

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 SLO
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

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[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 3-17-08
Print or Type Name Signature Title Date

mayter@ypenn.com
e-mail Address

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT--" for such proposals

5. Lease Designation and Serial No.
NM-105213

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE

7. If Unit or CA. Agreement Designation

1. Type of Well
Oil Gas
 Well Well Other

8. Well Name and No.
Jester BFJ Federal #1

2. Name of Operator
Yates Petroleum Corporation

9. API Well No.
30-015-34275

3. Address and Telephone No.
105 South Fourth Street, Artesia, NM 88210 (505) 7481471

10. Field and Pool, or Exploratory Area
Pierce Crossing/Bone Spring
Cedar Canyon/Delaware

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
630' FSL & 2310' FWL Section 12-T24S-R29E (Unit N, SESW)

11. County or Parish, State
Eddy County, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

- TYPE OF SUBMISSION
- Notice of Intent
 - Subsequent Report
 - Final Abandonment Notice

- TYPE OF ACTION
- Abandonment
 - Recompletion
 - Plugging Back
 - Casing Repair
 - Altering Casing
 - Other Surface Pool / Lease Commingle

- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completion on Well completion or Recompletion Report and Log Form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Yates Petroleum Corporation respectfully request administrative approval to Surface Pool / Lease Commingle Gas Only the following wells.

| Federal | Federal | Federal | State | State | State |
|--|--|---|--|--|--|
| Corral Draw AQH Federal #1 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-29396 | Corral Draw AQH Federal #2 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-34257 | Jester BFJ Federal #1 Sec 12-T24S-29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease #NM-10521 API# 30-015-34275 | Ohkay BHH State #1 Sec 6-T25S-R30E Nash Draw/Delaware Pierce Crossing/Bone Spring Eddy County, NM API# 30-015-34551 | Wyatt BHT State #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Nash Draw / Delaware Eddy County, NM API# 30-015-34553 | Doc BHU State #1 Sec 5-T25S-R30E Pierce Crossing/Bone Spring Corral Canyon/Delaware Eddy County, NM API# 30-015-34552 |

Handwritten notes: 11570, 9647B, 47545, 13360, DHC-1696, DHC-3640, DHC-3729, DHC-3697, DHC-3972, DHC-3959, EAST, WEST, 96473.

The CDP is located at the Jester BFJ Federal #1. Please see attached plat and site facility diagram.

Diversified ownership by percentages. Owners were notified verbally. All in house subsidiaries.

The production from the Corral Draw AQH Federal #1, Corral AQH Federal #2, Ohkay BHH State #1, Jester BFJ Federal #1, Wyatt BHT State #1, and for the Doc BHU State #1 is measured on lease and the sales point at a meter located on the Jester BFJ Federal #1 630' FSL 2310' FWL Sec 12-T24S-R29E Unit N.

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 gas production for the Corral Draw AQH Federal #1 is 90 mcf, Corral Draw AQH Federal #2 is 100 mcf, Jester BFJ Federal #1 is 100 mcf, Wyatt BHT State #1 is 400 mcf, Doc BHU State #1 is 400 mcf, and for the Ohkay BHH State #1 is 120 mcf.

The purpose of the Surface Pool / Lease Commingle 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 built 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.

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

14. I hereby certify that the foregoing is true and correct

Signed Mate Reser Title Production Secretary

Date March 17, 2008

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any: _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

District III
1000 Rio Brazos Road, Aztec, NM 87410

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

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

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: YATES PETROLEUM CORPORATION
OPERATOR ADDRESS: 105 SOUTH 4TH STREET ARTESIA NM 88210
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____

Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to the proposed commingling Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | Value of Non-Commingled Production | Calculated Value of Commingled Production | Volumes |
|--|--|---|------------------------------------|---|---------|
| 96473 PIERCE CROSSLING/BONE SPRING EAST.307 | 1.129 | 1.227 | | | 18093 |
| NASH DRAN/DELANNE 47545 | 1.129 | 1.129 | | | 3303 |
| CEDEAR CANYON/DELANNE 11540 | 1.251 | 1.307 | | | 1593 |
| CONRAL CANYON/DELANNE 13360 | 1.000 | 1.000 | | | 954 |

- (2) Are any wells producing at top allowables? Yes No
 (3) Are all working, royalty and overriding royalty interests common between pools? Yes No
 (4) Include proof of notice to all interests if the answer to No. 3 is "No".
 (5) Measurement type: Metering Well Test Subtraction Method
 (6) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
 (2) Is all production from same source of supply? Yes No
 (3) Are all working, royalty and overriding royalty interests common between leases? Yes No
 (4) Include proof of notice to all interests if the answer to No. 3 is "No".
 (5) Measurement type: Metering Well Test Subtraction Method (only when No. 3 is "Yes")

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
 (2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
 (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
 (3) Lease Names, Lease and Well Numbers, and API Numbers.
 (4) If production is to be measured by well test, include testing frequency.

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

SIGNATURE: Maria Reyes TITLE: PRODUCTION CLERK DATE: 3-17-08
 TYPE OR PRINT NAME MARIA REYES TELEPHONE NO. (505) 748-4213

District I
 PO Box 1960, Hobbs, NM 88241-1960
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------------|--|--|--|------------------------|----------------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name Wildcat | |
| 4 Property Code | | 5 Property Name CORRAL DRAW AOH FEDERAL | | | 6 Well Number 1 |
| 7 OGRID No. 025575 | | 8 Operator Name YATES PETROLEUM CORPORATION | | | 9 Elevation 3053. |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 13 | 24-S | 29-E | | 2310 | SOUTH | 330 | WEST | EDDY |

11 Bottom Hole Location If Different From Surface

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

| | | | |
|--------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 40 | 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

| | | | | |
|--------|--|--|--|--|
| 16 | 17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature: Printed Name: Ken Beardemphl Title: Landman Date: January 22, 1997 | | | |
| | 18 SURVEYOR CERTIFICATION <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> Date of Survey: JANUARY 2, 1997 Signature and Seal of Professional Surveyor: | | | |
| | 19 | | | |

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-9719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
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 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | |
|------------------------------|--|--|--|--------------------------------|--|-------------------------------------|--|
| 1 API Number 30-015-29396 | | 2 Pool Code 96473 | | 3 Pool Name Pierce Crossing | | 4 Well Number Base Springs, East | |
| 5 Property Code | | 6 Property Name CORRAL DRAW AQH FEDERAL | | | | 7 Well Number 1 | |
| 8 OGRD No. 025575 | | 9 Operator Name YATES PETROLEUM CORPORATION | | | | 10 Elevation 3053. | |

10 Surface Location

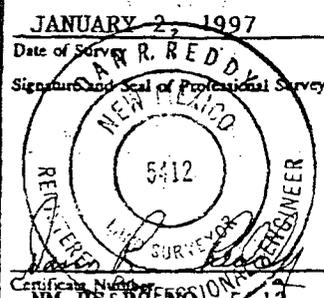
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 13 | 24-S | 29-E | | 2310 | SOUTH | 330 | WEST | EDDY |

