

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice.
- [D] Notification and/or Concurrent Approval by BLM or SLC
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

MAYTE REYES Mayte Reyes Production Clerk
 Print or Type Name Signature Title Date
mayter@ypcam.com
 e-mail Address

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of Wyoming
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

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

2007 SEP 11 AM 9 47

WELL API NO. 30-025-38393
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-2134
7. Lease Name or Unit Agreement Name: Merle State Unit
8. Well No. 13
9. Pool name or Wildcat Wildcat/Wolfcamp

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 South Fourth Street, Artesia, NM 88210

4. Well Location
 Unit Letter M : 990' feet from the South line and 330' feet from the West line
 Section 11 Township 10S Range 34E NMPM Lea County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Off Lease Measurement and Surface Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation respectfully request administrative approval to Off Lease Measurement and Surface Commingle the following wells:

STATE <u>SE Lane Abo oil</u> Merle State Unit #13 990' FSL & 330' FWL (Unit M) Section 11-T10S-R34E Formation: Wildcat Wolfcamp <u>oil</u> Lea County, New Mexico API # 30-025-38393 VA-2134 (IDENTICAL)	STATE <u>SE Lane Abo oil</u> Merle State Unit #12 330' FNL & 2310 FEL (Unit B) Section 14-T10S-R34E Formation: Wildcat Wolfcamp <u>oil</u> Lea County, New Mexico API# 30-025-38392 VA-1945	STATE Taco AUK State #3 1750' FSL & 430 FEL (Unit I) Section 10-T10S-R34E Formation: <u>Lane/Abo UNDES. SE. LANE-ABO OIL</u> Lea County, New Mexico API# 30-025-38288 VA-1333
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The battery is located at the Taco AUK State #3. Please see attached plat and site facility diagram.

Oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately. Total sales volumes will be allocated back to individual wells based on daily well test.

All ownership is identical. - No

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Estimated daily production for the Merle State unit #13 is 100 bls of oil, and 150 mcf, Merle State unit #12 is 100 bls of oil, and 150 mcf, and the Taco AUK State #3 is 85 bls of oil, and 140 mcf.

The purpose of the Off Lease measurement & Surface Commingling, is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases

