

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA
HOBBS OCD

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS SEP 21 2015
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side. RECEIVED

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Serial No. Multiple--See Attached
2. Name of Operator YATES PETROLEUM CORPORATION Contact: MIRIAM MORALES Mail: mmorales@yatespetroleum.com	6. If Indian, Allottee or Tribe Name
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached
3b. Phone No. (include area code) Ph: 575-748-4200	8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached	9. API Well No. Multiple--See Attached
	10. Field and Pool, or Exploratory PARKWAY WILDCAT
	11. County or Parish, and State EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum respectfully requests approval to Surface lease (CA)commingle the Nucleus BGN Fed #1H and the Focus BDB Fed #1H oil production only.

The commingle production will be measured and sold at the Nucleus BGN Fed. #1H battery located at SWNW, Sec. 31-T19S-R30E.

Diversified ownership(WI/OR). All owners will be notified (see attach).

Please see site facility diagram and all other documentation attach.

Royalty values will not be affected by this commingle.

Accepted for record
UD NMOC 9/24/15
NM OIL CONSERVATION
ARTESIA DISTRICT
SEP 24 2015

30-015-3924/
SEE ATTACHED FOR
CONDITIONS OF APPROVAL
RECEIVED

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #253186 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH HAM on 11/24/2014 (15DMH0122SE)

Name (Printed/Typed) MIRIAM MORALES	Title PRODUCTION ANALYST
Signature (Electronic Submission)	Date 07/15/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>DUNCAN WHITLOCK</u>	Title <u>TECHNICAL LPET</u>	Date <u>09/15/2015</u>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <u>Carlsbad</u>

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional data for EC transaction #253186 that would not fit on the form

5. Lease Serial No., continued

NMNM85909
NMNM89049

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM85909	NMNM85909	FOCUS BDB FEDERAL 1H	30-015-39421-00-S1	Sec 31 T19S R30E NWNW 560FNL 330FWL
NMNM89049	NMNM89049	NUCLEUS BGN FEDERAL 1H	30-015-39241-00-S1	Sec 31 T19S R30E Lot 2 1750FNL 330FWL

Continuation of Focus BDB #1H surface lease (CA) Commingle

Federal Lease #NM-85909

<u>Well name</u>	<u>Pool #49622</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Focus BDB Federal #1H Sec. 10-T19S-R25E, NWNW API #30-015-39421 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209

CA #unavailable at this time

Nucleus BGN Federal Com #1H Sec. 31-T19S-R30E, SWNW API #30-015-39241 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209
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*This is an estimated production, updated information will be provided upon well completion with updated diagram.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Nucleus BGN Fed #1H. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in this application.

Gas Measurement

Each well will have its own sales meter and no commingling will take place.

The purpose of the Surface/lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.



