

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 \_\_\_\_\_

RECEIVED  
2008 JUN 25 PM 1 42

- [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 6-2008

Print or Type Name Signature Title Date

mayte@ypcnm.com  
e-mail Address

PLC - 312

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

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

District III  
1000 Rio Brazos Road, Aztec, NM 87410

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

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
WILDEAT MISSISSIPPIAN GAS	1000 BTU	1000 BTU			
COTTONWOOD SEM-GE MORROW	1000 BTU				

- (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: Mayte Reyes TITLE: PRODUCTION CLERK DATE: 6-20-08

TYPE OR PRINT NAME: MAYTE REYES TELEPHONE NO. (575) 748-4213

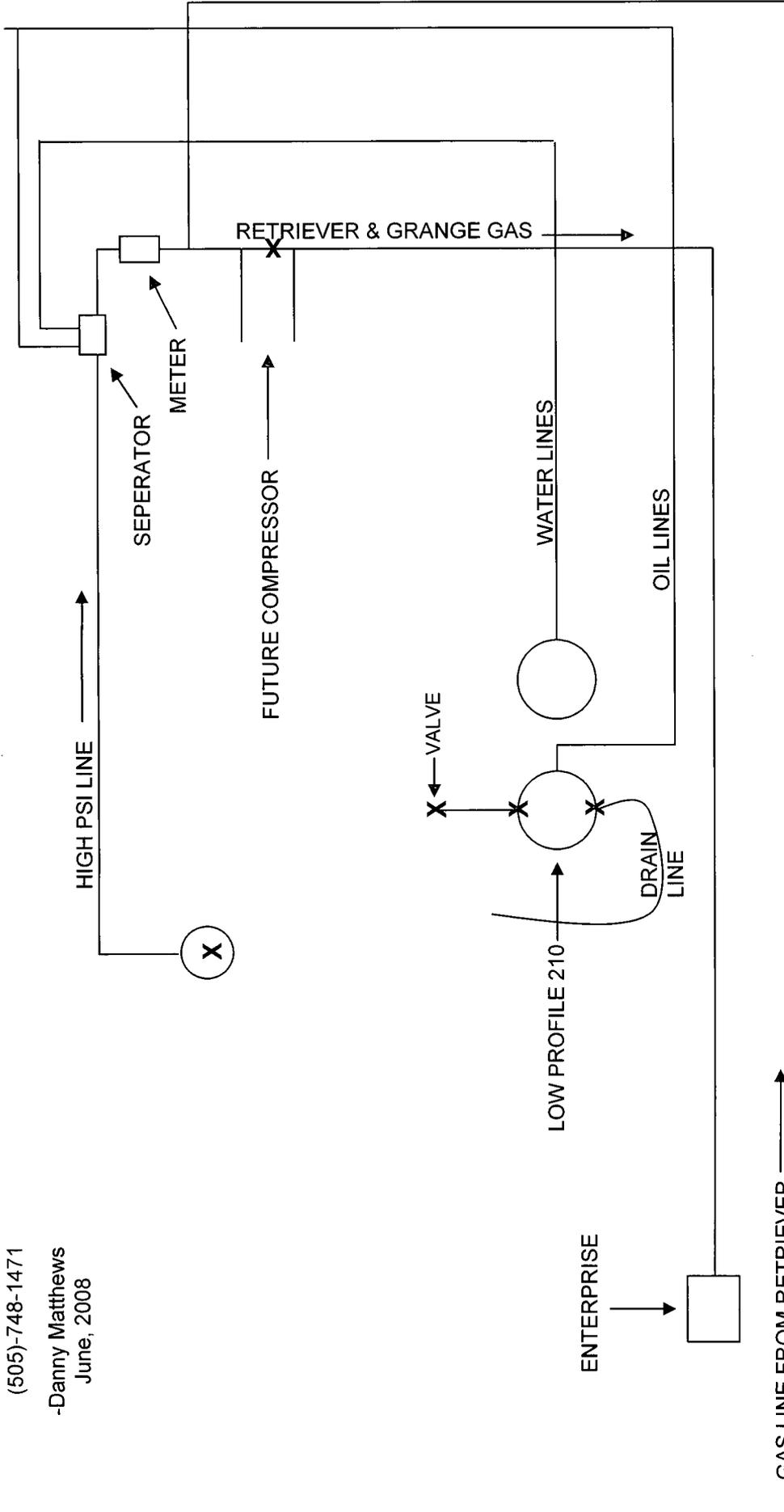


105 South 4th Street \* Artesia, NM 88210  
(505)-748-1471

-Danny Matthews  
June, 2008

# GRANGE BII FED #1

660' FSL & 990' FEL \* Sec 29 - T25S - R25E \* Unit P  
Eddy County, New Mexico



