

UNITED STATES **Carlsbad Field Office**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT **OCD Artesia**

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

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

5. Lease Serial No. NMNM62211
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. Multiple--See Attached
9. API Well No. Multiple--See Attached
10. Field and Pool, or Exploratory HG MORROW-ATOKA GAS PARKWAY
11. County or Parish, and State EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator YATES PETROLEUM CORPORATION Contact: MIRIAM MORALES Mail: mmorales@yatespetroleum.com	
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-4200
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached	

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 add the Hanagan APL Fed Com #3H to PLC-359 application previously approved. Also, add the commingling of the Hanagan #2H & 3H oil only to application.

Yates will like to commingle gas production for the Hanagan #1,2H,&3H and oil production for the Hanagan #2H & 3H only.

The commingled oil will be measured and sold at the Hanagan APL Fed #2H battery.

Please see attached plats and site security diagrams.

Royalty values will not be affected by this commingle.

NM OIL CONSERVATION
ARTESIA DISTRICT
MAR 29 2016

RECEIVED

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #250882 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by CATHY QUEEN on 06/10/2015 (15CQ0246SE)	
Name (Printed/Typed) MIRIAM MORALES	Title PRODUCTION ANALYST
Signature (Electronic Submission)	Date 06/25/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>DUNCAN WHITLOCK</u>	Title <u>TECHNICAL LPET</u>	Date <u>03/22/2016</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 Carlsbad <input checked="" type="checkbox"/>

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

149

Additional data for EC transaction #250882 that would not fit on the form

7. If Unit or CA/Agreement, Name and No., continued

NMNM128994
NMNM133404
NMNM94463

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM128994	NMNM62211	HANAGAN APL FEDERAL COM 2H	30-015-39511-00-S1 ✓	Sec 31 T19S R30E Lot 3 1600FSL 330FWL
NMNM133404	NMNM62211	HANAGAN APL FED COM 3H	30-015-39801-00-S1	Sec 31 T19S R30E SWSW 660FSL 180FWL
NMNM94463	NMNM62211	HANAGAN APL FED COM 1	30-015-28635-00-C1	Sec 31 T19S R30E SWNE
NMNM94463	NMNM62211	HANAGAN APL FED COM 1	30-015-28635-00-C2	Sec 31 T19S R30E SWNE

32. Additional remarks, continued

All owners have been notified. A copy of letter, a list of owners and waivers are attached.

Continuation on Surface pool/lease commingle for the Hanagan #1, 2H & 3H.

Federal Lease #NM-62211 CA #94463

<u>Well name</u>	<u>Pool (DHC)</u>	<u>MCFpd</u>	<u>BTU</u>
Hanagan APL Fed Com #1	HG; Morrow	10	1172
Sec. 31-T19S-R30E	HG; Atoka	89	
30-015-28635			
Eddy County, NM			

CA # 128994

			<u>BOPD</u>	<u>Gravity</u>
Hanagan APL Fed Com #2H	Parkway; Bone Spring	146	1420	107
Sec. 31-T19S-R30E				41.7
30-015-39511				
Eddy County, NM				

CA # *NM 133404* ~~not available at this time~~

Hanagan APL Fed Com #3H	Parkway; Bone Spring	128	1205	250	42.5
Sec. 31-T19S-R30E					
30-015-39801					
Eddy County, NM					

Oil Measurements (Hanagan #2H & #3H only)

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Hanagan APL Fed. Com #2H Battery. 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

Total gas production will be based on the measurement at the CDP and allocated back to each well based on EFM daily readings. The DCP's CDP meter #1315032 (future to Agave) is located at Sec. 30-T19S-R30E, north of Hanagan #1

The purpose of the Off-lease, Surface pool/ CA 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.