105 South 4th Street • Artesia, NM 88210
(575) 748-1471

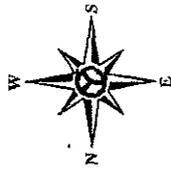
-Keith Hutchens
-July, 2014

Nucleus BGN Fed Com #11H

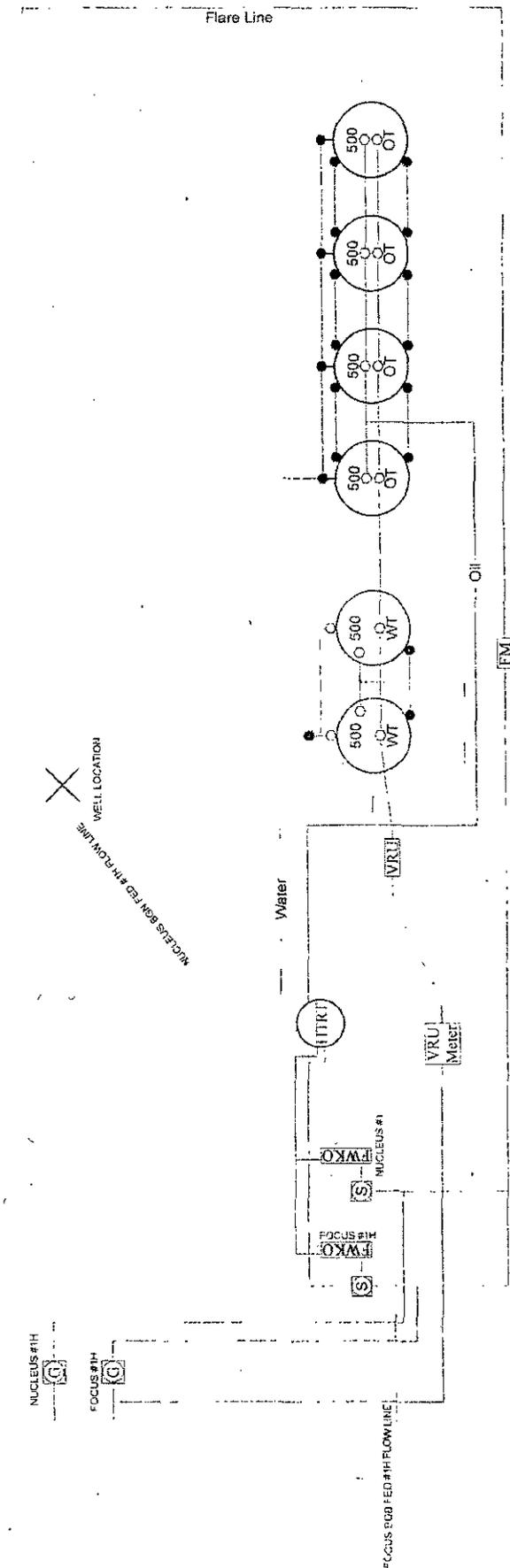
1750' FNL & 330' FWL * Sec 31 - T19S-R30E* Unit E

Eddy County, NM

API - 3001539241



- Valve Closed
- Valve Opened
- FMJ Flare Meter
- G Gas Meter
- FWKO Flare Water Knock Out
- S Separator
- VRU Vapor Recovery Unit
- HTRU Heater Treater



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



185 SOUTH FOURTH (78) 7-18-1471
ARTESIA, NEW MEXICO 88210



LEGEND

- Lease Boundaries
- CA Boundaries
- OIL WELL PROPOSED
- GAS WELL
- OIL WELL
- GPS ROADS
- FLOW LINE YATES

TOWNSHIP AND RANGE
T19S R28E
SECTION
31
FOOTAGE

NM STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-10-14

COUNTY: EDDY

STATE: NEW MEXICO

SHEET NUMBER: 1 OF 1

SCALE: 1" = 1/8 MILE

TITLE:
THIS MAP HAS BEEN CAREFULLY
COMPILED AND PRINTED BY YATES
PETROLEUM CORPORATION FROM
AVAILABLE INFORMATION YATES
PETROLEUM CORPORATION DOES NOT
GUARANTEE THE ACCURACY OF THIS
MAP. INFORMATION DELINEATED
HEREON IS INFORMATION BELIEVED
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THESEY, RECIPIENT AGREES NOT TO
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CORPORATION OR ITS AFFILIATES.

FRESH
WATER
RESERVOIR

(MEWBOURNE)

FOCUS

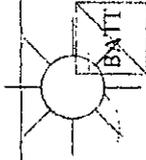
RDR #1H

NUCLEUS
BGN #1H

NM 85909

NM-62210

NM-89049



CA # unavailable



185 SOUTH FOURTH (78) 7-18-1471
ARTESIA, NEW MEXICO 88210



100 SOUTH FORTUITI (FYN) 78R-18T
ARTESIA, NEW MEXICO 88510



LEGEND

- OIL WELL, PROPOSED
- ☼ GAS WELL
- OIL WELL
- GPS ROADS
- FLOW LINE YATES

TOWNSHIP AND RANGE
T19S R08E

SECTION
FOOTAGE

NM STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-08-14

COUNTY: EDDY

STATE: NEW MEXICO

SHEET NUMBER: 1 OF 1

SCALE: 1" = 1/16 MILE

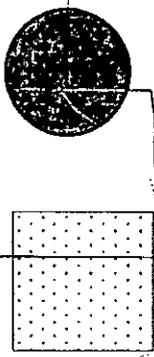
TITLE

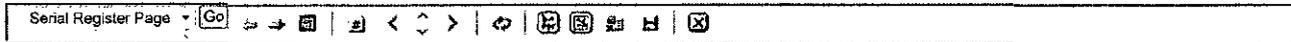
THIS MAP HAS BEEN CAREFULLY
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 CORPORATION OR ITS AFFILIATES

(MEWBOURNE)