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

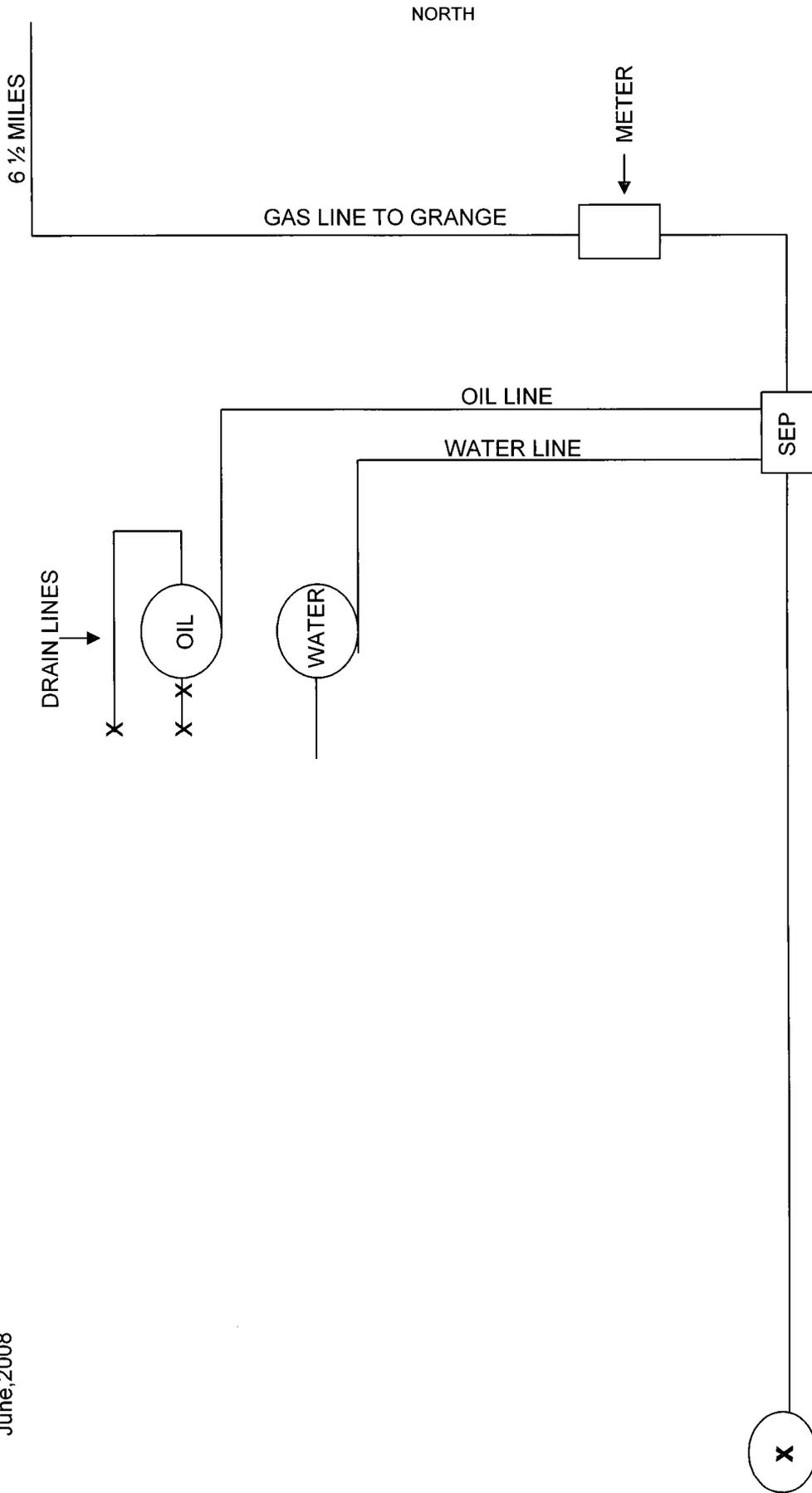


105 South 4th Street \* Artesia, NM 88210  
(505)-748-1471

# RETRIEVER BJH FED #1

1650' FNL & 1650' FWL \* Sec 22 - T26S - R25E \* Unit F ✓  
Eddy County, New Mexico

-Danny Matthews  
June, 2008



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**  
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 Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

Month - Year  
**MAR 28 2007**  
OCD - ARTESIA, N.M.

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-015-20869	<sup>2</sup> Pool Code 97338	<sup>3</sup> Pool Name Wildcat, MISS GAS
<sup>4</sup> Property Code	<sup>5</sup> Property Name Retriever "BJH" Federal	<sup>6</sup> Well Number 1
<sup>7</sup> GRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	<sup>9</sup> Elevation 3637

<sup>10</sup> 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	22	26 S	25 E		1650	North	1650	West	Eddy

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 3.20 N/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

