

DATE IN 03/01/2013	SUSPENSE	ENGINEER RE	LOGGED IN 03/01/2013	TYPE CTB	PPRG 1306060806
--------------------	----------	-------------	----------------------	----------	-----------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



30-015-37591  
Sherpa Boy State Com  
#1H  
Yates Pet.

## 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]

30-015-38259  
Oscuro BBC  
State Com #1H  
670

### [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

Signature

Production Analyst  
Title

2/27/13  
Date

mmorales@yatespetroleum.com  
e-mail Address

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised June 10, 2003

### OIL CONSERVATION DIVISION

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. Willow Lake; Bone Spring 96415

(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: 2/27/13

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. 30-015-38259
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 Corporation		6. State Oil & Gas Lease No. VB-835
3. Address of Operator 105 S. Fourth Street Artesia, NM 88210		7. Lease Name or Unit Agreement Name Oscura BBC State Com
4. Well Location Unit Letter <u>E</u> : <u>1980</u> feet from the <u>N</u> line and <u>330</u> feet from the <u>W</u> line Section <u>12</u> Township <u>25S</u> Range <u>27E</u> NMPM <u>Eddy</u> County		8. Well Number <u>1H</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3100' GR		9. OGRID Number <u>025575</u>
		10. Pool name or Wildcat Willow Lake; Bone Spring, West

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: Surface Lease Commingle oil only <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 to Surface/Lease Commingle oil only on the following wells:

Sherpa BOY State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-37591  
St Lease #VA-2219  
Eddy County, NM

Oscura BBCState Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-38259  
St. Lease #VB-835  
Eddy County, NM

The ownership is diversified by percentages. All owners have been notified and copies of certified receipts and letter are attached.  
The battery is located at the Sherpa BOY State Com #1H. Please see attached plats and site security diagram.

**Oil Measurement**

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Sherpa #1H. 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. Any vapor recovery gas shall be included in this application.

Estimated daily oil production for Sherpa #1H is 6 bbls with a gravity of 41.5 and for the Oscura #1H is 400 bbl with a gravity of 45.5.

The purpose of the Surface/Lease Commingle is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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 2/27/13

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

DISTRICT II  
1501 W. Grand Avenue, Artesia, NM 88210

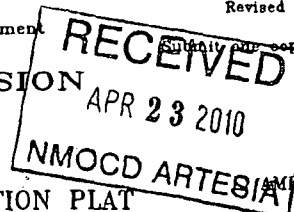
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 15, 2009

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



WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-37591</b>	Pool Code <b>96415</b>	Pool Name <b>Willow Lake Bone Spring West</b>
Property Code <b>38131</b>	Property Name <b>SHERPA "BOY" STATE</b>	Well Number <b>1H</b>
GRID No. <b>25575</b>	Operator Name <b>YATES PETROLEUM CORP.</b>	Elevation <b>3113'</b>

