

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

WELL API NO. 30-015-39353
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM-85891
7. Lease Name or Unit Agreement Name Knoll AOK Federal
8. Well Number 4H
9. OGRID Number 025575
10. Pool name or Wildcat Nash Draw/Delaware, SW

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 Other

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 S. Fourth Street Artesia, NM 88210

4. Well Location
 Unit Letter A : 430 feet from the N line and 480 feet from the E line
 Section 3 Township 24S Range 29E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3086' GR

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPL

OTHER: Surface/Pool Commingle

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- CASING/CEMENT JOB
- ALTERING CASING
- P AND A

OTHER: PC-1243

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/Pool Commingle oil only on the following wells:

5/10/12

- | | | | |
|--|---|---|--|
| Knoll AOK Federal #1
Cedar Canyon/Bone Spring
Sec. 3-T24S-R29E
Fed. Lease #NM-85891
API #30-015-28127
Eddy County, NM | Knoll AOK Federal #2H
Cedar Canyon/Bone Spring
Sec. 3-T24S-R29E
Fed. Lease #NM-85891
API #30-015-35108
Eddy County, NM | Knoll AOK Federal #3H
Cedar Canyon/Bone Spring
Sec. 3-T24S-R29E
Fed. Lease #NM-85891
API #30-015-35907
Eddy County, NM | Knoll AOK Federal #4H(not drilled yet)
Nash Draw/Delaware
Sec. 3-T24S-R29E
Fed. Lease #NM-85891
API #30-015-39353
Eddy County, NM |
|--|---|---|--|

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

Identical ownership, see attached signed letter by landman.

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 Knoll #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 Knoll #1 is 2bbl, for the Knoll #2H is 26 bbl, for the Knoll #3H is 28 bbl and for the Knoll #4H is 300bbl.

The purpose of the surface/pool 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 this well. This will greatly increase costs and shorten the economic life of the well.

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

SIGNATURE Miriam Morales TITLE Production Analyst DATE 5/8/12

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

For State Use Only

APPROVED BY: [Signature] TITLE Director DATE 5/10/12

Conditions of Approval (if any):

Reviewed by [Signature]
Recommend Approval 5/10/12
This approval is subject to BLM approval