

3/19/2014 DATE IN	SUSPENSE	MAM ENGINEER	3/24/2014 LOGGED IN	CTB TYPE	PMAM1408332002 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

3/19/14  
Date

mmorales@yatespetroleum.com  
e-mail Address

- CTB  
- Yates Petroleum Corp  
25575

RECEIVED  
2014 MAR 19 A 2:08

Wells  
- Advocado "BRO" State  
30-025-40472  
- G4Ava BR4 State  
30-025-40514  
Pool  
- Berry Bone  
Spring North  
5535

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. Berry; Bone Spring, north 5535

(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)

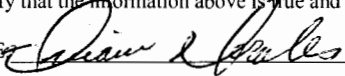
Please attach sheets with the following information

(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: 3/14/14

TYPE OR PRINT NAME: Miriam Morales

TELEPHONE NO.: (575) 748-1471

E-MAIL ADDRESS: mmorales@yatespetroleum.com

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

Form C-103  
Revised August 1, 2011

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

WELL API NO. 30-025-40514
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-8713
7. Lease Name or Unit Agreement Name Guava BRU State
8. Well Number 1H
9. OGRID Number 025575
10. Pool name or Wildcat Berry, Bone Spring, north

4. Well Location Unit Letter <u>H</u> : <u>2210</u> feet from the <u>N</u> line and <u>28</u> feet from the <u>E</u> line Section <u>31</u> Township <u>20S</u> Range <u>35E</u> NMPM Lea County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3713' GR

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.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator Yates Petroleum Corporation	
3. Address of Operator 105 S. Fourth Street Artesia, NM 88210	
4. Well Location Unit Letter <u>H</u> : <u>2210</u> feet from the <u>N</u> line and <u>28</u> feet from the <u>E</u> line Section <u>31</u> Township <u>20S</u> Range <u>35E</u> NMPM Lea County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3713' GR	

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 Lease 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.

Yates Petroleum respectfully requests administrative approval to Surface Lease Commingle oil and gas on the following wells:

Avocado BRO State #1H  
Berry; Bone Spring, north  
Sec. 32-T20S-R35E  
API #30-025-40472  
St. lease #VB-1646  
Lea County, NM

Guava BRU State #1H  
Berry; Bone Spring, north  
Sec. 31-T20S-R35E  
API #30-025-40514  
St. lease #VO-8713  
Lea County, NM

The battery is located at the Avocado BRO #1H. Please see attached plats and site security diagram.  
The ownership is diversified. All owners have been notified and copies of certified receipts and letters are attached.

**Oil Measurement**

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Avocado #1H. Total sales/production will be allocated back to each individual well using the metered (daily well test) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy.

Estimated daily oil production for the Avocado #1 is 700 bbls and for the Guava is 180 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 CDP will be located at the Avocado #1H.

Estimated daily gas production for the Avocado #1H is 335 MCF and for the Guava #1H is 139 MCF.

The purpose of the Surface Lease Commingle 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 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 3/14/14  
Type or print name Miriam Morales E-mail address: mmorales@yatespetroleum.com PHONE: 575-748-4200  
**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
Conditions of Approval (if any): \_\_\_\_\_

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-6181 Fax: (575) 393-0720

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210  
Phone (505) 746-1283 Fax: (505) 746-9720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 478-3480 Fax: (505) 478-3482

HOBBS OCD

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

MAR 0 1 2012

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

RECEIVED

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-40472</b>	Pool Code <b>5535</b>	Pool Name <b>Berry, Bone Wildcat Spring North</b>
Property Code <b>39099</b>	Property Name <b>AVOCADO "BRO" STATE</b>	Well Number <b>1H</b>
OGRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORP.</b>	Elevation <b>3696'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	32	20 S	35 E		150	NORTH	660	WEST	LEA

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
D	29	20 S	35 E		330	NORTH	660	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

**PROPOSED BOTTOM HOLE LOCATION**  
Lat - N 32°32'11.49"  
Long - W 103°29'09.29"  
NMSPCE- N 559956.896  
E 802490.444  
(NAD-83)

