

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised August 1, 2011

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-41408
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. V-4949
3. Address of Operator 105 S. Fourth Street Artesia, NM 88210		7. Lease Name or Unit Agreement Name Grande Mike AZK State
4. Well Location Unit Letter <u> </u> Lot <u>3</u> : <u>3860</u> feet from the <u>S</u> line and <u>200</u> feet from the <u>W</u> line Section <u>2</u> Township <u>16S</u> Range <u>29E</u> NMPM Eddy County		8. Well Number <u>2H</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3747' GR		9. OGRID Number <u>025575</u>
		10. Pool name or Wildcat County line tank; Wolfcamp

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: Surface Pool Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

PC-1265

Yates Petroleum respectfully requests administrative approval to Surface Pool commingle oil & gas for the following wells:

Grande Mike AZK State #2H
County line tank; Wolfcamp
Sec. 2-T16S-R29E
API #30-015-41408
St. Lease #V-4949
Eddy County, NM

Grande Mike AZK State #3H
County line tank; Abo
Sec. 2-T16S-R29E
API #30-015-38550
St. Lease #V-4949
Eddy County, NM

Grande Mike AZK State #4H
County line tank; Abo
Sec. 2-T16S-R29E
API #30-015-38577
St. Lease #V-4949
Eddy County, NM

Grande Mike AZK State #5H
County line tank; Wolfcamp
Sec. 2-T16S-R29E
API #30-015-40719
St. Lease #V-4949
Eddy County, NM

The battery is located at the Grande Mike AKZ State #4H. Please see attach site security diagram.
The ownership is identical. Statement from landman included.

Oil Measurement

Each of these wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Grande Mike #4H. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to totals battery volumes daily and monthly for accuracy. Any vapor recovery gas shall be included in this application.

Estimated daily oil production for the Grande Mike #2H, 3H, and 5H is 258 bbls each, and for the #4H 124 bbls.

Gas Measurement

Total gas production and sales will be based on the measurement at the CDP and allocated back to each well based on EFM readings.
The DCP's meter #726956 is located at the Pequeno Mike battery.

Estimated daily gas production for the Grande Mike #2H, 3H and 5H is 684 MCF, and for the #4H is 313 MCF.

The purpose of the Surface Pool Commingle is in the interest of conservation, economic feasibility, 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 the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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 10/21/13
Type or print name Miriam Morales E-mail address: mmorales@yatespetroleum.com PHONE: 575-748-4200

For State Use Only

APPROVED BY: [Signature] TITLE Director DATE 10/23/13
Conditions of Approval (if any):

Approval recommended.
Subject to like approval by State Land Office.

David K. Brooks
Examiner
10-22-13