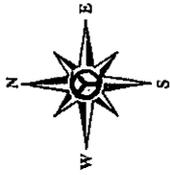
105 South 4th Street * Artesia, NM 88210
(575) 748-1471

-Keith Hutchens
-April, 2013

- Hanagan #2 Check Meter 9263
- Hanagan #3 Check Meter 9264
- Hanagan #2 Flare Meter 37753
- Hanagan #3 Flare Meter 37825
- VRU Meter 6718

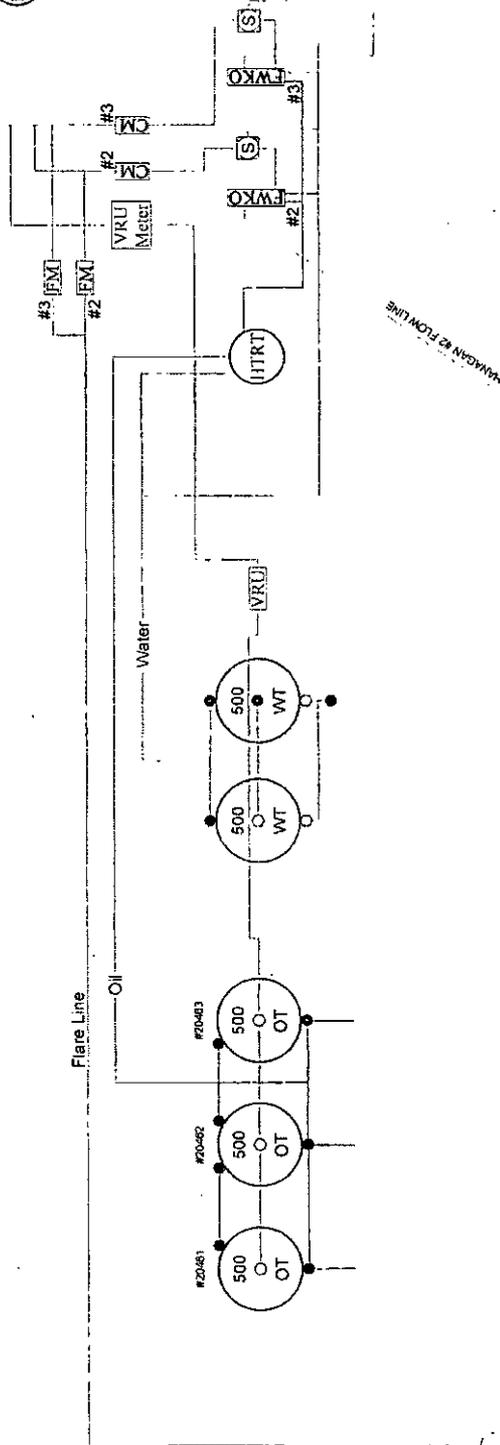
Hanagan APL Fed Com #2H

1600' FSL & 330' FWL * Sec 31 - T19S-R30E* Unit L
Eddy County, NM
API - 3001539511



DCP
METER
1316032

- = Valve Closed
- = Valve Opened
- FM = Flare Meter
- CM = Check Meter
- FWKO = Free Water Knock Out
- S = Separator
- VRU = Vapor Recovery Unit
- HTRT = Heater Treater



