

State of New Mexico
Energy, Minerals and Natural Resources Department

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Division Director
Oil Conservation Division



March 28, 2013

ADMINISTRATIVE COMMON TANK BATTERY ORDER

Administrative Order CTB-670
Administrative Application Reference No. pPRG1306060806

Yates Petroleum Corporation
Attention: Ms. Miriam Morales

RE: Surface Commingling

Reference is made to your administrative application received on March 1, 2013.

It is our understanding that you propose to commingle production from diversely owned lands, limited to one common source of supply, through facilities operated by the above named operator ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 19.15.12.10.C.(4) NMAC. It is further understood that you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to surface commingle **oil production only** from the West Willow Lake; Bone Spring Pool (Pool Code 96415) from the following wells located in Eddy County, New Mexico:

Sherpa Boy State Com. Well No. 1H (API No. 30-015-37591), SHL 660 FNL & 330 FWL, (Unit D), BHL 660 FNL & 330 FEL, (Unit A); both in Section 12, T25S, R27E, NMPM (160-acre oil, horizontal well project area comprising N/2 N/2 of Section 12)

Oscuro BBC State Com. Well No. 1H (API No. 30-015-38259), SHL 1980 FNL & 330 FWL, (Unit E), BHL 1980 FNL & 330 FEL, (Unit H); both in Section 12, T25S, R27E, NMPM (160-acre oil, horizontal well project area comprising S/2 N/2 of Section 12)

It is our understanding that production from both wells is diversely owned. Production will be allocated by separately metering production at each well.

Off lease storage and sale is approved. The oil from these wells will be measured and sold at the central battery near the Sherpa Boy State Com Well No. 1H in Unit D of Section 12.

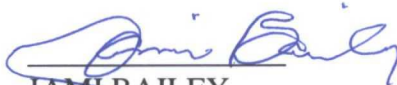
This installation shall be constructed and operated in accordance with applicable Division Rules.

The operator shall notify the Artesia District office of the Division prior to implementation of commingling operations, and shall notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the New Mexico State Land Office.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMIE BAILEY
Division Director

JB/db

cc: Oil Conservation Division – Artesia
New Mexico State Land Office