Surface Location

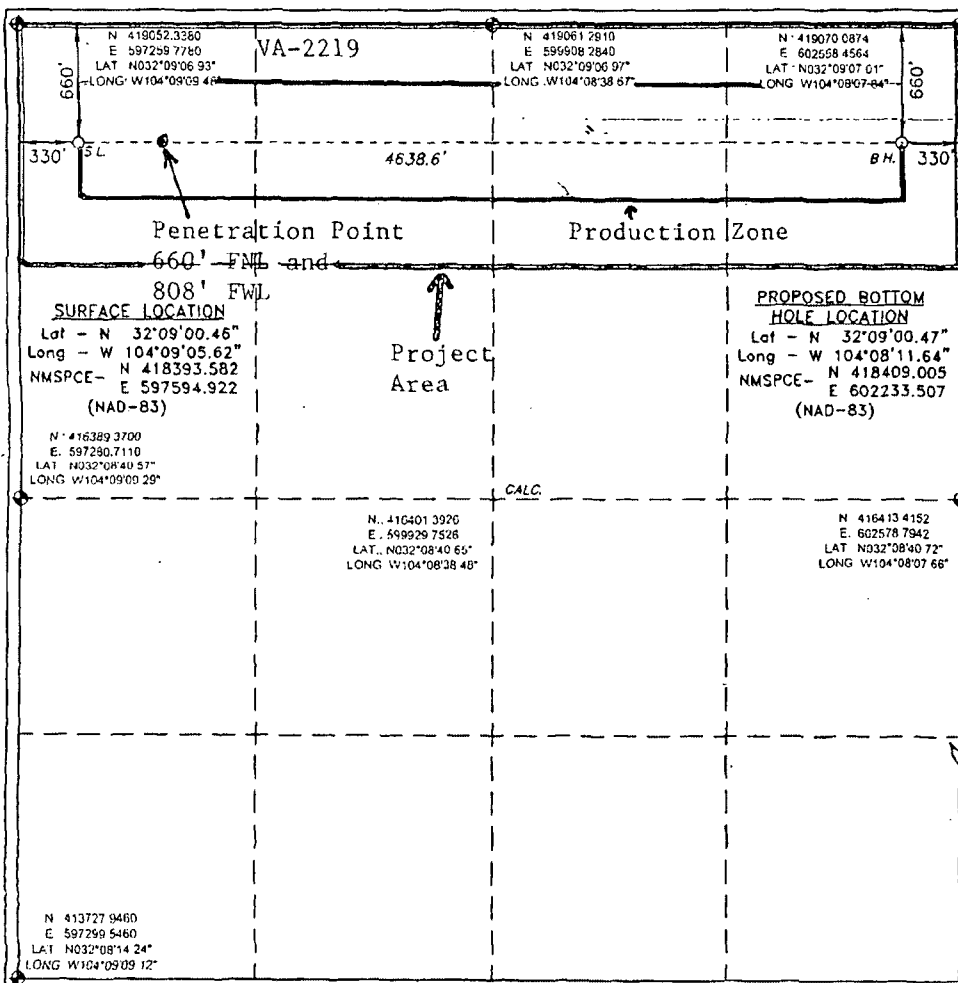
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	12	25 S	27 E		660	NORTH	330	WEST	EDDY

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
<b>2A</b>	12	25 S	27 E		<b>638</b>	NORTH	<b>4917</b>	<b>WEST</b>	EDDY

Dedicated Acres <b>160</b>	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



OPERATOR CERTIFICATION

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 undivided 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.

Signature: *Armando A. Lopez* Date: **4/22/10**  
Printed Name: **Armando A. Lopez**

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.

Signature & Seal of Professional Surveyor: *Gary L. Jones*  
Certificate No. **Gary L. Jones 7977**

BASIN SURVEYS

District III1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-5178 Fax:(505) 334-5170District IV1220 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 30-015-38259	2. Pool Code 96415	3. Pool Name WILLOW LAKE BONE SPRING, WEST
4. Property Code 38380	5. Property Name OSCURO BBC STATE COM	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3100

**10. Surface Location**

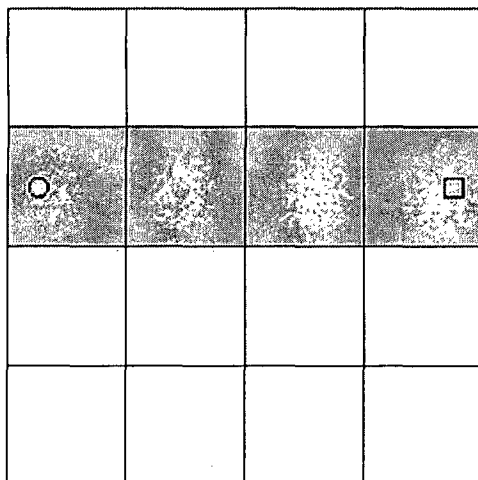
UL - Lot E	Section 12	Township 25S	Range 27E	Lot Idn.	Feet From 1980	N/S Line N	Feet From 330	E/W Line W	County EDDY
---------------	---------------	-----------------	--------------	----------	-------------------	---------------	------------------	---------------	----------------

**11. Bottom Hole Location If Different From Surface**

UL - Lot H	Section 12	Township 25S	Range 27E	Lot Idn. H	Feet From 1980	N/S Line N	Feet From 330	E/W Line E	County EDDY
---------------	---------------	-----------------	--------------	---------------	-------------------	---------------	------------------	---------------	----------------

