Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division

Administrative Order PLC-358
Administrative Application Reference No. pKVR1221933000

August 31, 2012

Yates Petroleum Corporation
Attention: Ms. Miriam Morales

Pursuant to your application received on August 3, 2012, Yates Petroleum Corporation is hereby authorized to surface commingle **gas production** from the following pools located in Section 32, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico.

Triple X; Bone Spring Pool (**59900**)
Brinninstool; Delaware Pool (**96193**)

and from the following diversely owned wells located on State of New Mexico leases in said section, township and range in Lea County, New Mexico:

Hemlock BSH State Well No. 1H
API No. 30-025-40489
SHL: 330 FNL & 1980 FWL, Unit C
BHL: 330 FSL & 1980 FWL, Unit N

Yarrow BHY State Well No. 1
API No. 30-025-37561
990 FNL & 990 FEL, Unit A

The commingled gas production shall be measured and sold at the central delivery point located in the NE/4 NE/4 of Section 32, and will be allocated back to the respective wells based on EFM readings. Gas production from the wells is approved for off-lease measurement and sale.

The producer/operator shall notify the transporter of this commingling authority.

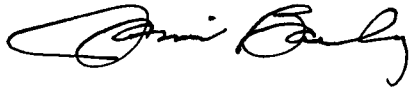The operator shall notify the Hobbs district office of the Division upon commencement of commingling operations.

This approval is subject to like approval from the New Mexico State Land Office before commencement of the commingling operations.

Sincerely,

Jami Bailey
Division Director

JB/re

cc: Oil Conservation Division District Office – Hobbs
        New Mexico State Land Office