

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
Budget Bureau No 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS		5 Lease Designation and Serial No. NM-105213
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		6 If Indian, Allottee or Tribe Name
SUBMIT IN TRIPLICATE		7 If Unit or CA. Agreement Designation
1. Type of Well Oil <input checked="" type="checkbox"/> Well Gas <input type="checkbox"/> Well <input type="checkbox"/> 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 (575) 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	

OCT 02 2008

OCD-ARTESIA

12 CHECK APPROPRIATE BOX(s) 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"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Surface Pool / Lease Commingle	<input type="checkbox"/> Dispose Water
Gas Only		(Note: Report results of multiple completion log/well completion or Recompletion Report and Log Form)

ACCEPTED FOR RECORD

OCT 2 2008

13 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed operations, 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 for the addition to Surface Pool / Lease Commingle Gas Only PLC-309 approved on June 9th 2008

Please see attachment.

We are adding the Canyon BJK State #1Y and the Tombstone BMB State #1 wells to the Jester BFJ Federal #1 CDP which was approved on June 9, 2008

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

Diversified ownership. Waivers attached. All in house subsidiaries.

Each of these wells shall be equipped with allocation meters on gas prior to commingling for sales. The gas sales point for this commingled production shall be located near the Jester BFJ Federal Well #1 in Unit N. of Sec. 12, Township 24 South, Range 29 East

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 Canyon BJK State #1 is 50 mcf, and the estimated gas production for the Tombstone BMB State #1 is 300 mcf per day.

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 <i>Mark Bees</i>	Title Production Secretary	Date September 17, 2008
(The space for Federal or State office use) Approved by DAVID R. GLASS	Title PETROLEUM ENGINEER	Date SEP 28 2008
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.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Federal

Corral Draw AQH Federal #1
Sec 12-T24S-29E
Pierce Crossing/Bone Spring
Cedar Canyon/Delaware
Eddy County, NM
Federal Lease # NM-88136
API# 30-015-29396

Federal

Corral Draw AQH Federal #2
Sec 6-T25S-R30E
Pierce Crossing/Bone Spring
Cedar Canyon/Delaware
Eddy County, NM
Federal Lease # NM-88136
API# 30-015-34257

Federal

Jester BFI Federal #1
Sec 6-T25S-R30E
Pierce Crossing/Bone Spring
Cedar Canyon/Delaware
Eddy County, NM
Federal Lease #NM-10521
API# 30-015-34275

State

Ohkay BHH State #1
Sec 5-T25S-R30E
Nash Draw/Delaware
Pierce Crossing/Bone Spring
Eddy County, NM
State Lease # VO-6711
API# 30-015-34551

State

Wyatt BHT State #1
Sec 13-T24S-R29E
Pierce Crossing/Bone Spring
Nash Draw / Delaware
Eddy County, NM
State Lease #VO-6699
API# 30-015-34553

State

Doc BHU State #1
Sec 13-T24S-R29E
Pierce Crossing/Bone Spring
Corral Canyon/Delaware
Eddy County, NM
State Lease #VO-6670
API# 30-015-34552

State

Canyon BJK State #1 Y
Sec 1-T25S-R29E
Pierce Crossing/Bone Spring
Nash Draw/Delaware -- Possible DHC not yet applied for
Eddy County, NM
State Lease #VA-2974
API# 30-015-36605

State

Tombstone BMB State #1
Sec 12-T25S-R29E
Pierce Crossing/Bone Spring
Eddy County, NM
State Lease #VA-2957
API# 30-015-36315

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220-6292
(505) 234-5972**

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
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 is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. 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 to the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.