12. Dedicated Acres 160.00	13. Joint or Infill	14. Consolidation Code	15. Order No.
-------------------------------	---------------------	------------------------	---------------

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

**OPERATOR CERTIFICATION**

*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.*

E-Signed By: Monti Sanders

Title:

Date: 11/9/2010

**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.*

Surveyed By: Gary Jones

Date of Survey: 10/3/2010

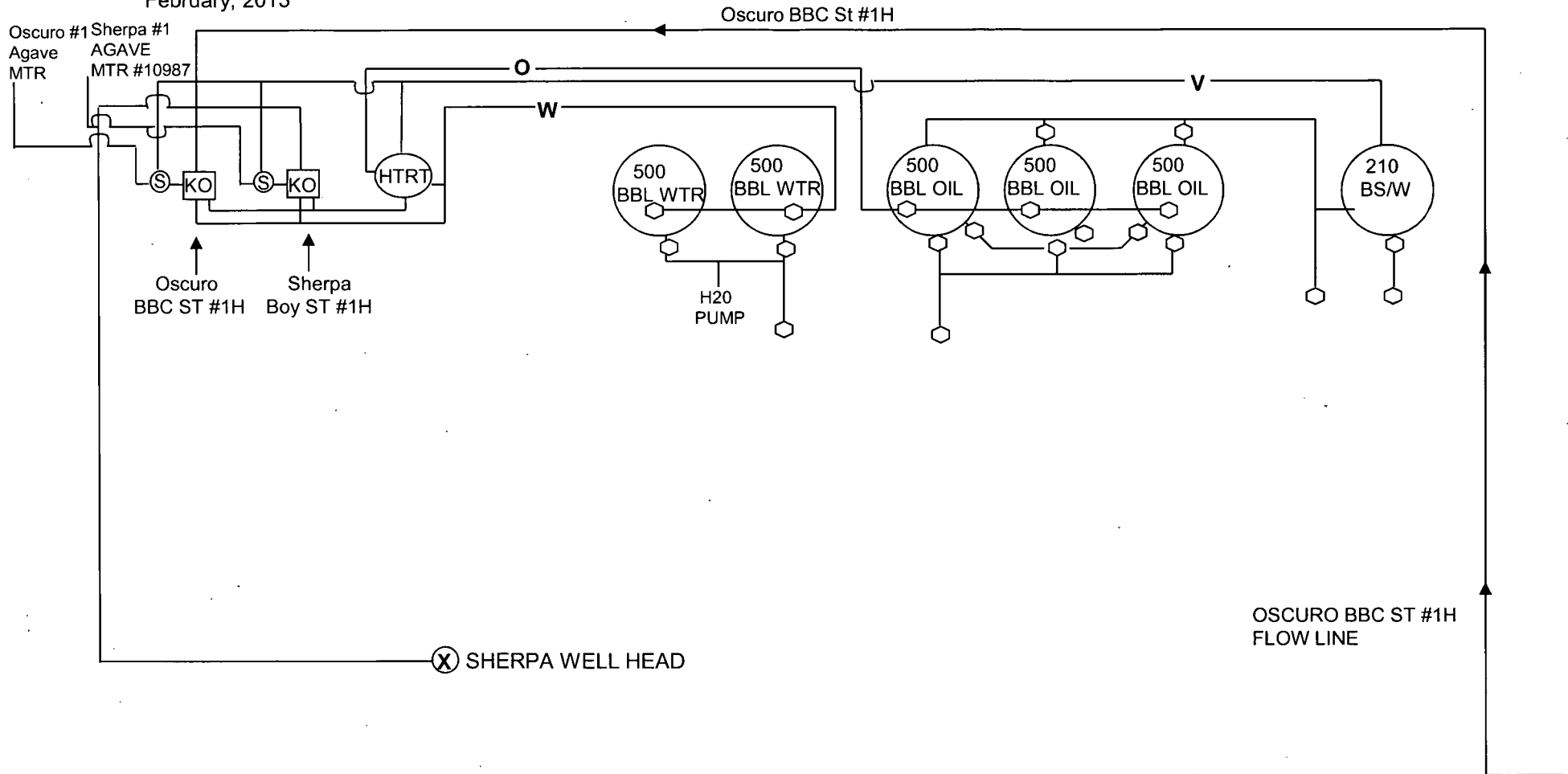
Certificate Number: 7977



105 South 4<sup>th</sup> Street \* Artesia, NM 88210  
(575)-748-1471  
Junior Orquiz  
February, 2013

## SHERPA BOY STATE #1H

660' FNL & 330' FWL \* Sec 12 - T25S - R27E \* Unit D  
Eddy County, NM  
API - 3001537591



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

JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER

JAMES S. BROWN  
CHIEF OPERATING OFFICER

February 27, 2013

RE: Surface/Lease Commingle oil only  
Oscuro BBC State Com #1H  
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface/Lease Commingle oil only on the following wells:

Sherpa BOY State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-37591  
St Lease #VA-2219  
Eddy County, NM

Oscuro BBCState Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-38259  
St. Lease #VB-835  
Eddy County, NM

The ownership is diversified by percentages.  
The battery is located at the Sherpa BOY State Com #1H.

#### Oil Measurement

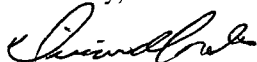
Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Sherpa #1H. Total sales/production will be allocated back to each individual well using the metered(daily well tests)volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in this application.

Estimated daily oil production for Sherpa #1H is 6 bbls with a gravity of 41.5 and for the Oscuro #1H is 400 bbl with a gravity of 45.5.

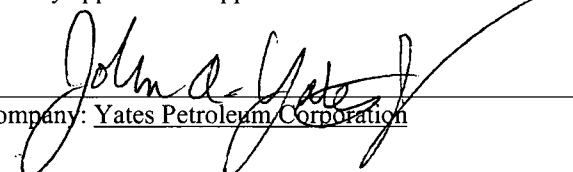
The purpose of the Surface/Lease Commingle is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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

Sincerely,

  
Miriam Morales

I hereby approve this application

  
Company: Yates Petroleum Corporation

KATHY H. PORTER  
SECRETARY

DENNIS G. KINSEY  
TREASURER

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986

S.P. YATES  
1914-2008