HANAGAN #3 FLOW LINE

X
WELL LOCATION

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

NMNM 11939

NMNM C 0062376

1H-FocusBDB-Federal

NMNM 085909

1H-Nucleus BGN-Federal

NMNM 062210

NMNM 089049

Hanagan APL
Fed Com 1

Hanagan APL
Fed Com 2H

NMNM 058815

NMNM 062211

3H-Hanagan APL-Fed

006

NMNM 124659

3-BURTON-6-FEDERAL

005

NMNM 114354

036

032

NMNM 081929

001

0251

NMNM 111959

0000

NMNM 085909

029

0361

NMNM 062210

NMNM 062211

NMNM 089049

0000

0001

NMNM 014698

NMNM 124659

NMNM 062211

0002

NMNM 081929

NMNM 114354

NMNM 0062370

0003

NMNM 111939

NMMLC 0062376

065

TH: Focus: BDB: Federal

NMNM 085909

320 ALES

094453

Hanagan APL
Fed Com 1

TH: Nucleus BGN: Federal

NMNM 062210

NMNM 089049

Hanagan APL
Fed Com 2H

128949

NMNM 062211

NMNM 056815

NM 133404

TH: Hanagan APL: Federal

006

NMNM 124659

3: BURTON 6: FEDERAL

005

NMNM 114354

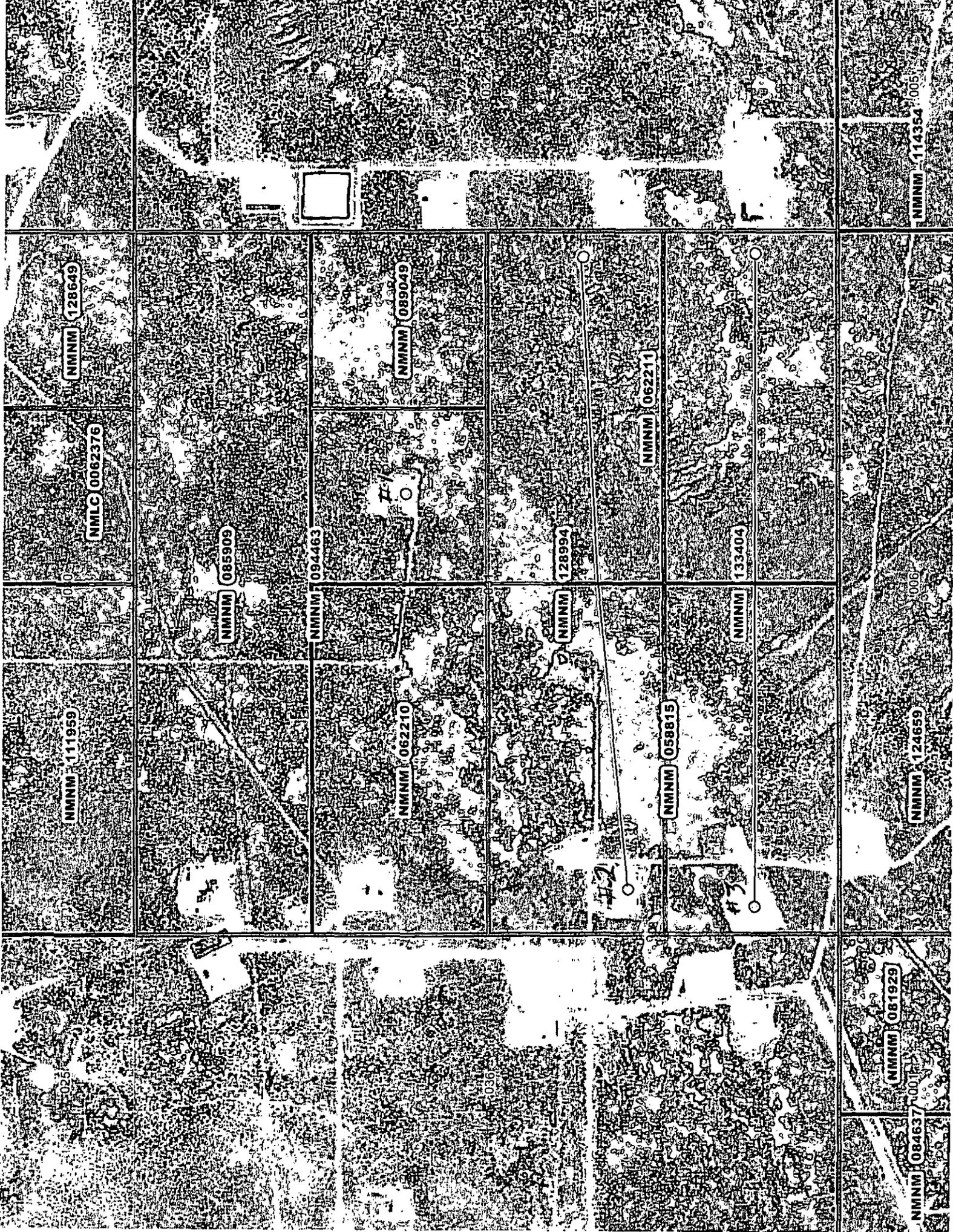
NMNM 081929

NMNM 084637

001

036

032



NMNM 128649

NMLC 0062376

NMNM 111959

NMNM 085909

NMNM 089049

NMNM 094463

NMNM 062210

NMNM 128994

NMNM 062211

NMNM 058815

NMNM 133404

NMNM 124659

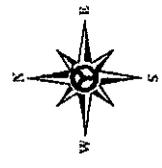
NMNM 081929

NMNM 084637

NMNM 114354

#2

#3



LEGEND

- GPS ROADS
- ☀ GAS WELL PROPOSED
- ⊙ OIL WELL PROPOSED
- ☀ GAS WELL
- ⊙ OIL WELL
- FLOW LINE YATES

TOWNSHIP AND RANGE
T19S R30E

SECTION FOOTAGE
31

NM STATE
US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 06-25-14

COUNTY:

