

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

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		WELL API NO. 30-015-40144
2. Name of Operator Yates Petroleum Corp.		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator 105 S Fourth Street Artesia, NM 88210		6. State Oil & Gas Lease No. VA-2957
4. Well Location Unit Letter <u>O</u> : <u>455</u> feet from the <u>South</u> line and <u>2310</u> feet from the <u>East</u> line Section <u>6</u> Township <u>25S</u> Range <u>30E</u> NMPM County <u>Eddy</u>		7. Lease Name or Unit Agreement Name Tombstone BMB State
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3189' GR		8. Well Number <u>2H</u>
9. OGRID Number 25575		10. Pool name or Wildcat Pierce Crossing; Bone Spring, east

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

<b>NOTICE OF INTENTION TO:</b> 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"/>		<b>SUBSEQUENT REPORT OF:</b> 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-1248</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.

Yates Petroleum respectfully requests administrative approval to Surface Pool Commingle of oil only on the listed wells.

Please see continuation for all the wells information.

The battery is located at the Tombstone BMB State #1. Please see attached plat and site facility diagram.

Identical ownership, landman verification of such is attached.

**Oil Measurements**

Each of these wells shall be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Tombstone BMB State #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 the Tombstone #1 is 8 bbl. with a gravity of 43.0 and for the Tombstone #2H is 300 bbl. with gravity of 41.0.

The purpose of the pool commingle 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 7/20/12

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 8/13/12

Conditions of Approval (if any):

*Reviewed by [Signature] 8/10/12*

*Recommend Approval*