

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

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

WELL API NO. 30-015-30757
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. V-4858
7. Lease Name or Unit Agreement Name Opuntia Draw ATG State Com
8. Well Number #1
9. OGRID Number 025575
10. Pool name or Wildcat Baldrige Canyon/Morrow

SUNDRY NOTICES AND REPORTS ON WELLS
(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.)

1. Type of Well: Oil Well [] Gas Well [X] Other []
2. Name of Operator Yates Petroleum Corporation
3. Address of Operator 105 South Fourth Street Artesia, NM 88210
4. Well Location Unit Letter M : 1090 feet from the south line and 660 feet from the west line
Section 29 Township 23S Range 25E NMPM County Eddy
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3818' GR

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 []
OTHER: Pool/Lease Commingle gas only [X]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
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 Corporation respectfully requests administrative approval to pool/lease commingle gas only on the following wells:

Opuntia Draw ATG State Com #1
Baldrige Canyon/Morrow
Sec. 29-T23S-R25E
API# 30-015-30757
State Lease #V-4858
Eddy County, New Mexico

Tyler AVC State #1
Dark Canyon II/Penn
Sec. 30-T23S-R25E
API# 30-015-10413
State Lease #V-4983
Eddy County, New Mexico

RECOMMEND APPROVAL
W. J. Jones
PC-1236

Total gas production and sales will be based on the measurement at the CDP and allocated back to each well based on chart readings. The DCP's meter #68483 is located at Sec. 31-T23S-R25E.

The estimated production for the Opuntia Draw ATG State Com #1 is 340 MCF per day and 33 MCF per day for the Tyler AVC State #1.

Identical Ownership. (CONTIGUOUS LEASE AREA)

The proposed commingling will enhance the accuracy of measurement and is necessary for economic operations for the marginal gas production on the above reference wells, and would extend the economic life of the well.

The proposed commingling will not result in reduced royalty or improper measurement of production.

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

MUST NOTIFY STATE LAND OFFICE PRIOR TO COMMINGLING.

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

SIGNATURE Miriam Morales TITLE Production Clerk DATE 6/27/11

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

For State Use Only

APPROVED BY: [Signature] TITLE Director DATE 8/12/11
Conditions of Approval (if any):