STATE: NEW MEXICO

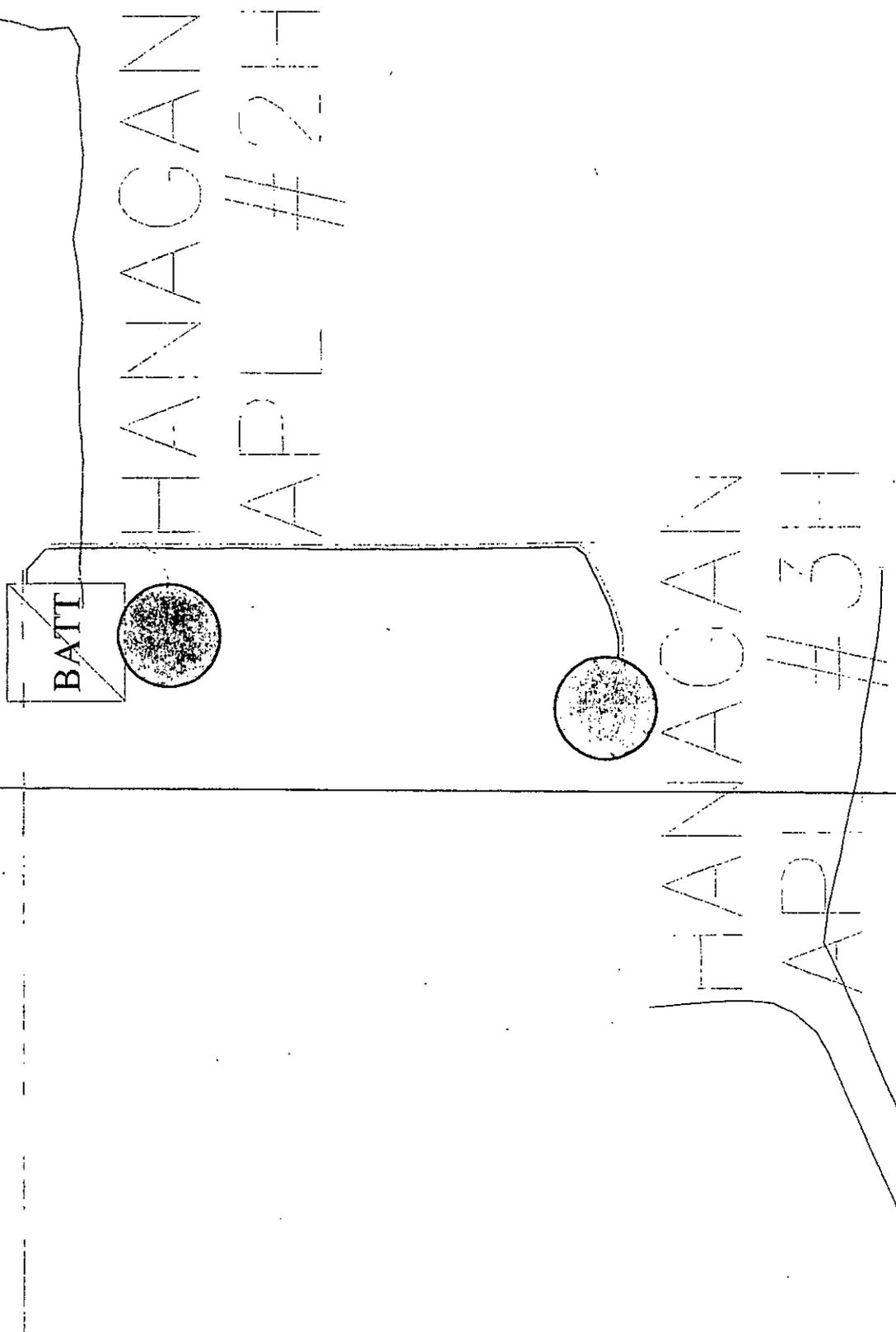
SHEET NUMBER: 1 OF 1

SCALE: 1" = 1/16 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 OR INFORMATION DELINEATED
THEREON.

YATES PETROLEUM
CORPORATION ASSUMES
NO RESPONSIBILITY FOR ANY RELIANCE
THEREON. RECIPROCAL AGREES NOT TO
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MAP WITHOUT EXPRESS CONSENT
FROM YATES PETROLEUM
CORPORATION OR ITS AFFILIATES.