FOCUS H
FREE

COLLETS
MOUNTAIN





Click here to see on map

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time 09:14 AM
Page 1 of 2

Run Date: 07/10/2014

01 02-25-1920;041STAT0437;30USC181ETSEQ
Case Type 311211: O&G LSE SIMO PUBLIC LAND
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 79.280
Serial Number NMNM - 062210

Name & Address	Serial Number: NMNM - 062210	Int Ref	% Intere
ABO PETRO CORP 105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.00000000
DAVID PETROLEUM CORP 118 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.00000000
K & C PRODUCTION CO 118 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.00000000
MCAMILLAN COLIN R 118 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.00000000
MYCO INDUSTRIES INC 105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.00000000
NADEL & GUSSMAN PERMIAN LLC 801 N MARINEFIELD #508	MIDLAND TX 79701	OPERATING RIGHTS	0.00000000
NADEL & GUSSMAN PERMIAN LLC 801 N MARINEFIELD #508	MIDLAND TX 79701	LESSEE	100.00000000
OXY-Y-1 COMPANY PO BOX 27570	HOUSTON TX 77227570	OPERATING RIGHTS	0.00000000
PERMIAN EXPL CORP 118 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.00000000
YATES PETRO CORP 105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.00000000

Mer Typ	Rng	Sec	STYP	SNR	Subst	Subdivision	District/Field Office	County	Mgmt Agency
23	01905	0006	031	ALIO		SENM	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	01905	0306	031	LOTS		2	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Act Date	Code	Action	Action Remar	Pending Offic
04/07/1992	999	CASE ESTABLISHED	25964997	1992 01 02
11/05/1992	985	DRAWING FILED		1992 01 02
02/01/1993	037	LEASE SIGNED		1993 02 02
02/10/1993	660	PLATMAP NOTED		1993 02 02
04/21/1993	143	CASE MICROFILMED	0100 353,408	1993 02 01
09/01/1993	490	STIP. CODE	26110700	1993 07 01
09/01/1993	530	RENT RATE - 12 1/2%		1993 07 01
09/01/1993	567	EFFECTIVE DATE		1993 07 01
01/07/1994	140	ADVN FILED	PERM APPROVAL	1994 01 07
01/14/1994	138	ADVN APPROVD	014 01/14/94	1994 01 14
02/09/1994	111	RENTAL RECEIVED	2 1250-57	1994 02 09
02/09/1994	111	RENTAL RECEIVED	5025 -56	1994 02 09
04/21/1994	971	AUTOMATED RECORD VERIFY		1994 01 21
05/11/1994	111	RENTAL RECEIVED	146,000,0000-00	1994 05 11
06/23/1994	111	RENTAL RECEIVED	242,000,0000-00	1994 06 23
06/23/1994	575	ADN FILED	F.ED. BOUL. DRILLING CO	1994 06 23
06/23/1994	574	ADN APPROVED	PERMIAN, PER. INT. 1	1994 06 23
06/24/1994	111	RENTAL RECEIVED	162,000,0000-00	1994 06 24
06/24/1994	037	TRF OPER RYTS FILED	ACQUISITION STATE LT AL	1994 06 24
11/05/1994	037	TRF OPER RYTS APPROVED	017 11/05/94	1994 11 05
11/05/1994	071	AUTOMATED RECORD VERIFY		1994 11 05
02/02/1995	105	TRF OPER RYTS FILED		1995 02 02
02/02/1995	111	RENTAL RECEIVED	342,000,0000-01	1995 02 02
02/02/1995	111	RENTAL RECEIVED	130,000,0000-00	1995 02 02
02/02/1995	111	RENTAL RECEIVED	195,000,0000-04	1995 02 02
11/01/1995	037	TRF OPER RYTS FILED		1995 11 01
11/01/1995	037	TRF OPER RYTS APPROVED	INDELLUSTRY PERM	1995 11 01
03/14/1996	037	TRF OPER RYTS APPROVED	LT 03/14/96	1996 03 14
03/14/1996	071	AUTOMATED RECORD VERIFY		1996 03 14

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Page 1 of 1

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Date: 07/10/2014

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD-1987
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres 159.260 Serial Number: NMNM-085909