	<p>NM-113930</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>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.</p> <p><i>Debbie L. Caffall</i> 3/27/2007 Signature Date</p> <p>Debbie L. Caffall, Regulatory Agent Printed Name</p>
		<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p><b>REFER TO ORIGINAL PLAT</b></p> <p>Certificate Number</p>

**DISTRICT I**  
1625 N. French Dr., Hobbs, NM 88240

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1301 W. Grand Avenue, Artesia, NM 88210

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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 Department

Form C-102  
Revised October 12, 2005

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name Wildcat Morrow
Property Code	Property Name GRANGE BII FEDERAL	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3632

**Surface Location**

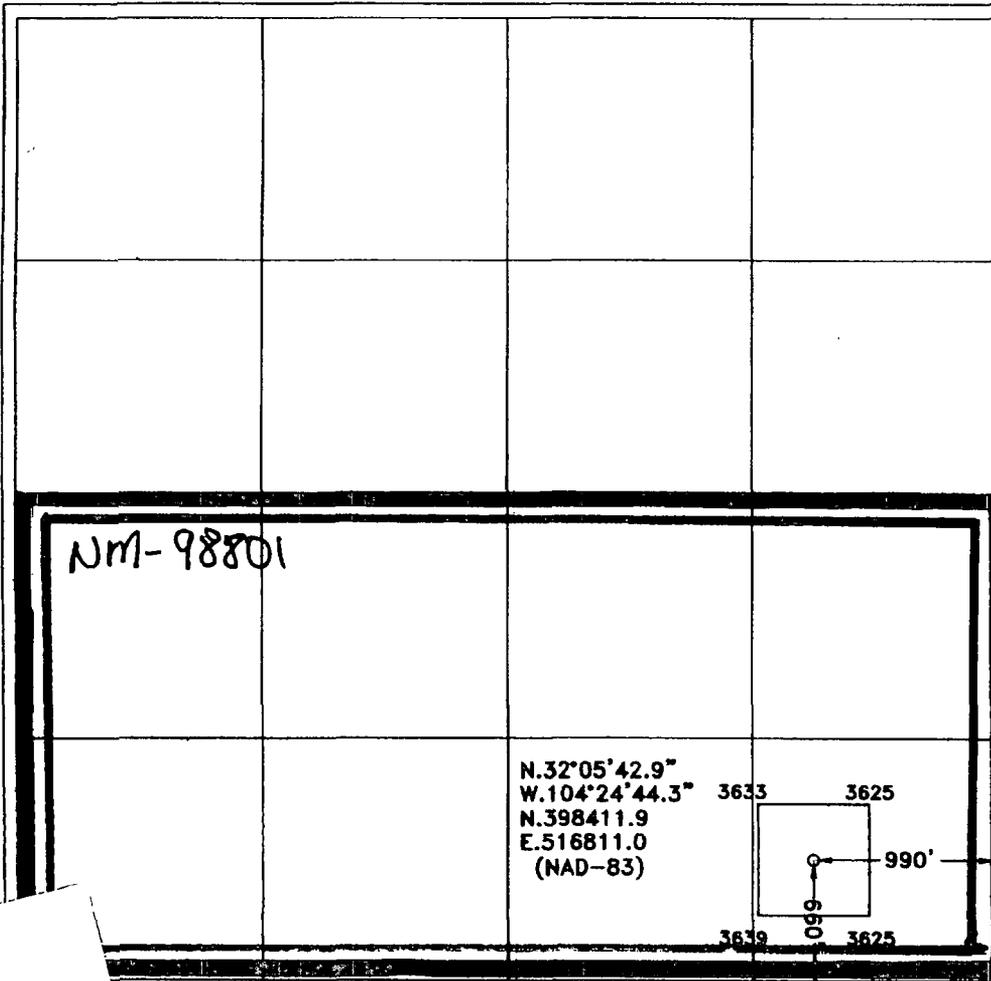
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	29	25S	25E		660	SOUTH	990	EAST	EDDY