**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 08/15/12 07:34 AM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

318,540

NMNM--094463

Commodity 410: NATURAL GAS LC

Case Disposition: AUTHORIZED

Case File Juris:

Serial Number: NMNM--094463

Name & Address	Int Rel	% Interest
BLM ROSWELL FO 2909 W 2ND ST ROSWELL NM 88201	OFFICE OF RECORD	0.00000000
YATES PETRO CORP 105 S 4TH ST ARTESIA NM 88210	OPERATOR	100.00000000

Serial Number: NMNM--094463

Mer Twp Rng Sec	Type	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23 0190S 0300E 031	ALIQ		NE,E2NW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23 0190S 0300E 031	LOTS	1,2;		CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM--094463

Act Date	Code	Action	Action Remarks	Pending Office
07/31/1995	127	CASE ESTABLISHED		
07/31/1995	516	FORMATION	MRR06;MORROW	
07/31/1995	516	FORMATION	STR06;STRAWN	
07/31/1995	520	ACRES-FED INT 100%	318.54:100.00%	
07/31/1995	866	EFFECTIVE DATE	/A/	
08/28/1995	580	PROPOSAL RECEIVED	CA REC'D	
08/29/1995	334	AGMT APPROVED		
08/29/1995	974	AUTOMATED RECORD VERIF	NO/MO	
12/28/1995	654	AGMT PRODUCING	NO:162211;1 HANAGAN	
04/01/1996	516	FORMATION	/1/ ATOKA;ATOKA	

Line No Remarks Serial Number: NMNM--094463

Line No	Remarks
0002	/A/ RECAPITULATION EFFECTIVE 07/31/1995
0003	TRF LEASE SERIAL NO AC COMMITTED % INTEREST
0004	1 NMNM 62211 40.00 12.5573
0005	2 NMNM 89049 40.00 12.5573
0006	3 NMNM 85309 159.26 49.9969
0007	4 NMNM 52210 79.28 24.8986
0008	TOTAL 318.54 100.0000
0009	/1/ THE NO. 1 HANAGAN APL FED COM WELL WAS COMPLETED
0010	IN THE MORROW/ATOKA FORMATIONS. SINCE THE COMM
0011	AGREEMENT COVERED ONLY THE MORROW AND STRAWN FORMA-
0012	TIONS, THE AGREEMENT WAS AMENDED 04/01/96 TO INCLUDE
0013	THE ATOKA FORMATION.

Royalty Rates All 12.57%

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 04/15/14 08:40 AM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181 Total Acres Serial Number
 Case Type 318310: O&G COMMUNITIZATION AGRMT 159.280 NMNM-- - 128994
 Commodity 410: NATURAL GAS LC
 Case Disposition: AUTHORIZED Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 128994

Name & Address			Int Rel	%Interest
BLM CARLSBAD FO	620 E.GREENE ST	CARLSBAD NM 88220	OFFICE OF RECORD	0.000000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATOR	100.000000000

Serial Number: NMNM-- - 128994

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0190S	0300E	031	ALIQ	NESW,N2SE:	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGM
23	0190S	0330E	031	LOTS	3:	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGM

Serial Number: NMNM-- - 128994

Act Date	Code	Action	Action Remarks	Pending Office
03/01/2012	387	CASE ESTABLISHED	HANAGAN APL FED COM 2	
03/01/2012	517	FORMATION	BONE SPRING	
03/01/2012	526	ACRES-FED INT 100%	159.28 ACRES/100%	
03/01/2012	868	EFFECTIVE DATE		
06/10/2012	654	AGRMT PRODUCING		
08/24/2012	334	AGRMT APPROVED		

Serial Number: NMNM-- - 128994

Line Nr	Remarks			
0001	RECAPITULATION EFFECTIVE 03/01/2012			
0002	TR# LEASE SERIAL#	AC COMMITTED	%INTEREST	
0003	1 NM-62211	90.00	50.2260	} Royalty RATE At 12.5%
0004	2 NM-58815	79.28	49.7740	
0005	TOTAL	159.28	100.0000	