Serial Number: NMNM- - 085909

Name & Address	Int Rel	% Intere	
ABC PETRO CORP 105 S 4TH ST DAVID PETROLEUM CORP 116 W 1ST ST K & C PRODUCTION CO 118 W 1ST ST MYCO INDUSTRIES INC 105 S 4TH ST OXY-Y-1 COMPANY PO BOX 27519 PERMAN EXPL CORP 116 W 1ST ST YATES PETRO CORP 105 S 4TH ST	ARTESIA NM 88218 ROSWELL NM 88201 ROSWELL NM 88201 ARTESIA NM 88210 HOUSTON TX 77227/7870 ROSWELL NM 88201 ARTESIA NM 88218	LESSEE LESSEE LESSEE LESSEE LESSEE LESSEE LESSEE	16.668700000 10.937500000 9.375000000 16.668700000 19.680700000 6.897500000 25.000000000

Serial Number: NMNM- - 085909

Mer Typ	Rgn	Sec	SType	Snr	Subdiv	District/Field Office	County	Manpt Agency
23	01805	0300E	031	AUD	NAME: NENK	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	01805	0300E	031	LOTS	L	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM- - 085909

Act Date	Code	Action	Action Remark	Pending Office
10/19/1990	75	LEASE ESTABLISHED		
10/17/1990	191	SALE MADE		
10/17/1990	191	BID RECEIVED	1184090-090	
10/17/1990	192	NOTICES RECEIVED	1181090-090	
10/11/1990	137	LEASE ISSUED		
11/01/1990	109	ENCL CORRECTED	109141003	
02/01/1991	100	SURV MAP - 11/1/21		
01/01/2001	848	EFFECTIVE DATE		
11/01/1991	111	RENTAL RECEIVED	81451701110176100000	
11/01/1991	800	RECORDS IN FILE		
02/01/2001	875	FILE OF DBR FILED		
01/01/2001	092	AUTOMATIC RECORD VERIFY		BLM-DSP
11/01/1991	111	RENTAL RECEIVED	81451701110135100	
11/01/1991	111	RENTAL RECEIVED	81451701110136100	
01/01/1991	147	ACRN FILED	10011101110136100	
03/01/1991	137	ACRN ASSIGNED	EDY 01/01/1991	
03/01/1991	134	AUTOMATIC RECORD VERIFY		BLM-DSP
11/01/1991	111	RENTAL RECEIVED	8145170111013700000000	
01/01/1991	147	LEASE COMMITTED TO DA	11/01/01/01/1991	
01/01/1991	109	REVISION OF 1ST ENCL-ALMA	11/01/01/01/1991	
11/01/1991	081	FIELD BY FIELD - ALLOCATE	11/01/01/01/1991	
11/01/1991	043	PRODUCTION DETERMINATION	11/01/01/01/1991	
11/01/2011	147	LEASE CHANGE RECORDED	11/01/01/01/2011	

Serial Number: NMNM- - 085909

Line Nr	Remarks

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Click here to see on map **DEPARTMENT OF THE INTERIOR** Run Time 09:17 AM
BUREAU OF LAND MANAGEMENT Page 1 of 1
CASE RECORDATION

Run Date: 07/10/2014

01 12-22-1987;101STAT1330;30USC181 ET SE Total Acres 40.000 Serial Number NMNM--089049
 Case Type 312021: O&G LSE COMP PD-1987
 Commodity 459: OIL & GAS L
 Case Disposition: AUTHORIZED

Name & Address		Serial Number: NMNM--089049		Int Rel	% Intere
ABC PETRO CORP	105 S 4TH ST	ARTESIA NM 8210	LESSEE		18 66670000
DAVID PETROLEUM CORP	116 W 181 ST	ROSWELL NM 8201	LESSEE		10 83750000
K & C PRODUCTION CO	118 W 1ST ST	ROSWELL NM 8201	LESSEE		9 37500000
MYCO INDUSTRIES INC	105 S 4TH ST	ARTESIA NM 8210	LESSEE		15 66680000
ODY Y-L COMPANY	PO BOX 27570	HOUSTON TX 772277570	LESSEE		15 66670000
PERMIAN EXPL CORP	116 W 1ST ST	ROSWELL NM 8201	LESSEE		4 63750000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 8210	LESSEE		25 00000000