**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 320	Joint or Infill	Consolidation Code	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**

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 pro

or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Cy Cowan* 1/30/07  
Signature Date

Cy Cowan  
Printed Name

**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.

1/29/2007  
Date Surveyed

Signature & Seal of Professional Surveyor

**HERSCHELL L. JONES**  
NEW MEXICO  
3640  
GENERAL SURVEYING  
PROFESSIONAL LAND SURVEYOR

Certificate No. Herschell L. Jones 3640

Property . . . . . : 046342 001 RETRIEVER BJH FEDERAL #1  
 Deck . . . . . : M1 EST. INTERESTS FOR RESERVES  
 Effective month/year . . . . . : 07 / 2006  
 Inflation factor . . . . . : .00000000

Owner#	Sq	Burden	Owner Name	Inter Co#	Interest	Int Type	Py St	WP Ct	Ex Cl	Py Ot	Rt Cd
005000	01	000000	ABO PETROLEUM CORPOR		.16500000	01 WOR	CO				
797400	00	000000	SHARBRO OIL LTD. CO.		.16500000	01 WOR	CO				
994100	01	000000	YATES DRILLING COMPA		.16500000	01 WOR	CO				
999900	01	000000	YATES PETROLEUM CORP		.33000000	01 WOR	CO				
999980	01	000000	BALANCING OWNER		.17500000	09 BAL	NP				

Bottom

Total Yates: .82500000                      1.00000000

F3=Exit      F10=Sort by type      F12=Previous  
 F9=Fold/Unfold                      F22=Summarize      F24=By Burden

Property . . . . . : 027748 001 GRANGE BII FEDERAL #1  
 Deck . . . . . : M1 ESTIMATE FOR RESERVES  
 Effective month/year . . . . . : 10 / 2007  
 Inflation factor . . . . . : .00000000

Owner#	Sq	Burden	Owner Name	Inter Co#	Interest	Int Type	Py St	WP Ct	Ex Cl	Py Ot	Rt Cd
005000	00	005000	ABO PETROLEUM CORPOR		.16500000	01 WOR	PA				
640010	00	640010	MYCO INDUSTRIES, INC		.16500000	01 WOR	PA				
994100	00	994100	YATES DRILLING COMPA		.16500000	01 WOR	PA				
999900	00	999900	YATES PETROLEUM CORP		.33000000	01 WOR	CO				
999980	00	999980	BALANCING OWNER		.17500000	01 WOR	NP				

Bottom

Total Yates: .82500000                      1.00000000

F3=Exit            F10=Sort by type      F12=Previous  
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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

June 20, 2008

Re: Surface Pool/Lease Commingle Gas only  
Wildcat / Mississippian Gas - Cottonwood Springs Morrow  
Eddy County, New Mexico

Dear Interest Owner:

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

<b>Federal</b>	<b>Federal</b>
Retriever BJH Federal #1	Grange BII Federal #1
Wildcat / Mississippian Gas	Cottonwood Springs Morrow
Eddy County, NM	Eddy County, NM
Federal Lease # NM-113930	Federal Lease # NM-98801
API# 30-015-20869	API# 30-015-35802

The CDP is located Grange BII Federal #1.