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 40 | 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

| | | | | |
|---------------------|--|--|--|--|
| 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: <i>Ken Beardemphl</i> Printed Name: Ken Beardemphl Title: Landman Date: January 22, 1997 | | | |
| 330 NM- 88136 | 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: JANUARY 22, 1997 Signature and Seal of Professional Surveyor:  Certificate Number: NM PS&S NO. 5412 | | | |
| 2310 | | | | |

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|---|--|
| ¹ API Number 30-015-34257 | ² Pool Code | ³ Pool Name Wildcat Delaware |
| ⁴ Property Code 20474 | ⁵ Property Name Corral Draw AQH Federal | |
| ⁷ OGRID No. 025575 | ⁸ Operator Name Yates Petroleum Corporation | ⁶ Well Number 2 ⁹ Elevation 3073'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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 13 | 24S | 29E | | 1980 | North | 1980 | West | Eddy |

¹¹ Bottom Hole Location If Different From Surface

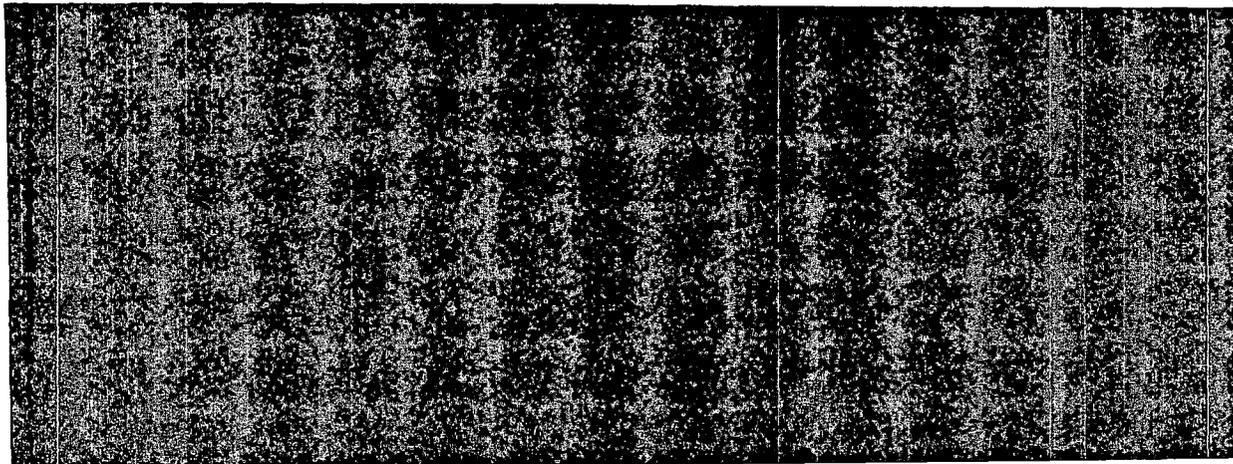
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

¹² Dedicated Acres: 40
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.

| | |
|-------------------|--|
| ¹⁶ | ¹⁷ OPERATOR CERTIFICATION <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 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> Signature: <u>Tina Huerta</u> Date: July 12, 2006 Tina Huerta Printed Name |
| | ¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor: |
| | Certificate Number |
| | |

8/22/06 es



DISTRICT II
511 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------|--|--|
| API Number | Pool Code | Pool Name Pierce Crossing Bone Spring EAST |
| Property Code | Property Name CORRAL DRAW "A" FEDERAL | Well Number 2 |
| GRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | Elevation 3073 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 13 | 24S | 29E | | 1980 | NORTH | 1980 | WEST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-----------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | 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.</i></p> <p><i>Cy Cowan</i> Signature Cy Cowan</p> <p>Printed Name Regulatory Agent</p> <p>Title June 6, 2005</p> <p>Date</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>10/21/2004 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor <i>[Signature]</i> 3640 Certificate No. Harsco's License RLS 3640 CORRAL DRAW LAND SURVEY GENERAL SURVEYING COMPANY</p> |

0 330° 660° 990° 1650° 1980° 2310° 2310° 1980° 1650° 990° 660° 330° 0°

DISTRICT II
 811 South First, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
 2048 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------|--|----------------------------------|
| API Number | Pool Code | Pool Name Wildcat Bone Spring |
| Property Code | Property Name JESTER "BFJ" FEDERAL | Well Number 1 |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | Elevation 3103 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 12 | 24S | 29E | | 630 | SOUTH | 2310 | WEST | EDDY |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-----------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | 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>N.32°13'35.6" W.103°56'20.9" N.446319.2 E.622048.9 (NAD-27)</p> | <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Cy Cowan</i> Signature</p> <p>Cy Cowan Printed Name</p> <p>Regulatory Agent Title</p> <p>July 13, 2005 Date</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>10/21/2004 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor HERSHEL E. JONES</p> <p>Certificate No. Herschel E. Jones RLS 3640 JESTER 1 GENERAL SURVEYING COMPANY</p> |
| | | |
| | | |

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|--|---|--|---|-----------------------------------|
| ¹ API Number 30-015-34275 | | ² Pool Code 11540 | | ³ Pool Name Undesignated Cedar Canyon; Delaware | |
| ⁴ Property Code 35031 | | ⁵ Property Name Jester BFJ Federal | | | ⁶ Well Number 1 |
| ⁷ OGRID No. 025575 | | ⁸ Operator Name Yates Petroleum Corporation | | | ⁹ Elevation 3103'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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 12 | 24S | 29E | | 630 | South | 2310 | West | Eddy |

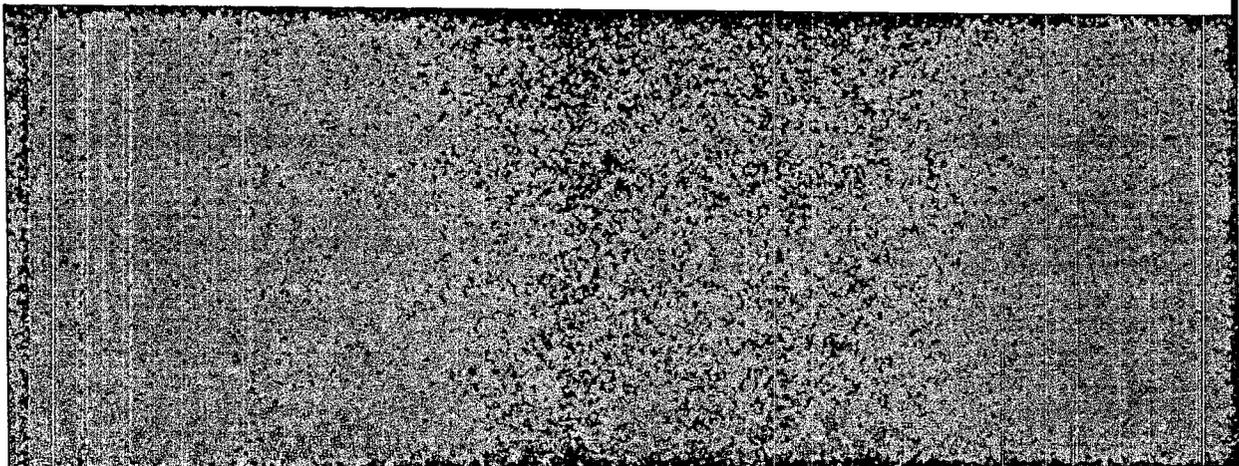
¹¹ Bottom Hole Location If Different From Surface

| 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 40 | 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.