Mer Typ	Rov	Sec	S Typ	Blr Suf	Subdisten	District/Field Office	County	Memt Agency
21	01005	0306E	031	ALIO	881E	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Act Date	Code	Action	Action Remar	Pending Office
07/22/1990	181	CASE ESTABLISHED		
04/22/1991	191	SALV REIE		
10/22/1992	267	BID RECEIVED	547000,000	
10/22/1992	372	RENIES RECEIVED	517000,000	
01/11/1993	137	LEASE ISSUED		
05/13/1993	172	AUT RENTL RECORD VERIF		55725
05/01/1994	190	FILE CASE	157145001	
05/01/1994	536	RULE RATE - 12 1/2%		
06/01/1994	166	EFFECTIVE DATE		
07/07/1994	621	RECORDS NOTED		
10/07/1994	130	AS-IM FILED	YATES ETAL/YATES COAL	
02/13/1995	126	AS-IM APPROVAL	EFF 11/01/95	
02/07/1995	371	AUTOMATED RECORD VERIF		85070
04/01/1995	142	CASE MICROFILMED	UNION 1-9-191	21
11/09/1995	151	RENTAL RECEIVED	449,000.00/19662	
01/04/1996	142	AS-IM FILED	MCDILLAM ETAL 4501	
03/07/1996	108	AS-IM APPROVAL	EFF 02/01/96	
03/07/1996	370	AUTOMATED RECORD VERIF		85070
01/01/1996	151	RENTAL RECEIVED	160,000.00/19194	
03/01/1996	093	RENTAL RECEIVED BY 1983	160,000.00/190000000	
07/01/1996	142	LEASE COMMITTED TO GA	WON 10/01/96	
07/01/1996	667	RENT DE LIST PRO-SALIC	11/10/2004/11/02	
12/28/1996	451	HEIR BY 1986 - ALIQUOTES	WON 10/01/96	
04/01/1996	410	PRODUCTION CESSATION/IN	11/02/2014/11/02	
05/01/1996	467	NAME CHANGE RECONVISED	YATES O&G COMPANY Y-L	
01/28/1997	470	AUTOMATED RECORD VERIF	ADP	

Line Nr	Remarks
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NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S. P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

RE: Surface lease (CA) commingle
Focus BDB Federal #1H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface Lease (CA) commingle production for the Nucleus BGN Federal Com #1H and Focus BDB Federal #1H.

The commingle production will be measured and sold at the Nucleus BGN tank battery facilities located at SWNW, Sec. 31-T19S-R30E.

Federal Lease #NM-85909

<u>Well name</u>	<u>Pool #49622</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Focus BDB Federal #1H Sec. 31-T19S-R30E, NWNW API #30-015-39421 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209

CA # unavailable at this time

Nucleus BGN Com Federal #1H Sec. 20-T19S-R25E, SWNW API # 30-015-39241 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209
---	-----------------	------	-----	------	-------

*This is an estimated production.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Nucleus BGN Fed #1H. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

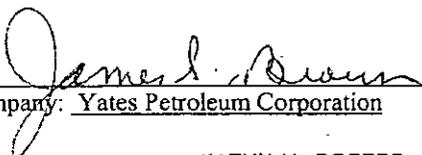
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The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application


Company: Yates Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

RE: Surface lease (CA) commingle
Focus BDB Federal #1H
Eddy County, New Mexico

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Federal Lease #NM-85909

<u>Well name</u>	<u>Pool #49622</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Focus BDB Federal #1H Sec. 31-T19S-R30E, NWNW API #30-015-39421 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209

CA # unavailable at this time

Nucleus BGN Com Federal #1H Sec. 20-T19S-R25E, SWNW API # 30-015-39241 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209
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*This is an estimated production.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Nucleus BGN Fed #1H. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

Gas Measurement

Each well will have its own sales meter and no commingle will take place.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application

Company: Myco Industries, Inc.

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S. P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

RE: Surface lease (CA) commingle
Focus BDB Federal #1H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface Lease (CA) commingle production for the Nucleus BGN Federal Com #1H and Focus BDB Federal #1H.

The commingle production will be measured and sold at the Nucleus BGN tank battery facilities located at SWNW, Sec. 31-T19S-R30E.

Federal Lease #NM-85909

Well name

Focus BDB Federal #1H
Sec. 31-T19S-R30E, NWNW
API #30-015-39421
Eddy County, NM

Pool #49622

Parkway; Bone S

BOPD

*150

Gravity

*42

MCFPD

*200

BTU

*1209

CA # unavailable at this time

Nucleus BGN Com Federal #1H
Sec. 20-T19S-R25E, SWNW
API # 30-015-39241
Eddy County, NM

Parkway; Bone S

*150

*42

*200

*1209

*This is an estimated production.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Nucleus BGN Fed #1H. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

Gas Measurement

Each well will have its own sales meter and no commingle will take place.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application

Company: Abo Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1988

FRANK W. YATES
1936-1986

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EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

July 15, 2014

RE: Surface lease (CA) commingle
Focus BDB Federal #1H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to Surface Lease (CA) commingle production for the Nucleus BGN Federal Com #1H and Focus BDB Federal #1H.