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

SIGNATURE Mayte Reyes TITLE Production Secretary DATE August 9, 2007

Type or print name Mayte Reyes Telephone No. (505) 748-4213

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

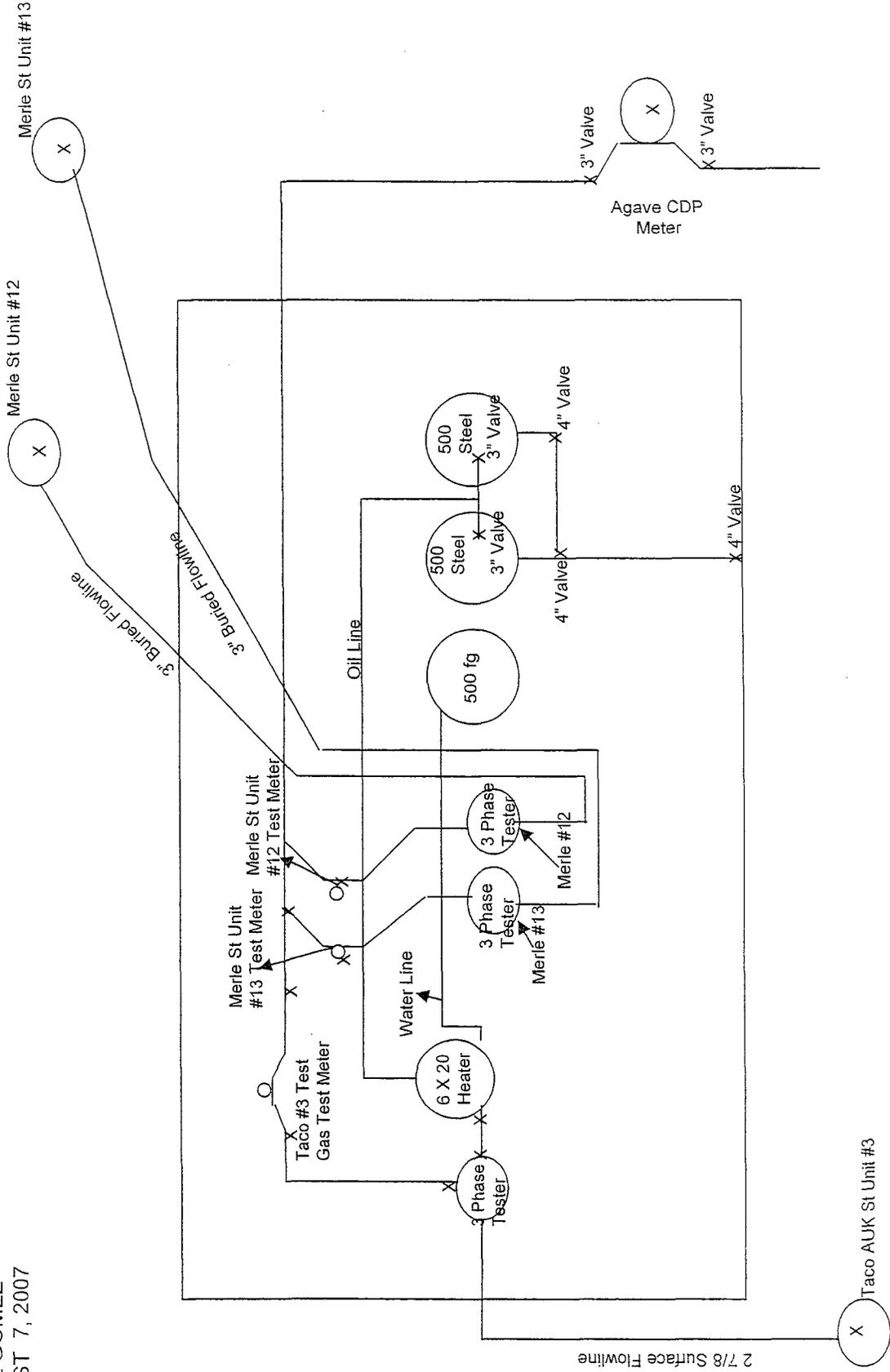


105 South 4th Street * Artesia, NM 88210
(505)-748-1471

NOEL GOMEZ
AUGUST 7, 2007

TACO AUK ST #3 - MERLE BATTERY

1750'FSL & 430'FEL * Sec10-T10-R34E * Unit
LEA, NM
API - 3002538288



This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan which is on file at 105 South 4th Street, Artesia, NM

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1501 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 52598

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38393	2. Pool Code	3. Pool Name Wildcat Wolfcamp
4. Property Code 33444	5. Property Name MERLE STATE UNIT	
6. Well No. 013	7. OGRID No. 25575	
8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4190	

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	11	10S	34E		990	S	330	W	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County

12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION			
	<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p>			
	<p>E-Signed By: Shirley Pruitt Title: Date: 5/1/2007</p>			
	SURVEYOR CERTIFICATION			
<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p>				
<p>Surveyed By: Herschel Jones Date of Survey: 4/25/2007 Certificate Number: 3640</p>				

District I
16.15 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 52599

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38392	2. Pool Code	3. Pool Name Wildcat Wolfcamp
4. Property Code 33444	5. Property Name MERLE STATE UNIT	6. Well No. 012
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4183

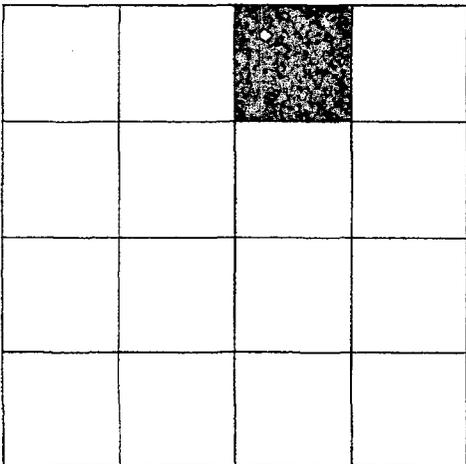
10. Surface Location

U.I. - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	14	10S	34E		330	N	2310	E	LFA

11. Bottom Hole Location If Different From Surface

U.I. - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code			15. Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Shirley Pruitt Title: Date: 5/1/2007</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Herschel Jones Date of Survey: 4/25/2007 Certificate Number: 3640</p>