| | | |
|--|--|-------------------------|
| ¹⁶ | ¹⁷ OPERATOR CERTIFICATION | |
| | <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 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> | |
| | | August 10, 2006 Date |
| | Tina Huerta Printed Name | |
| ¹⁸ SURVEYOR CERTIFICATION | | |
| <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> | | |
| Date of Survey | | |
| Signature and Seal of Professional Surveyor: | | |
| Certificate Number | | |



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & 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 30-015-34551 | | ² Pool Code 13360 | | ³ Pool Name Corral Canyon; Delaware | | | |
| ⁴ Property Code 35383 | | ⁵ Property Name Ohkay BHH State | | | | ⁶ Well Number 1 | |
| ⁷ OGRID No. 025575 | | ⁸ Operator Name Yates Petroleum Corporation | | | | ⁹ Elevation 3,139' | |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 6 | 25S | 30E | | 330' | FNL | 330' | FWL | Eddy |
| | | | | | | | | | |

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 40 | 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

| | | | | | |
|----|--|--|--|--|---|
| 16 | | | | | <p>¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <hr/> <p>Signature</p> <hr/> <p>Debbie Chavez Printed Name</p> <hr/> <p>Engineering Technician</p> <hr/> <p>Title and E-mail Address</p> <hr/> <p>4/18/06 Date</p> <hr/> |
| | | | | | <p>¹⁸ SURVEYOR CERTIFICATION <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> <hr/> <p>Date of Survey</p> <hr/> <p>Signature and Seal of Professional Surveyor:</p> <hr/> |
| | | | | | <p>Certificate Number</p> |

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

Form C-102
Permit 21602

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-015-34551 | 2. Pool Code 96403 | 3. Pool Name <i>Pierson</i> WILDCAT, BONE SPRING, <i>EAST</i> |
| 4. Property Code 35383 | 5. Property Name <i>Crazy</i> OHKAY BHH STATE | |
| 7. OGRID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | |
| | | 6. Well No. 001 |
| | | 9. Elevation 3139 |

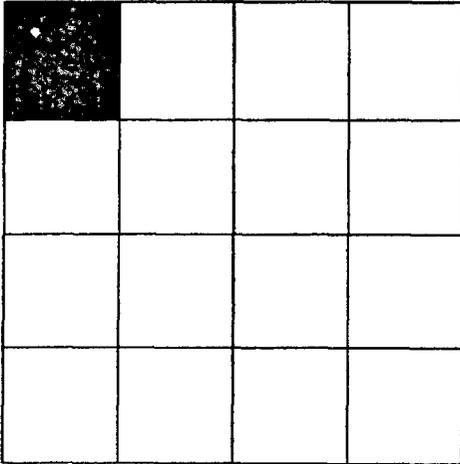
10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| 4 | 6 | 25S | 30E | 4 | 330 | N | 330 | W | EDDY |

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 40.17 | | 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 style="text-align: center;">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: Debbie Caffall Title: Regulatory Agent Date: 1/16/2006</p> <hr/> <p style="text-align: center;">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: Hershel Jones Date of Survey: 11/9/2005 Certificate Number: 3640</p> |
|---|--|

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

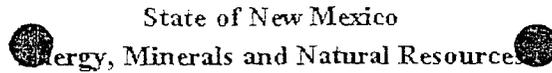
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Bruces Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462



State of New Mexico
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form OCS-11609

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|--------------------------------------|
| 1. API Number 30-015-34553 | 2. Pool Code 96403 | 3. Pool Name WILDCAT; BONE SPRING |
| 4. Property Code 35385 | 5. Property Name WYATT BHT STATE | 6. Well No. 001 |
| 7. OGRID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | 9. Elevation 3165 |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B | 6 | 25S | 30E | | 330 | N | 2310 | E | EDDY |

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 40.50 | | 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

| | | |
|---|--|--|
| | 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: Debbie Caffall Title: Regulatory Agent Date: 11/9/2006</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: 11/9/2005 Certificate Number: 3640</p> | | |

District I
1315 S. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

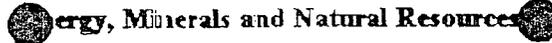
District II
1501 W. Grand Ave., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

District III
1000 Rio Bravo Rd., Altam, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico

Form C-102
Perm: 21694



Oil Conservation Division

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|--------------------------------------|
| 1. API Number 30-015-34552 | 2. Pool Code 96403 | 3. Pool Name WILDCAT; BONE SPRING |
| 4. Property Code 35384 | 5. Property Name DOC BHU STATE | 6. Well No. 001 |
| 7. OORID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | 9. Elevation 3223 |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Km | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|--------|-----------|----------|-----------|----------|--------|
| O | 5 | 25S | 30E | | 330 | S | 2310 | E | EDDY |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Km | 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

| | | | |
|---|--|--|--|
| | 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: Debbie Caffall Title: Regulatory Agent Date: 1/18/2006</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: 11/3/2005 Certificate Number: 3640</p> | | | |