Each wells gas volume will be measured by EFM'S or continuously recording dry flow charts. Production/sales will be allocated back to each well from the CDP located at the Grange BII Federal #1.

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

June 20, 2008

Re: Surface Pool/Lease Commingle Gas only  
Wildcat / Mississippian Gas - Cottonwood Springs Morrow  
Eddy County, New Mexico

Dear Interest Owner:

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

<b>Federal</b>	<b>Federal</b>
Retriever BJH Federal #1	Grange BII Federal #1
Wildcat / Mississippian Gas	Cottonwood Springs Morrow
Eddy County, NM	Eddy County, NM
Federal Lease # NM-113930	Federal Lease # NM-98801
API# 30-015-20869	API# 30-015-35802

The CDP is located Grange BII Federal #1.

Each wells gas volume will be measured by EFM'S or continuously recording dry flow charts. Production/sales will be allocated back to each well from the CDP located at the Grange BII Federal #1.

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: Sharbro Oil Ltd. Co.

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

June 20, 2008

Re: Surface Pool/Lease Commingle Gas only  
Wildcat / Mississippian Gas - Cottonwood Springs Morrow  
Eddy County, New Mexico

Dear Interest Owner:

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

<b>Federal</b>	<b>Federal</b>
Retriever BJH Federal #1	Grange BII Federal #1
Wildcat / Mississippian Gas	Cottonwood Springs Morrow
Eddy County, NM	Eddy County, NM
Federal Lease # NM-113930	Federal Lease # NM-98801
API# 30-015-20869	API# 30-015-35802

The CDP is located Grange BII Federal #1.

Each wells gas volume will be measured by EFM'S or continuously recording dry flow charts. Production/sales will be allocated back to each well from the CDP located at the Grange BII Federal #1.

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: MYCO Industries, Inc.

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



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

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JOHN A. YATES, JR.  
DIRECTOR

June 20, 2008

Re: Surface Pool/Lease Commingle Gas only  
Wildcat / Mississippian Gas - Cottonwood Springs Morrow  
Eddy County, New Mexico

Dear Interest Owner:

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

<b>Federal</b>	<b>Federal</b>
Retriever BJH Federal #1	Grange BII Federal #1
Wildcat / Mississippian Gas	Cottonwood Springs Morrow
Eddy County, NM	Eddy County, NM
Federal Lease # NM-113930	Federal Lease # NM-98801
API# 30-015-20869	API# 30-015-35802

The CDP is located Grange BII Federal #1.

Each wells gas volume will be measured by EFM'S or continuously recording dry flow charts. Production/sales will be allocated back to each well from the CDP located at the Grange BII Federal #1.

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

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

SUBMIT IN TRIPLICATE

1. Type of Well  
Oil  Well Gas  Well  Other

2. Name of Operator  
Yates Petroleum Corporation

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
1650' FNL & 1650' FWL Section 22-T26S-R25E (Unit F, SENW)

5. Lease Designation and Serial No.  
NM-113930

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.  
Retriever BJH Federal #1

9. API Well No.  
30-015-20869

10. Field and Pool, or Exploratory Area  
Wildcat Mississippian Gas

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

Gas Only

- 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.

<b>Federal</b> Retriever BJH Federal #1 Wildcat / Mississippian Gas Eddy County, NM Federal Lease # NM-113930 API# 30-015-20869	<b>Federal</b> Grange BII Federal #1 Cottonwood Springs Morrow Eddy County, NM Federal Lease # NM-98801 API# 30-015-35802
--	--

The CDP is located Grange BII Federal #1. Please see attached plat and site facility diagram.

Working interest owners are diversified and have been notified.

Each wells gas volume will be measured by EFM'S or continuously recording dry flow charts. Production/sales will be allocated back to each well from the CDP located at the Grange BII Fed. #1.

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 Retriever BJH Federal #1 - Wildcat / Mississippian Gas is 200 mcfpd and for the Grange BII Federal #1 - Cottonwood Springs Morrow is 900 mcfpd.

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 Margaret Rees  
(This space for Federal or State office use)

Title Production Secretary

Date June 20, 2008

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.