse for Instructions

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

Postmark  
Here

U.S. Postal Service  
CERTIFIED MAIL RECEIPT  
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NTE DR  
A 90292-9273

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:

ROY G BARTON III  
13700 MARINA POINTE DR  
UNIT #1819  
MARINA DEL REY, CA 90292-9273

2. Article Number  
(Transfer from s

7010 2780 0002 8287 9843

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



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

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL

7010 2780 0002 8287 9836

7010 2780 0002 8287 9836

Sent to  
Street, Apt. No.:  
or PO Box No.:  
City, State, ZIP+4:  
PS Form 3800, August 2006

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

Postmark  
Here

U.S. Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only. No Insurance Coverage Provided)  
For delivery information, visit our website at www.usps.com

ARK  
ST  
10

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:

RF PARTNERSHIP  
ATTN: STEVE ROARK  
2732 S FILLMORE ST  
DENVER, CO 80210

2. Article Number  
(Transfer from se

7010 2780 0002 8287 9836

PS Form 3811, February 2004

Domestic Return Receipt

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

102595-02-M-1540



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

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL

7010 2780 0002 8287 9829  
7010 2780 0002 8287 9829

Sent to  
Street, Apt. No.,  
or PO Box No.  
City, State, ZIP+4  
PS Form 3800, August 2005 See Reverse for Instructions

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

Postmark  
Here

Indian Pood

U.S. Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only, No Insurance Coverage Provided)

1803

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 s

7010 2780 0002 8287 9829

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

4. Restricted Delivery? (Extra Fee)

☐ Yes





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

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL™

7010 2780 0002 8287 9812

7010 2780 0002 8287 9812

Sent To:  
Street, Apt. No.,  
or PO Box No. 1919 N Turner St.  
City, State, ZIP+4® Hobbs NM 88240  
PS Form 3800, August 2006 See Reverse for Instructions

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

Postmark  
Here

U.S. Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only. No Insurance Coverage Provided)  
For delivery information visit our website at www.usps.com

BARTON  
E TRUST U/T/A

712

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:

ROY G SR AND OPAL BARTON  
BARTON REVOCABLE TRUST U/T/A  
1919 N TURNER ST  
HOBBS, NM 88210-2712

COMPLETE THIS SECTION ON DELIVERY

A. Signature: ☐ 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 9812



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

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL

7010 2780 0002 8287 9805

7010 2780 0002 8287 9805

Sent to Norma J. Barton  
Street, Apt. No. P O Box 728  
or PO Box No. HOBBBS NM 88241-0728  
City, State, ZIP+4  
PS Form 3800, August 2006

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

Postmark  
Here

Primo 1000

NO POSTAGE  
NECESSARY  
IF MAILED  
IN THE  
UNITED STATES

US Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only. No Insurance Coverage Provided)

J BARTON  
728  
NM 88241-0728

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:

NORMA J BARTON  
P O BOX 728  
HOBBS, NM 88241-0728

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ 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 9805

**CERTIFIED MAIL**



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

ADDRESS SERVICE REQUESTED

7010 2780 0002 8287 9799

7010 2780 0002 8287 9799

Sent to  
Street, Apt. No.,  
or PO Box No. ROY G. Barton Jr  
City, State, ZIP+4<sup>®</sup> 1919 N Turner St  
Hobbs NM 88240-2712

PS Form 3800, August 2006 See Reverse for Instructions

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

Postmark  
Here

*Private Mail*

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only. No Insurance Coverage Provided)

ON JR  
NER ST  
88240-2712

**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:**

ROY G BARTON JR  
1919 N TURNER ST  
HOBBS, NM 88240-2712

**2. Article Number**  
(Transfer from sender's label)

7010 2780 0002 8287 9799

**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



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

ADDRESS SERVICE REQUESTED

**CERTIFIED MAIL™**

7010 2780 0002 8287 9782

7010 2780 0002 8287 9782

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For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>Postage</b>	
Certified Fee	\$
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
Min Name & Job	
Sent To: Heidi C Barton	
Street, Apt. No., or PO Box No. 2008 N VEGA	
City, State, ZIP+4 Hobbs NM 88240	
PS Form 3800, August 2006 See Reverse for Instructions	