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

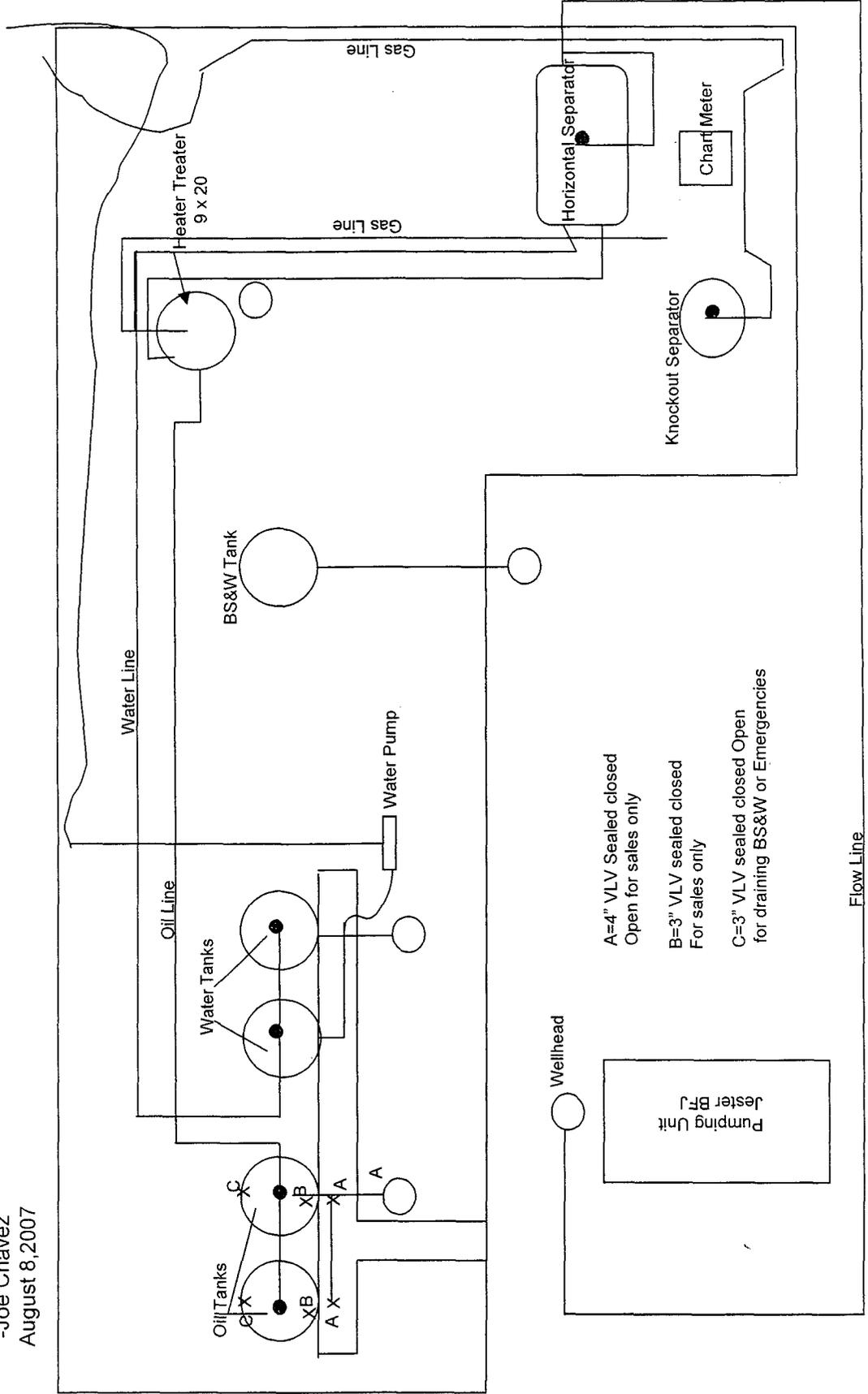
JESTER BFJ FEDERAL #1

630'FSL & 2310' FWL * Sec12 - T24S - R29E * Unit N
 EDDY, NM
 API - 3001534275



North

-Joe Chavez
 August 8, 2007



- A=4" VLV Sealed closed
Open for sales only
- B=3" VLV sealed closed
For sales only
- C=3" VLV sealed closed Open
for draining BS&W or Emergencies