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 03/22/16 05:46 AM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181 **Total Acres**
159.300 **Serial Number**
NMNM-- - 133404
Case Type 318310: O&G COMMUNITIZATION AGRMT
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED **Case File Juris: CARLSBAD FIELD OFFICE**

Serial Number: NMNM-- - 133404

Name & Address		Int Rel	%Interest
BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD NM 88220	OFFICE OF RECORD 0.00000000
YATES INDUSTRIES LLC	105 S 4TH ST	ARTESIA NM 882102177	OPERATOR 100.00000000

Serial Number: NMNM-- - 133404

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0190S	0300E	031	ALIQ	S2S2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 133404

Act Date	Code	Action	Action Remarks	Pending Office
01/28/2014	387	CASE ESTABLISHED		
01/28/2014	516	FORMATION	BONE SPRING	
01/28/2014	526	ACRES-FED INT 100%	159.30; 100%	
01/28/2014	868	EFFECTIVE DATE	/1/ 3001539801	
04/09/2014	654	AGRMT PRODUCING	/1/	
04/09/2014	658	MEMO OF 1ST PROD-ACTUAL	/1/ MEMO 10/2/14	
10/02/2014	643	PRODUCTION DETERMINATION	/1/	

Serial Number: NMNM-- - 133404

Line Nr	Remarks	AC COMMITTED	%INT
0001	RECAPITULATION EFFECTIVE 1/28/14		
0002	TR# LEASE#		
0003	1 NMNM62211	80	50.2197
0004	2 NMNM58815	79.30	49.7803
0005	TOTAL	159.30	100.00

} BOTH 12.5% Royalty Rate

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

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

June 25, 2014

RE: Surface Pool/Lease Commingle
Hanagan APL Federal Com #3H
Eddy County, NM

Dear interest owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to add Hanagan #3 to PLC-359. Also, add the commingling of the Hanagan #2H and 3H oil only to application.

Ownership is diversified. The commingle oil will be measured and sold at the Hanagan APL Fed #2H battery.

<u>Well name</u>	<u>Pool (DHC)</u>	<u>MCFpd</u>	<u>BTU</u>		
Federal Lease #NM-62211 CA #94463					
Hanagan APL Fed Com #1	HG; Morrow	10	1172		
Sec. 31-T19S-R30E	HG; Atoka	89			
30-015-28635					
Eddy County, NM					
	CA # 128994			<u>BOPD</u>	<u>Gravity</u>
Hanagan APL Fed Com #2H	Parkway; Bone Spring	146	1420	107	41.7
Sec. 31-T19S-R30E					
30-015-39511					
Eddy County, NM					
	CA # not available at this time				
Hanagan APL Fed Com #3H	Parkway; Bone Spring	128	1205	250	42.5
Sec. 31-T19S-R30E					
30-015-39801					
Eddy County, NM					

Oil Measurement (Hanagan #2H & #3H)

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Hanagan APL Fed Com #2H battery. 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

Total gas production will be based on the measurement at the CDP and allocated back to each well based on EFM daily readings. The DCP's CDP meter #1315032 (future Agave) is located at Sec. 30-T19S-R30E, north of Hanagan #1.

The purpose of the Off-lease, Surface pool/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. This will greatly increase costs and shorten the economic life of the well.

Any objection must be filed in writing with the Oil Conservation Division in Santa Fe within 20 days from the date the division receives the application. Application will be sent in conjunction with notification to owners.

If you should have any questions, please give me a call 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

DAVID PETROLEUM CORP 116 W FIRST STREET ROSWELL, NM 88203	7013 2250 0000 5201 1764
FIRST ROSWELL COMPANY PO BOX 1797 ROSWELL, NM 88202-1797	7013 2250 0000 5201 1771
BRIAN T GROOMS PO BOX 2990 RUIDOSO, NM 88355-2990	7013 2250 0000 5201 1788
HUGH E & MICHAEL G HANAGAN C/O BETTY L HANAGAN RESIDUARY TRUST PO BOX 1737 ROSWELL, NM 88202-1737	7013 2250 0000 5201 1795
NATALIE V HANAGAN 1922 N 18TH AVE W WILLISTON, ND 58801-2553	7013 2250 0000 5201 1801
HANAGAN PETROLEUM CORP PO BOX 1737 ROSWELL, NM 88202-1737	7013 2250 0000 5201 1818
MADISON M HINKLE PO BOX 2292 ROSWELL, NM 88202-2292	7013 2250 0000 5201 1825
ROLLA R III & ROSEMARY H HINKLE PO BOX 2292 ROSWELL, NM 88202-2292	7013 2250 0000 5201 1832
EDSEL B NEFF JR 403 TIERRA BERRENDA ROSWELL, NM 88201	7013 2250 0000 5201 1849
THOMAS R NICKOLOFF PO BOX 51807 MIDLAND, TX 79710-1807	7013 2250 0000 5201 1856
NUEVO SEIS, LTD PO BOX 2588 ROSWELL, NM 88202-2588	7013 2250 0000 5201 1863
JOSE R PEREZ PO BOX 3091 CORPUS CHRISTI, TX 78463	7013 2250 0000 5201 1870