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

JOHN A. YATES  
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.  
PRESIDENT

JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER

JAMES S. BROWN  
CHIEF OPERATING OFFICER

February 27, 2013

RE: Surface/Lease Commingle oil only  
Oscuro BBC State Com #1H  
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface/Lease Commingle oil only on the following wells:

Sherpa BOY State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-37591  
St Lease #VA-2219  
Eddy County, NM

Oscuro BBC State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-38259  
St. Lease #VB-835  
Eddy County, NM

The ownership is diversified by percentages.  
The battery is located at the Sherpa BOY State Com #1H.

#### Oil Measurement

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Sherpa #1H. 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. Any vapor recovery gas shall be included in this application.

Estimated daily oil production for Sherpa #1H is 6 bbls with a gravity of 41.5 and for the Oscuro #1H is 400 bbl with a gravity of 45.5.

The purpose of the Surface/Lease Commingle is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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

Sincerely,

Miriam Morales

I hereby approve this application

Company: 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.  
PRESIDENT

JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER

JAMES S. BROWN  
CHIEF OPERATING OFFICER

February 27, 2013

RE: Surface/Lease Commingle oil only  
Oscuro BBC State Com #1H  
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface/Lease Commingle oil only on the following wells:

Sherpa BOY State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-37591  
St Lease #VA-2219  
Eddy County, NM

Oscuro BBC State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-38259  
St. Lease #VB-835  
Eddy County, NM

The ownership is diversified by percentages.  
The battery is located at the Sherpa BOY State Com #1H.

#### Oil Measurement

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Sherpa #1H. 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. Any vapor recovery gas shall be included in this application.

Estimated daily oil production for Sherpa #1H is 6 bbls with a gravity of 41.5 and for the Oscuro #1H is 400 bbl with a gravity of 45.5.