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

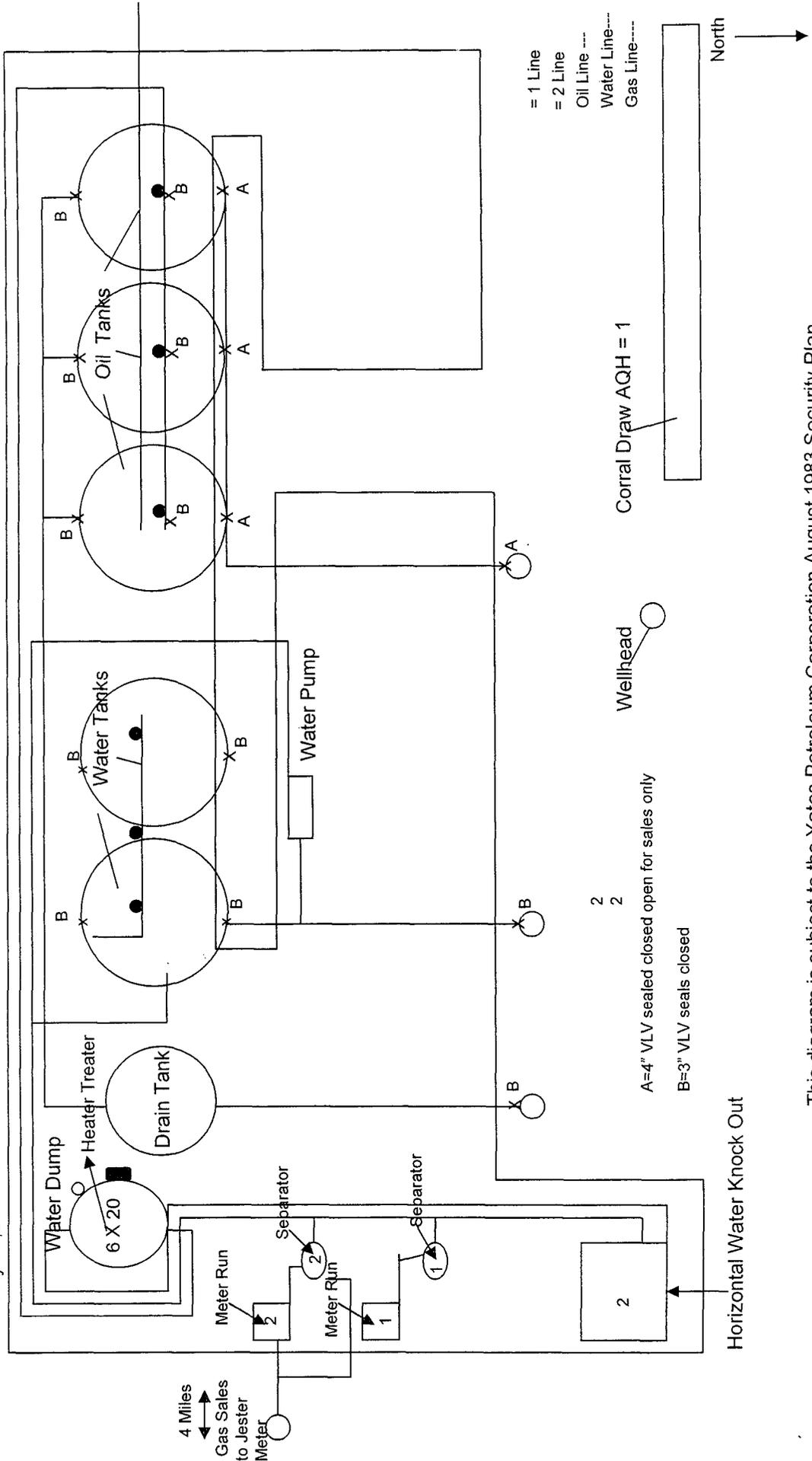


105 South 4th Street * Artesia, NM 88210
(505)-748-1471

Corral Draw AQH Federal #1 & #2 Battery

2310'FSL & 330'FWL * Sec13 - T24S-R29e * Unit L
Eddy, NM
API - 3001529396

Joe Chavez - Foreman
July 30, 2007



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

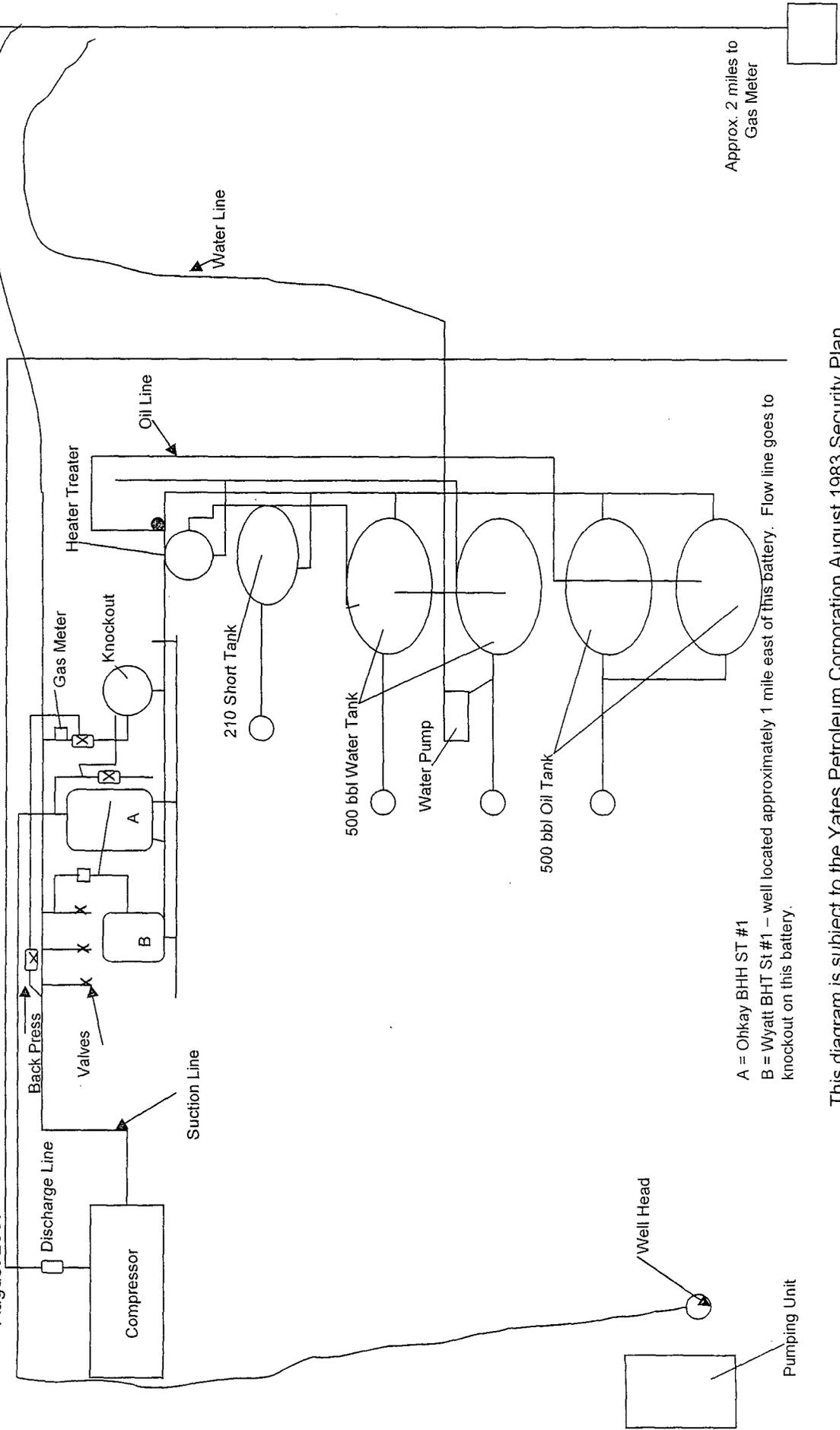


105 South 4th Street * Artesia, NM 88210
 (505)-748-1471
 -Joe Chavez
 August 2007

OHKAY BHH ST #1 Battery

330'FNL & 330'FWL * Sec6 - T25S - R30E * Unit D
 EDDY, NM
 API - 3001534551

North
 Approx. 6 miles to
 Jester CDP



A = Ohkay BHH ST #1
 B = Wyatt BHT St #1 - well located approximately 1 mile east of this battery. Flow line goes to knockout on this battery.