**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:**

HEIDI C BARTON  
2008 N VEGA  
HOBBS, NM 88240

**2. Article Number**  
(Transfer from s)

7010 2780 0002 8287 9782

PS Form 3811, February 2004

Domestic Return Receipt

**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

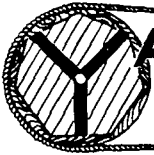
**3. Service Type**

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

**4. Restricted Delivery? (Extra Fee)**

- ☐ Yes

102595-02-M-1540



**YATES  
PETROLEUM  
CORPORATION**

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

ADDRESS SERVICE REQUESTED

**CERTIFIED MAIL**

7010 2780 0002 8287 9775

7010 2780 0002 8287 9775

U.S. Postal Service <b>CERTIFIED MAIL RECEIPT</b> (Domestic Mail Only. No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
1/10/04 HOBBS NM 88240	
Sent To: Brett C Barton 1919 N Turner St Street, Apt. No. or PO Box No. HOBBS NM 88240 City, State, ZIP+4 PS Form 3811, August 2004 See Reverse for Instructions	

ON  
OIL PRODUCERS  
R ST  
240-2712

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:

BRETT C BARTON  
C/O BARTON OIL PRODUCERS  
1919 N TURNER ST  
HOBBS, NM 88240-2712

2. Article Number  
(Transfer from s

7010 2780 0002 8287 9775

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**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

01288710

**U.S. Postal Service**

**CERTIFIED MAIL<sup>®</sup>**

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**RECEIPT**

Postage \$ \_\_\_\_\_

Certified Fee \_\_\_\_\_

Return Receipt Fee  
(Endorsement Required) \_\_\_\_\_

Restricted Delivery Fee  
(Endorsement Required) \_\_\_\_\_

Total Postage & Fees \$ \_\_\_\_\_

Postmark Here

Sent To \_\_\_\_\_

Street, Apt. No.,  
or PO Box No. \_\_\_\_\_

City, State, ZIP+4<sup>®</sup> \_\_\_\_\_

PS Form 3800, August 2006

See Reverse for Instructions

## SURFACE COMMINGLE APPLICATION CHECKLIST

5/27/2011

Company: Yates Petroleum Corp Contact: MIRIAM MORALES  
 Date in: 5/19/12 Data Request? \_\_\_\_\_

Location: (Tsp/Rge) 23/24 20S/24E EDDY

	Commingle	Battery or "Store" Location	Sales Location	Offlease?
Oil or Cond.	<input checked="" type="checkbox"/>	<u>@ #1A</u>	<u>SAME</u>	<input checked="" type="checkbox"/> <u>FOR #1</u>
Gas	<input checked="" type="checkbox"/>			

Ownership  
 Identical? ☒  
 Diverse? ☒

Included Notice List? ☒  
 Date of Last Notice: 5/2/12

Permit Type

CTB-846

Lease (y/n)  
 Federal/Tribal ☒  
 State \_\_\_\_\_  
 Fee \_\_\_\_\_

Allocation  
 Continuous Metering ☒ (+ Tank meter for oil)  
 Well Tests \_\_\_\_\_  
 Subtraction \_\_\_\_\_  
 Other \_\_\_\_\_

Noticed? \_\_\_\_\_ What Parameter for future additions? \_\_\_\_\_

Future Addition

#	All Pool Names	Pool Num	Type
1	<u>LONG DRAW; GL-Y<sub>20</sub></u>	<u>97451</u>	<u>OIL</u>
2			
3			
4			

was a vert well in N. Cemetery WG (E2) BUT PERMITS BACK

① (ESTIMATED)  
≈ 160 BOPD  
Palo Verde AJV Falcon 1H

② ≈ 1 BOPD  
PRICKLY PEAR AIE Falcon 1H

Offlease?	Surf Loc	API Numbers	Pool #(s)	Acres	Descr.	DHC Permit
	<u>(Battery Location)</u>	<u>30-015-26907</u>	<u>97451</u>	<u>166</u>	<u>MNOP</u>	<u>—</u>
	<u>(yes)</u>	<u>30-015-26738</u>	<u>97451</u>	<u>40</u>	<u>P</u>	<u>—</u>

① SFL: 760 FSL 860 FWL 24/20/24 (M)  
BAL: 760 FSL 330 FEL 24/20S/24E (P) HORIZ Planned

② SFL: 990 FSL (990 FEL) 23/20S/24E (P) Vertical  
BAL:

ALSO SEE CTB-359K  
8/20/91  
No Longer used for THIS well