The commingle production will be measured and sold at the Nucleus BGN tank battery facilities located at SWNW, Sec. 31-T19S-R30E.

Federal Lease #NM-85909

<u>Well name</u>	<u>Pool #49622</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Focus BDB Federal #1H Sec. 31-T19S-R30E, NWNW API #30-015-39421 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209
	CA # unavailable at this time				
Nucleus BGN Com Federal #1H Sec. 20-T19S-R25E, SWNW API # 30-015-39241 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209

*This is an estimated production.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Nucleus BGN Com Fed #1H. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in for this application.

Gas Measurement

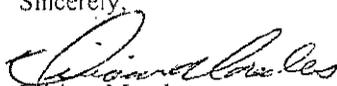
Each well will have its own sales meter and no commingling will take place.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well.

Any objections must be filed in writing with the OCD in Santa Fe within 20 days from the date the division received the application. Application will be sent in conjunction with notification to owners.

If you have any questions, please call me at (575) 748-4200 (direct line)

Sincerely,


Miriam Morales
Production Analyst

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

HUGH E & MICHAEL G HANAGAN CO-TRUSTEES OF BETTY L TRUST P O BOX 1737 ROSWELL, NM 88202	7014 0510 0001 0742 8398
EDSEL B NEFF, JR 403 TIERRA BERRENDIA ROSWELL, NM 88201	7014 0510 0001 0742 8404
THOMAS R NICKOLOFF P O BOX 51807 MIDLAND, TX 79710-1807	7014 0510 0001 0742 8411
HANAGAN PETROLEUM CORP P O BOX 1737 ROSWELL, NM 88202	7014 0510 0001 0742 8428
JOSE R PEREZ P O BOX 3091 CORPUS CHRISTI, TX 78463	7014 0510 0001 0742 8435
NUEVO SEIS, LIMITED P O BOX 2588 ROSWELL, NM 88202-2588	7014 0510 0001 0742 8442
MORRIS E SCHERTZ P O BOX 2588 ROSWELL NM 88202-2588	7014 0510 0001 0742 8459
FIRST ROSWELL COMPANY P O BOX 1797 ROSWELL NM 88202-1797	7014 0510 0001 0742 8466
BRIAN T GROOMS 2906 DIAMOND A DR ROSWELL NM 88201	7014 0510 0001 0742 8473

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

MADISON M HINKLE P O BOX 2292 ROSWELL NM 88202-2292	7014 0510 0001 0742 8480
ROLLA R HINKLE III P O BOX 2292 ROSWELL NM 88202-2292	7014 0510 0001 0742 8497
NATALIE V HANAGAN 1922 18 TH AVE W WILLISTON ND 58801-2553	7014 0510 0001 0742 8503
OXY Y-1 COMPANY P O BOX 841803 DALLAS TX 75284-1803	7014 0510 0001 0742 8510
DAVID PETROLEUM CORP 116 W FIRST STREET ROSWELL NM 88203	7014 0510 0001 0742 8527
OIL CONSERVATION DIVISION 1220 S ST. FRANCIS DRIVE SANTA FE NM 87505	7014 0510 0001 0742 8534

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

[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.

Miriam Morales
 Print or-Type Name

Miriam Morales
 Signature

Production Analyst
 Title

7/15/14
 Date

mmorales@yatespetroleum.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-107-B
Revised June 10, 2003

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.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Yates Petroleum Corporation
OPERATOR ADDRESS: 105 South Fourth St. 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. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of 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		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) 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. Parkway; Bone Spring #49622
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(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.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE: *Miriam Morales* TITLE: Production Analyst DATE: 7/15/14
TYPE OR PRINT NAME Miriam Morales TELEPHONE NO.: (575) 748-1471
E-MAIL ADDRESS: mmorales@yatespetroleum.com

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Commingling and Off lease measurement of production
September 15, 2015**

**Conditions of Approval: Yates Petroleum Corp.
Focus BDB Federal #1H and Nucleus BGN Federal Com 1H
NM85909 & CA pending for Nucleus BGN Fed Com 1H presently under lease
#NM89049 / 3001539421, 3001539241**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.