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

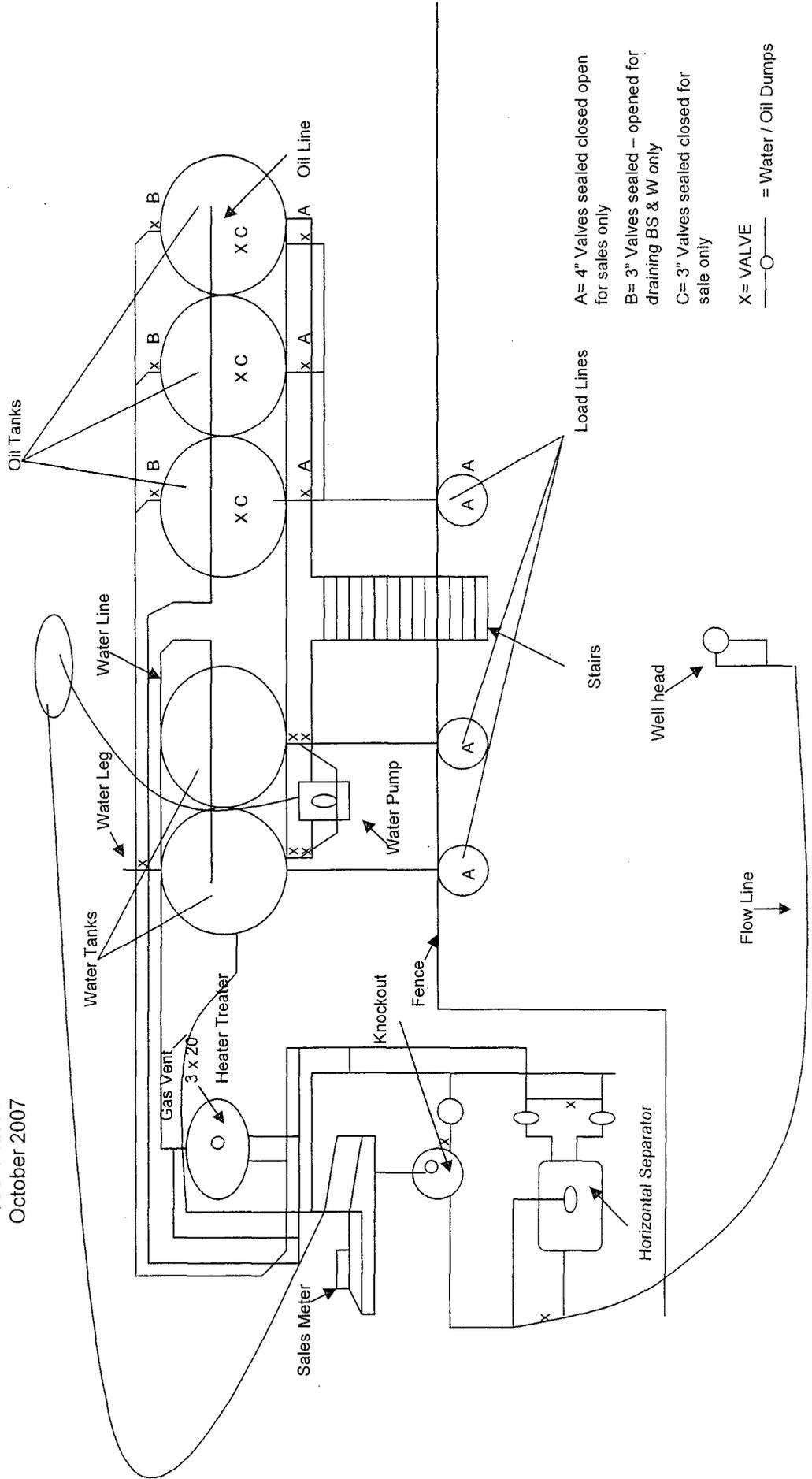


DOC BHU STATE #1

330' FSL & 2310' FEL * 05-25S-30E * 1* EDDY County, NM

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

-Joe Chavez
October 2007



From: Janet Richardson [janet@ypc.com]
Sent: Thursday, October 18, 2007 2:02 PM
To: 'Mayte Reyes'
Subject: RE: Off Lease Measurement Status

Both the Wyatt and Doc are state of New Mexico leases owned by YPC 70%; YDC 10%; Myco 10% and Abo 10%. Thanks, Janet

A handwritten signature in black ink, appearing to read "Janet Richardson". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

STATUS CONTINUED

NP - Paid Direct
 PA - Paid
 SA - Unknown Address
 SD - Suspense - Waiting on Division Order
 SJ - Suspense - Deficient IJ
 ST - Suspense - Title Requirement

YATES PETROLEUM CORPORATION
 Division of Interest
 Federal Royalty Rate Reduction Program
 Effective: First Sales

Property: 019201
 Well: 001_002

File No. 401-2915-B
 sg

INITIAL QUALIFYING PERIOD: 6/1/87 thru 5/31/98

AVERAGE BBL OF OIL PER DAY IS:

| OWNER NUMBER | OWNER NAME | INTER CO # | GROSS WI | BASIC INTEREST | 0 BBL | 1 BBL | 2 BBL | 3 BBL | 4 BBL | 5 BBL | 6 BBL | 7 BBL | 8 BBL | 9 BBL | 10 BBL | 11 BBL | 12 BBL | 13 BBL | 14 BBL | TYPE | STATUS |
|--------------|-----------------------------|------------|-----------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|--------|
| 611540 | MINERALS MANAGEMENT SERVICE | | | 0.1250000 | 0.0050000 | 0.0130000 | 0.0210000 | 0.0290000 | 0.0370000 | 0.0450000 | 0.0530000 | 0.0610000 | 0.0690000 | 0.0770000 | 0.0850000 | 0.0930000 | 0.1010000 | 0.1090000 | 0.1170000 | RI | GI |
| 999900 | YATES PETROLEUM CORPORATION | | 0.0400000 | 0.0350000 | 0.0391600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | 0.0384600 | WI | CO |
| 994100 | YATES DRILLING COMPANY | | 0.3200000 | 0.2800000 | 0.3184000 | 0.3184000 | 0.3107200 | 0.3107200 | 0.3081600 | 0.3056000 | 0.3030400 | 0.3004800 | 0.2979200 | 0.2953600 | 0.2928000 | 0.2902400 | 0.2876800 | 0.2851200 | 0.2825600 | WI | PA |
| 005000 | ARO PETROLEUM CORPORATION | | 0.3200000 | 0.2800000 | 0.3184000 | 0.3184000 | 0.3107200 | 0.3107200 | 0.3081600 | 0.3056000 | 0.3030400 | 0.3004800 | 0.2979200 | 0.2953600 | 0.2928000 | 0.2902400 | 0.2876800 | 0.2851200 | 0.2825600 | WI | PA |
| 640010 | MYCO INDUSTRIES, INC. | | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | WI | PA |

Royalty on Gas Production is paid on Basic Interest.

NOTE: ROYALTY RATE WILL NEVER BE GREATER than initial qualifying rate for life of the Royalty Rate Reduction Program (OIL ONLY).

This Federal Royalty Rate Reduction Program is subject to termination upon six (6) months notice from BLM under the following conditions:

1. Oil price reaches \$28.00 per Bbl for six (6) consecutive months, or
2. Secretary of the Interior's evaluation of the Royalty Rate Reduction Program as of September 10, 1997.

STATUS

NEW

STATUS CONTINUED

=====
 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
 GW - Wyoming State Government Interest

=====
 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: 033510
 Effective: First Sales Well: 001

PROPERTY: Jester "BFJ" Fed. #1
 SE/4SW/4 Sec. 12, T24S-R29E, NMPM
 Eddy County, New Mexico

File No. 401-3871-B

| OWNER NUMBER | OWNER NAME | NET REVENUE INTEREST | TYPE | STATUS |
|--------------|-----------------------------|----------------------|------|--------|
| 611540 | MINERALS MANAGEMENT SERVICE | 0.12500000 | RI | GI |
| 999900 | YATES PETROLEUM CORPORATION | 0.03500000 | WI | CO |
| 994100 | YATES DRILLING COMPANY | 0.28000000 | WI | PA |
| 005000 | ABO PETROLEUM CORPORATION | 0.28000000 | WI | PA |
| 640010 | MYCO INDUSTRIES, INC. | <u>0.28000000</u> | WI | PA |
| | | <u>1.00000000</u> | | |

STATUS

NEW

STATUS CONTINUED

=====
 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
 GW - Wyoming State Government Interest

=====
 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: 043533
 Effective: First Sales Well: 001

PROPERTY: Ohkay "BHH" St. #1
 NW/4NW/4 Sec. 6, T25S-R30E, NMPM
 Eddy County, New Mexico

File No. 402-7039-B

| OWNER NUMBER | OWNER NAME | NET REVENUE INTEREST | TYPE | STATUS |
|--------------|------------------------------|-------------------------------|-----------|--------|
| 192200 | COMMISSIONER OF PUBLIC LANDS | 0.1666667 | RI | |
| 999900 | YATES PETROLEUM CORPORATION | 0.0225000 0.3333333 | ORI WI | |
| 994100 | YATES DRILLING COMPANY | 0.1591667 | WI | |
| 005000 | ABO PETROLEUM CORPORATION | 0.1591666 | WI | |
| 640010 | MYCO INDUSTRIES, INC. | 0.1591667 <u>1.0000000</u> | WI | |

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, April 10, 2008 6:41 PM
To: 'mayter@ypcnm.com'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Warnell, Terry G, EMNRD
Subject: Surface Commingle application from Yates: Corral Draw, Jester, Ohkay, Wyatt, and Doc BHU, Eddy County, NM

Hello Mayte:

Got your application to commingle these 6 wells on State and Federal acreage and just need a couple more things:

Ask your engineer if all 6 wells (or any grouping of identically owned wells - see the landman for this) will have gas and oil allocation meters or metering separators. If only periodic well tests are to be used for allocation of oil well production from diversely owned wells, then ask your attorney to set this application to an examiner hearing - let me know?

