

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. 30-015-39792
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-6670
7. Lease Name or Unit Agreement Name Doc BHU State Com
8. Well Number 5H
9. OGRID Number 025575
10. Pool name or Wildcat Pierce Crossing; Bone Spring, East

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 O : 430 feet from the south line and 2310 feet from the east line
 Section 6 Township 25S Range 30E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3189' GR

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>
OTHER: Surface/Pool Commingle oil only <input checked="" type="checkbox"/>	OTHER: <u>PC-1244</u> <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.

Reviewed by [Signature] 5/10/12
Recommend Approval

Yates Petroleum respectfully requests administrative approval to Surface/Pool Commingle oil only for the following wells:

- | | |
|---|--|
| Doc BHU State #1
Corral Canyon; Delaware
Pierce Crossing; Bone Spring
Sec. 5-T25S-R30E
St. Lease #VO-6670
API #30-015-34552
Eddy County, NM | Doc BHU State Com #5H (not yet recompletd)
Pierce Crossing; Bone Spring, east
Sec. 6-T25S-R30E
St. Lease #VO-6670
API #30-015-39792
Eddy County, NM |
|---|--|

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

Identical ownership, attached is the letter signed by the landman.

Oil Measurement *This approval is subject to SLD approval*
 Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Doc BHU #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 Doc #1 is 7 bbls and for the Doc #2 is 150 bbls. The average estimated gravity is 43.7.

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 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 [Signature] TITLE Production Analyst DATE 4/24/12

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):