MORRIS E SCHERTZ PO BOX 2588 ROSWELL, NM 88202-2588	7013 2250 0000 5201 1887
CHALCAM EXPLORATION LLC 403 TIERRA BERRENDA ROSWELL, NM 88201	7013 2250 0000 5201 1894
WILLIAM B OWEN 116 W FIRST STREET ROSWELL, NM 88203	7013 2250 0000 5201 1900
HANAGAN PROPERTIES PO BOX 1887 SANTA FE, NM 87504-1887	7013 2250 0000 5201 1917
PERMIAN BASIN INVESTMENT CORP C/O BANK OF THE SOUTHWEST PO BOX 1638 ROSWELL, NM 88202-1638	7013 2250 0000 5201 1924
SCOTT EXPLORATION INC PO BOX 1834 ROSWELL, NM 88202-1834	7013 2250 0000 5201 1931
INNOVENTIONS INC PO BOX 40 CEDAR CREST, NM 87008	7013 2250 0000 5201 1948
SOUTHWEST PETROLEUM LAND SERVICES LLC 100 N PENNSYLVANIA ROSWELL, NM 88203	7013 2250 0000 5201 1955
NADEL & GUSSMAN PERMIAN LLC 15 E 5TH STREET SUITE 3200 TULSA, OK 74103	7013 2250 0000 5201 1962
BETTY L HANAGAN RESIDUARY TRUST P O BOX 1737 ROSWELL, NM 88202	7013 2250 0000 5201 1979
ORION INVESTMENTS, LLC 215 S. STATE STREET, SUITE 100 SALT LAKE CITY, UT 84111	7013 2250 0000 5201 1986
STEPHEN T. MITCHELL 6212 HOMESTEAD BLVD. MIDLAND, TX 79707	7013 2250 0000 5201 1993
MONICA ANN SOLIS 1908 W. RAY AVE ARTESIA, NM 88210	7013 2250 0000 5201 2006

OXY Y-1 COMPANY
P O BOX 841803
DALLAS, TX 75284-1803

7013 2250 0000 5201 2013

NANCY S HANAGAN
P O BOX 1887
SANTA FE, NM 87504

7013 2250 0000 5201 2020

RONADERO COMPANY, INC
P.O BOX 746
BIG HORN, WY 82833

7013 2250 0000 5201 2037

SOUTHWEST PETROLEUM
1901 W 4TH STREET
ROSWELL, NM 88201

7013 2250 0000 5201 2044

OIL CONSERVATION DIVISION
1220 S SAINT FRANCIS DR
SANTA FE, NM 87505

7013 2250 0000 5201 2051

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 Commingling)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. PLC-359
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
HG; Morrow 78400	1172	1219		
HG; Atoka 96461	1172			
Parkway; Bone Spring 49622	1313			

- (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.
(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.

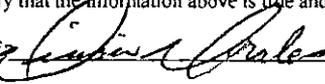
(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (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:  TITLE: Production Analyst DATE: 6/25/14
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**

**Hanagan APL Fed Com #1, #2H, & #3H
3001528635, 3001539511, 3001539801
Leases: NM85909, NM62210, NM89049, NM58815, NM62211, &
CA: NM94463, NM128994, NM133404**

**Yates Petroleum Corporation
March 22, 2016**

Condition of Approval

**Commingling of lease/CA production, and off lease/CA storage, measurement and sales for the
Hanagan APL Fed Com #3H**

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.
11. Variance to Onshore Order #4 oil measurement to use Allocation meters on the Hanagan APL Fed com 2H and 3H oil is approved with this approval.