If wells are to be equipped with allocation meters, then:

- 1) Ask the three other Yates entities to sign waivers allowing this commingling and send me copies of these waivers - verbal approval is not enough.
- 2) Send copies of the certified receipts of the notices you sent to the other parties owning revenue interests such as the New Mexico State Land Office. *Done* _____

Sorry for the trouble, but thank you in advance.

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

7005 2570 0001 6854 7852
 7005 2570 0001 6854 7852

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

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

COMPUTER / TEST / OH RAYH

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____

Total Postage _____

Sent To: Bureau of Land Management
 Carlsbad Field Office
 620 R. Greene St.
 Carlsbad, NM 88220

Postmark Here: **MAY 27 8-23-07**

PS Form 3811, June 2004

Bureau of Land Management
 Carlsbad Field Office
 620 R. Greene St.
 Carlsbad, NM 88220

RECEIVED
 2008 MAY 27 PM 3 52

SENDER: COMPLETE THIS SECTION

1. Article Addressed to:
 Bureau of Land Management
 Carlsbad Field Office
 620 R. Greene St.
 Carlsbad, NM 88220

2. Article Number: 7005 2570 0001 6854 7852
 (Transfer from service label)

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:

E. Signature: _____

F. Received by (Printed Name): _____
 C. Date of Delivery: _____

G. Agent Addressee

COMPLETE THIS SECTION ON DELIVERY

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

7005 2570 0001 0001 7838
 7005 2570 0001 0001 7838

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

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

OFFICIAL USE
 Contract # 122 / JEREN # 1 / OTCAY # 1

| | | |
|---|----|-------------------------------------|
| Postage | \$ | MATE 5-22-07 Postmark Here |
| Certified Fee | | |
| Return Receipt Fee (Endorsement Required) | | |
| Restricted Delivery Fee (Endorsement Required) | | |

Commissioner of Public Lands
 Attn: Pete Martinez
 P. O. Box #1148
 Santa Fe, NM 87504-1148

PS Form 3811, February 2004
 See Reverse for Instructions

Commissioner of Public Lands

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

2. Article Number 7005 2570 0001 6854 7838 (Transfer from ~~envelope~~)

3. Service Type Certified Mail Express Mail Registered Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

Commissioner of Public Lands
 Attn: Pete Martinez
 P. O. Box #1148
 Santa Fe, NM 87504-1148

A. Signature Addressee Agent

B. Received by (Printed Name) _____
 C. Date of Delivery _____

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

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.

SENDER: COMPLETE THIS SECTION **COMPLETE THIS SECTION ON DELIVERY**



PATRICK H. LYONS
COMMISSIONER

September 10, 2007

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

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

Attention: Ms. Mayte Reyes

Re: Surface Commingling and
Off Lease Measurement of Gas Production
Corral Draw AQH Federal #1
Corral Draw AQH Federal #2
Jester BFJ Federal #1
Pierce Crossing/Bone Spring, Cedar Canyon /Delaware
Ohkay BHH State Well #1
Nash Draw/Delaware, Pierce Crossing/Bone Spring
Eddy County, New Mexico

Dear Ms. Reyes:

We are in receipt of your application of August 22, 2007 requesting our approval for surface commingling and off lease measurement and storage of the production from the following wells:

| | |
|---|--|
| Corral Draw AQH Federal#1 L Sec. 13-24S-29E | API # 30-015-29396, Pool#'s 96473, 11540 |
| Corral Draw AQH Federal#2 F Sec. 13-24S-29E | API # 30-015-34257, Pool#'s 96473, 11540 |
| Jester BFJ Federal#1 N Sec. 12-24S-29E | API # 30-015-34275, Pool#'s 96473, 11540 |
| Ohkay BHH State #1 D Sec. 6-25S-30E | API # 30-015-34551, Pool#'s 96473, 47545 |

It is our understanding that the gas production from the Corral Draw AQH Federal #1, Corral Draw AQH Federal #2, Ohkay BHH State #1, and the Jester BFJ Federal #1 will be measured on lease and the sales point is at a CDP meter located on the Jester BFJ Federal #1 630' FSL 2310' FWL (N) Sec. 12-24S-29E.

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 and the Bureau of Land Management.

Please Submit a \$30.00 dollar filing fee.

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, BLM Roswell – Attn: Mr. John Simitz
-State Land Office Beneficiaries -

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS

JOHN A. YATES
CHAIRMAN OF THE BOARD

FRANK YATES, JR.
PRESIDENT

PEYTON YATES
DIRECTOR

JOHN A. YATES, JR.
DIRECTOR

May 19, 2008

Re: Surface Pool/Lease Commingle Gas Only
Pierce Crossing/Bone Spring, Cedar Canyon/Delaware, Nash Draw Delaware,
Corral Canyon, Delaware
Eddy County, New Mexico

Dear Interest Owner:

Yates Petroleum Corporation respectfully request administrative approval to Surface Pool/Lease Commingle Gas Only the following wells.

| Federal | Federal | Federal | State | State | State |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Corral Draw AQH Federal #1 | Corral Draw AQH Federal #2 | Jester BFJ Federal #1 | Ohkay BHH State #1 | Wyatt BHT State #1 | Doc BHU State #1 |
| Sec 13-T24S-R29E | Sec 13-T24S-R29E | Sec 12-T24S-29E | Sec 6-T25S-R30E | Sec 6-T25S-R30E | Sec 5-T25S-R30E |
| Pierce Crossing/Bone Spring | Pierce Crossing/Bone Spring | Pierce Crossing/Bone Spring | Nash Draw/Delaware | Pierce Crossing/Bone Spring | Pierce Crossing/Bone Spring |
| Cedar Canyon/Delaware | Cedar Canyon/Delaware | Cedar Canyon/Delaware | Pierce Crossing/Bone Spring | Nash Draw / Delaware | Corral Canyon/Delaware |
| Eddy County, NM |
| Federal Lease # NM-88136 | Federal Lease # NM-88136 | Federal Lease #NM-10521 | State Lease # VO-6711 | State Lease #VO-6699 | State Lease #VO-6670 |
| API# 30-015-29396 | API# 30-015-34257 | API# 30-015-34275 | API# 30-015-34551 | API# 30-015-34553 | API# 30-015-34552 |

The production from the Corral Draw AQH Federal #1, Corral AQH Federal #2, Ohkay BHH State #1, Jester BFJ Federal #1, Wyatt BHT State #1, and for the Doc BHU State #1 is measured on lease and the sales point at a meter located on the Jester BFJ Federal #1 630' FSL 2310' FWL Sec 12 -T24S-R29E Unit N.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The purpose of the 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 built 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.