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1800 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-38288		² Pool Code 36676		³ Pool Name Lane; Abo, Southeast	
⁴ Property Code 25268		⁵ Property Name Taco AUK State			⁶ Well Number 3
⁷ DGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 4194' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	10	10S	34E	I	1750	South	430	East	Lea

¹¹ Bottom Hole Location if Different From Surface

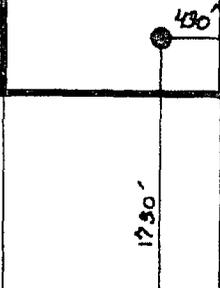
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres / ¹³ Joint or Infill / ¹⁴ Consolidation Code / ¹⁵ Order No.

40 / / /

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature	
					Stormi Davis Printed Name Regulatory Compliance Technician Title and E-mail Address stormid@ypcnm.com	
					Date 5-24-07	
					¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	



Call 6/15/07

STATUS

=====

CO - Company Pay Code
 CP - Company Purchased Production
 CT - Company Tax Partnership Interest
 GC - City Government Interest
 GI - Federal Government Interest
 GS - State Government Interest

STATUS CONTINUED

=====

NP - Paid Direct
 PA - Pay
 SA - Unknown Address
 SD - Suspense - Waiting on Division Order
 SJ - Suspense - Delinquent JIB
 ST - Suspense - Title Requirement

YATES PETROLEUM CORPORATION

Division of Interest

Property: 053594

Effective: First Sales

Well: 002:003

PROPERTY: ~~Taco AUK State #3~~

E/2 Sec. 10, T10S-R34E, NMPM
 Lea County, New Mexico

File No. 402-4761-B
 cb

OWNER NUMBER	OWNER NAME	NET REVENUE		STATUS
		INTEREST	TYPE	
192200	COMMISSIONER OF PUBLIC LANDS	0.1250000	RI	GS
999900	YATES PETROLEUM CORPORATION	0.6125000	WI	CO
994100	YATES DRILLING COMPANY	0.0875000	WI	PA
005000	ABO PETROLEUM CORPORATION	0.0875000	WI	PA
640010	MYCO INDUSTRIES, INC.	0.0875000	WI	PA
		<u>1.0000000</u>		

Landman:
Jimmy R. Hughes
 8/9/07



105 SOUTH FOURTH STREET
 ARTESIA, NEW MEXICO 88210
 TELEPHONE (505) 748-1471

LEASE NAME	Merle State Unit #12
COUNTY	Lea
FIELD	
LOCATION	Section 14 T10S-R34E, 330' N & 2,310' E

Landman:
 Jimmy R. Hughes
 3/9/07

YATES PETROLEUM CORPORATION	BY: <i>[Signature]</i>	DATE: 6-18-07	70.00%
YATES DRILLING COMPANY	BY: <i>[Signature]</i>	DATE: 6-18-07	10.00%
ABO PETROLEUM CORPORATION	BY: <i>[Signature]</i>	DATE: 6-18-07	10.00%
MYCO INDUSTRIES, INC.	BY: <i>[Signature]</i>	DATE: 6-18-07	10.00%



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

LEASE NAME
COUNTY
FIELD
LOCATION

Merle State Unit #13	PROJ'D DEPTH	9,250'
Lea	STATE	New Mexico
	HORIZON	Wolfcamp
Section 11 T10S-R34E, 990'S & 330' W		

Landman:
Jimmy R. Hughes
8/9/07

YATES PETROLEUM CORPORATION	70.00%
BY: <i>[Signature]</i> DATE: 7-16-07	
YATES DRILLING COMPANY	10.00%
BY: <i>[Signature]</i> DATE: 7-16-07	
ABO PETROLEUM CORPORATION	10.00%
BY: <i>[Signature]</i> DATE: 7-16-07	
MYCO INDUSTRIES, INC.	10.00%
BY: <i>[Signature]</i> DATE: 7-16-07	



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

August 20, 2007

310 OLD SANTA FE TRAIL
P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Ms. Mayte Reyes

Re: Surface Commingling and
Off Lease Measurement
Sections, 10, 11 and 14
Township 10 South, Range 34 East
Lea County, New Mexico