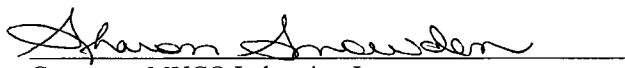
The purpose of the Surface/Lease Commingle is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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

Sincerely,

  
Miriam Morales

I hereby approve this application

  
Company: 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

JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER

JAMES S. BROWN  
CHIEF OPERATING OFFICER

February 27, 2013

RE: Surface/Lease Commingle oil only  
Oscuro BBC State Com #1H  
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from the Oil Conservation Division and State Land Office to Surface/Lease Commingle oil only on the following wells:

Sherpa BOY State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-37591  
St Lease #VA-2219  
Eddy County, NM

Oscuro BBC State Com #1H  
Willow Lake; Bone Spring  
Sec. 12-T25S-R27E  
API #30-015-38259  
St. Lease #VB-835  
Eddy County, NM

The ownership is diversified by percentages.  
The battery is located at the Sherpa BOY State Com #1H.

#### Oil Measurement

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Sherpa #1H. 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. Any vapor recovery gas shall be included in this application.

Estimated daily oil production for Sherpa #1H is 6 bbls with a gravity of 41.5 and for the Oscuro #1H is 400 bbl with a gravity of 45.5.

The purpose of the Surface/Lease Commingle is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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 have any questions, please contact me 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

7011 2000 0002 6461 6947  
7011 2000 0002 6461 6947

Sent To  
Street, Apt. No.  
or PO Box No.  
City, State, ZIP+4  
Devon Energy Production Co  
P O Box 842485  
Dallas TX 75284-2485  
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

050574 CHTB L US/E/13  
Blaine post.

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

DUCTION CO  
485

**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:

DEVON ENERGY PRODUCTION CO  
P O BOX 842485  
DALLAS, TX 75284-2485

2. Article Number  
(Transfer from s

7011 2000 0002 6461 6947

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



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

ADDRESS SERVICE REQUESTED

Sent to  
Street, Apt. No.,  
or PO Box No. *Lockbox 277120*  
City, State, Zip *Atlanta, GA 30384-7120*  
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

U.S. Postal Service<sup>TM</sup>  
CERTIFIED MAIL<sup>TM</sup> RECEIPT  
(Domestic Mail Only, No Insurance Coverage Provided)  
For delivery information visit our website at www.usps.com  
*Occidental Permian Limited*  
*Atlanta, GA 30384-7120*  
*2/10/04*

LIMITED

20

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:

OCCIDENTAL PERMIAN LIMITED  
LOCKBOX 277120  
ATLANTA, GA 30384-7120

2. Article Number  
(Transfer from s)

7011 2000 0002 6461 6930

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☐ Agent  
**X** ☐ 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

**CERTIFIED MAIL™**



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

ADDRESS SERVICE REQUESTED

7011 2000 0002 6461 6954

7011 2000 0002 6461 6954

Sent to  
Street, Apt. No.  
or PO Box No. *EG3, Inc*  
City, State, Zip *P.O. Box 1567*  
*Graham TX 76450-1567*

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

*OSCEOLA CT BL US 24/5*  
*He is on job.*

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

OF THE RETURN ADDRESS, FOLD AND INSERT HERE

**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:

EG3, INC  
P.O. BOX 1567  
GRAHAM, TX 76450-1567

2. Article Number

(Transfer from s

7011 2000 0002 6461 6954

**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

**CERTIFIED MAIL™**



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

ADDRESS SERVICE REQUESTED

7011 2000 0002 6461 6961

7011 2000 0002 6461 6961

<b>U.S. Postal Service™</b> <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>	
Sent to: <i>John Thoma</i> Street, Apt. No. or PO Box No.: <i>P O Box 17656</i> City, State, ZIP+4: <i>GOLDEN, CO 80402</i>	Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$
PS Form 3800, August 2006 See Reverse for Instructions	Postmark Here <i>U.S. 21/5/15</i>

**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:

JOHN THOMA  
P O BOX 17656  
GOLDEN, CO 80402

2. Article Number  
(Transfer from s)

7011 2000 0002 6461 6961

**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™

7011 2000 0002 6461 6978

7011 2000 0002 6461 6978

Sent to: Sandra M Thoma  
Street, Apt. No.: 8530 Mill Run Rd.  
or PO Box No.:  
City, State: Athens TX 75751  
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