Any objection must be filed in writing with District Office within 20 days from the date the division received the application.

If you should have any questions, please give me a call at (505) 748-4213 (direct line).

Sincerely,

Mayte Reyes
Production Clerk

I hereby approve this application

Company: Yates Drilling Company

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
FRANK YATES, JR.
PRESIDENT
PEYTON YATES
DIRECTOR
JOHN A. YATES, JR.
DIRECTOR

May 19, 2008

Re: Surface Pool/Lease Commingle Gas Only
Pierce Crossing/Bone Spring, Cedar Canyon/Delaware, Nash Draw Delaware,
Corral Canyon, Delaware
Eddy County, New Mexico

Dear Interest Owner:

Yates Petroleum Corporation respectfully request administrative approval to Surface Pool/Lease Commingle Gas Only the following wells.

| Federal | Federal | Federal | State | State | State |
|---|---|---|--|--|--|
| Corral Draw AQH Federal #1 Sec 13-T24S-R29E | Corral Draw AQH Federal #2 Sec 13-T24S-R29E | Jester BFJ Federal #1 Sec 12-T24S-29E | Ohkay BHH State #1 Sec 6-T25S-R30E | Wyatt BHT State #1 Sec 6-T25S-R30E | Doc BHU State #1 Sec 5-T25S-R30E |
| Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County. NM | Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County. NM | Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM | Nash Draw/Delaware Pierce Crossing/Bone Spring Eddy County. NM | Pierce Crossing/Bone Spring Nash Draw / Delaware Eddy County, NM | Pierce Crossing/Bone Spring Corral Canyon/Delaware Eddy County, NM |
| Federal Lease # NM-88136 API# 30-015-29396 | Federal Lease # NM-88136 API# 30-015-34257 | Federal Lease #NM-10521 API# 30-015-34275 | State Lease # VO-6711 API# 30-015-34551 | State Lease #VO-6699 API# 30-015-34553 | State Lease #VO-6670 API# 30-015-34552 |

The production from the Corral Draw AQH Federal #1, Corral AQH Federal #2, Ohkay BHH State #1, Jester BFJ Federal #1, Wyatt BHT State #1, and for the Doc BHU State #1 is measured on lease and the sales point at a meter located on the Jester BFJ Federal #1 630' FSL 2310' FWL Sec 12 -T24S-R29E Unit N.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The purpose of the 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 built 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.

Any objection must be filed in writing with District Office within 20 days from the date the division received the application.

If you should have any questions, please give me a call at (505) 748-4213 (direct line).

Sincerely,

Mayte Reyes
Production Clerk

I hereby approve this application

Company: ABO Petroleum Corporation

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
FRANK YATES, JR.
PRESIDENT
PEYTON YATES
DIRECTOR
JOHN A. YATES, JR.
DIRECTOR

May 19, 2008

Re: Surface Pool/Lease Commingle Gas Only
Pierce Crossing/Bone Spring, Cedar Canyon/Delaware, Nash Draw Delaware,
Corral Canyon, Delaware
Eddy County, New Mexico

Dear Interest Owner:

Yates Petroleum Corporation respectfully request administrative approval to Surface Pool/Lease Commingle Gas Only the following wells.

| Federal | Federal | Federal | State | State | State |
|--|--|---|---|--|--|
| Corral Draw AQH Federal #1 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-29396 | Corral Draw AQH Federal #2 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-34257 | Jester BFJ Federal #1 Sec 12-T24S-29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease #NM-10521 API# 30-015-34275 | Ohkay BHH State #1 Sec 6-T25S-R30E Nash Draw/Delaware Pierce Crossing/Bone Spring Eddy County, NM State Lease # VO-6711 API# 30-015-34551 | Wyatt BHT State #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Nash Draw / Delaware Eddy County, NM State Lease #VO-6699 API# 30-015-34553 | Doc BHU State #1 Sec 5-T25S-R30E Pierce Crossing/Bone Spring Corral Canyon/Delaware Eddy County. NM State Lease #VO-6670 API# 30-015-34552 |

The production from the Corral Draw AQH Federal #1, Corral AQH Federal #2, Ohkay BHH State #1, Jester BFJ Federal #1, Wyatt BHT State #1, and for the Doc BHU State #1 is measured on lease and the sales point at a meter located on the Jester BFJ Federal #1 630' FSL 2310' FWL Sec 12 -T24S-R29E Unit N.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

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

Any objection must be filed in writing with District Office within 20 days from the date the division received the application.

If you should have any questions, please give me a call at (505) 748-4213 (direct line).

Sincerely,

Mayte Reyes
Production Clerk

I hereby approve this application

Company: MYCO Industries, Inc.

RECEIVED



2008 JUN 9 PM 1 58
PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

June 2, 2008

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Ms. Mayte Reyes

Re: Surface Commingling and
Off Lease Measurement of Gas Production
Corral Draw AQH Federal #1
Corral Draw AQH Federal #2
Jester BFJ Federal #1
Pierce Crossing/Bone Spring, Cedar Canyon /Delaware
Ohkay BHH State Well #1
Wyatt BHT State Well #1
Nash Draw/Delaware, Pierce Crossing/Bone Spring
Doc BHU State Well No. 1
Pierce Crossing/Bone Spring, Corral Canyon/Delaware
Eddy County, New Mexico

Dear Ms. Reyes:

We are in receipt of your application of May 27, 2008 requesting our approval for surface commingling and off lease measurement and storage of the production from the following wells:

| | |
|---|---|
| Corral Draw AQH Federal#1 L Sec. 13-24S-29E | API # 30-015-29396, Pool#'s 96473, 11540 |
| Corral Draw AQH Federal#2 F Sec. 13-24S-29E | API # 30-015-34257, Pool#'s 96473, 11540 |
| Jester BFJ Federal#1 N Sec. 12-24S-29E | API # 30-015-34275, Pool#'s 96473, 11540 |
| Ohkay BHH State #1 D Sec. 6-25S-30E | API # 30-015-34551, Pool#'s 96473, 47545 |
| Wyatt BHT State Well #1 B Sec. 6-25S-30E | API # 30-015-34553, Pool #'s 47545, 96403 |
| Doc BHU State Well #1 O Sec. 5-25S-30E | API # 30-015-34552, Pool #'s 96403, 11360 |

It is our understanding that the gas production from the above mentioned wells will be measured on lease and the sales point is at a CDP meter located on the Jester BFJ Federal #1 630' FSL 2310' FWL (N) Sec. 12-24S-29E.

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 and the Bureau of Land Management.

Please Submit a \$30.00 dollar filing fee.

-State Land Office Beneficiaries -

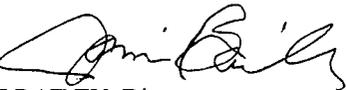
Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the 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

Yates Petroleum Corporation
June 2, 2008
Page 2

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

cc: Reader File
OCD-Attention: Ed Martin
BLM Roswell – Attn: Mr. John Simitz