Dear Ms. Reyes:

We are in receipt of your application of August 9, 2007 requesting our approval for surface commingling and off lease measurement and storage of the production from the following wells:

Merle State Unit Well No. 13 M Sec. 11-10S-34E	API # 30-025-38393, Wildcat Wolfcamp
Merle State Unit Well No. 12 B Sec. 14-10S-34E	API # 30-025-38392, Wildcat Wolfcamp
Taco AUK State Well No. 3 I Sec. 10-10S-34E	API # 30-025-38288, Lane/Abo

It is our understanding that the tank battery is located in the NE/4SE/4 of Sec. 10-10S-34E. The oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately. Total sales volumes will be allocated back to individual wells based on the daily well test.

Please contact Ms. Anna Villa at (505) 827-5789 for a possible right-of-way through the NE/4SE/4 of Section 10-10S-34E.

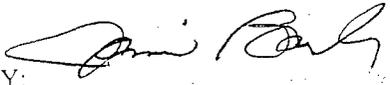
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico, as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 dollar filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS



BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/pm
pc: Reader File,

OCD-Attention: David Catanach

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

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1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

WELL API NO. 30-025-38393
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-2134
7. Lease Name or Unit Agreement Name: Merle State Unit
8. Well No. 13
9. Pool name or Wildcat Wildcat/Wolfcamp
10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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 South Fourth Street, Artesia, NM 88210

4. Well Location
Unit Letter M : 990' feet from the South line and 330' feet from the West line
Section 11 Township 10S Range 34E NMPM Lea County

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Off Lease Measurement and Surface Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation respectfully request administrative approval to Off Lease Measurement and Surface Commingle the following wells:

STATE Merle State Unit #13 990' FSL & 330' FWL (Unit M) Section 11-T10S-R34E Formation: Wildcat Wolfcamp Lea County, New Mexico API # 30-025-38393 VA-2134	STATE Merle State Unit #12 330'FNL & 2310 FEL (Unit B) Section 14-T10S-R34E Formation: Wildcat Wolfcamp Lea County, New Mexico API# 30-025-38392 VA-1945	STATE Taco AUK State #3 1750'FSL & 430 FEL (Unit I) Section 10-T10S-R34E Formation: Lane/Abo Lea County, New Mexico API# 30-025-38288 VA-1333
---	---	--

The battery is located at the Taco AUK State #3. Please see attached plat and site facility diagram.

Oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately. Total sales volumes will be allocated back to individual wells based on daily well test.

All ownership is identical.

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The purpose of the Off Lease measurement & Surface Commingling, is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases

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

SIGNATURE: Maite Reyes TITLE Production Secretary DATE August 9, 2007

Type or print name Maite Reyes Telephone No. (505) 748-4213

APPROVED BY _____ TITLE _____

Conditions of approval, if any: _____

APPROVED ON APPROVED AUG 20 2007
COMMISSIONER OF PUBLIC LANDS

Patricia H. Lopez

FEEDATE 4 NMSLU 001-00004
216 0 15-AUG-07 10:46 30.00

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

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only - No Insurance Coverage Provided)

For delivery information, visit our website at www.usps.com

NEWSPAPER, 13 & TAGO A3 / OFF WARE
 REPLYMENT
 & SURFACE
 COMMUNE US

Postage	\$	Postmark Here 8-9-07 MAYTE
Certified Fee		
Return Receipt Fee (endorsement Required)		
Restricted Delivery Fee (endorsement Required)		

Oil Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

PS Form 3811, February 2004
 Domestic Return Receipt
 102595-02-M-1540

2. Article Number (Transfer from service label)
 7005 2570 0007 6854 8026

1. Article Addressed to:
 ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 ■ Print your name and address on the reverse so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece, or on the front if space permits.

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

3. Service Type
 Certified Mail
 Express Mail
 Registered
 Return Receipt for Merchandise
 Insured Mail
 C.O.D.

4. Restricted Delivery? (Extra Fee)
 Yes
 No

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

A. Signature Agent Addressee
 B. Received by (Printed Name) _____
 C. Date of Delivery _____

SENDER: COMPLETE THIS SECTION
COMPLETE THIS SECTION ON DELIVERY