OSCAR MICHEL US90743  
Diane Pool

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

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:

SANDRA M THOMA  
8530 MILL RUN ROAD  
ATHENS, TX 75751

2. Article Number  
(Transfer from s)

7011 2000 0002 6461 6978

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

**CERTIFIED MAIL™**



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

ADDRESS SERVICE REQUESTED

7011 2000 0002 6461 6985  
7011 2000 0002 6461 6985

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	
Sent To Street Apt. No. or PO Box No. City, State, ZIP+4 Dallas TX 75284-1803 OXY-Y-1 Company P.O. Box 841803 Dallas TX 75284-1803 PS Form 3800, August 2005 See Reverse for Instructions	

any  
4-1803

**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 st)

7011 2000 0002 6461 6985

**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



**CERTIFIED MAIL™**



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

ADDRESS SERVICE REQUESTED

7011 2000 0002 6461 6992  
7011 2000 0002 6461 6992

<b>U.S. Postal Service™ 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>	
<b>OSCO FUEL OILS L L C</b>	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
Honor paid	
Sent to Street, Apt. No., or PO Box No. City, State, ZIP+4 COG Operating LLC P O Box 849929 Dallas TX 75284-9929	
PS Form 3811, 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:

COG OPERATING LLC  
P O BOX 849929  
DALLAS TX 75284-9929

2. Article Number  
(Transfer from s)

7011 2000 0002 6461 6992

**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™

7011 2000 0002 6461 7012

7011 2000 0002 6461 7012

Sent to  
Street, Apt. No.  
or PO Box No.  
City, State  
PS Form 3800, August 2006 See Reverse for Instructions

Concho oil & Gas LLC  
PO Box 849929  
Dallas TX 849929

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

Postmark  
Here

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

05054940261 11/13/03

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:

CONCHO OIL & GAS LLC  
P O BOX 849929  
DALLAS, TX 849929

2. Article Number  
(Transfer from s

7011 2000 0002 6461 7012

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

**CERTIFIED MAIL™**



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

ADDRESS SERVICE REQUESTED

7011 2000 0002 6461 7005  
7011 2000 0002 6461 7005

Sent to The Allar Company  
Street, Apt. No. P O Box 1567  
or PO Box No.   
City, State, ZIP+4 Graham TX 76450-1567  
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

*Official Use*

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

For delivery information visit our website at www.usps.com

67

**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:

THE ALLAR COMPANY  
P O BOX 1567  
GRAHAM, TX 76450-1567

2. Article Number  
(Transfer from s

7011 2000 0002 6461 7005

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature ☐ Agent  
**X** ☐ 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™

7011 2000 0002 6461 7029  
7011 2000 0002 6461 7029

<b>U.S. Postal Service™</b> <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>	
<b>050474 STE 200 LP</b>	
<b>U.S. 7/13</b>	
<b>Postmark Here</b>	
Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

Sent to: **Legend Natural Gas III, LP**  
Street, Apt. No. / PO Box No.: **15021 Katy Freeway, Ste. 200**  
City, State, ZIP+4: **HOUSTON TX 77094-1914**  
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:

LEGEND NATURAL GAS III, LP  
15021 KATY FREEWAY STE 200  
HOUSTON, TX 77094-1914

2. Article Number  
(Transfer from s)

7011 2000 0002 6461 7029

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 Petroleum Corporation  
105 South 4th Street  
Artesia, NM 88210

CERTIFIED MAIL™

7011 2000 0002 6461 6916  
7011 2000 0002 6461 6916

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

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

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

Postmark Here

*Discord 9H CTB 4/27/13*  
*Minim 8 post.*

Sent To	<i>N.M.S.L.O. Commissioner of Public Lands</i>
Street, Apt. No., or PO Box No.	<i>P.O. Box 1148</i>
City, State, ZIP+4	<i>Santa Fe, NM 87504-1148</i>

PS Form 3800, August 2006 See Reverse for Instructions

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



## 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:

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

2. Article Number  
(Transfer from s

7011 2000 0002 6461 6916

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