Project Area

Producing Zone

Penetration Point  
330' FSL & 660' FWL

**SURFACE LOCATION**  
Lat - N 32°32'11.49"  
Long - W 103°29'09.29"  
NMSPCE- N 559956.896  
E 802490.444  
(NAD-83)

Lease #: VB-1646

29

Lease #: VO-8713

32

**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 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.

Signature Travis Hahn Date \_\_\_\_\_

Printed Name Travis Hahn

Email Address thahn@yatespetroleum.com

**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.

Date Surveyed OCTOBER 31, 2011

Signature & Seal of Professional Surveyor [Signature]

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 25398

MAR 05 2012

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 and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

HOBBS OCD

AUG 21 2013

RECEIVED

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-40514	5535	Berry; Bone Springs, North
Property Code	Property Name	Well Number
39146	GUAVA BRU STATE	1H
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORP.	3718'

Surface Location

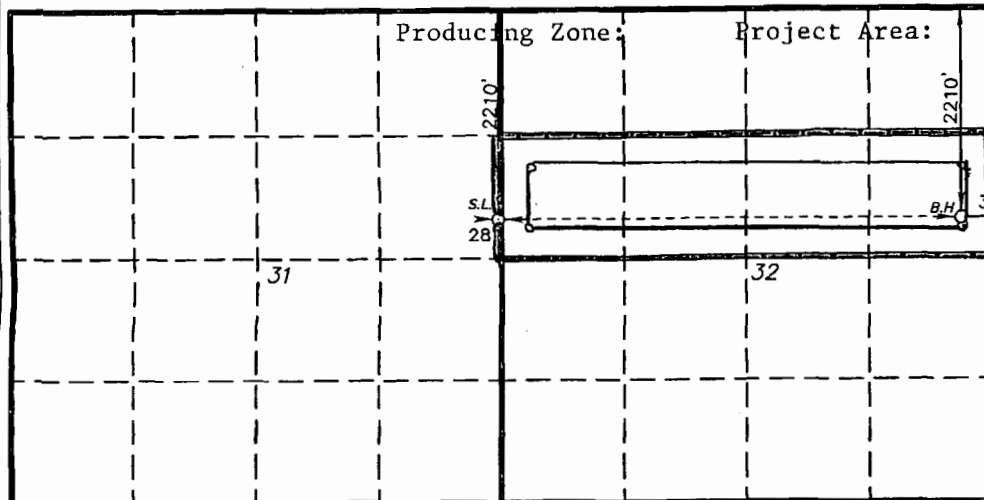
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	31	20 S	35 E		2210	NORTH	28	EAST	LEA

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
H	32	20 S	35 E		2210	NORTH	330	EAST	LEA
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
160									

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

Penetration Point:  
2210' FNL & 472' FWL



SURFACE LOCATION  
Lat - N 32°31'50.85"  
Long - W 103°29'17.32"  
NMSPC- N 557866.3  
E 801819.4  
(NAD-83)

PROPOSED BOTTOM HOLE LOCATION  
Lat - N 32°31'50.86"  
Long - W 103°28'19.06"  
NMSPC- N 557907.58  
E 806806.31  
(NAD-83)

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 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.

Travis Hahn 8/20/2013  
Signature Date  
thahn@yatespetroleum.com  
Printed Name Email Address

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.

GARY L. JONES 8/20/2013  
Date Surveyed  
GARY L. JONES  
Signature & Seal of Professional Surveyor  
Certificate No. Gary L. Jones 7977  
BASIN SURVEYS 27698

\* Amended

AUG 26 2013



(575)-748-1471

-Joe Palma

-February, 2014

**Z**  
→



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

JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER

JAMES S. BROWN  
CHIEF OPERATING OFFICER

RE: Surface/Lease Commingle  
Avocado BRO State #1H & Guava BRU State #1H  
Lea County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface/Lease Commingle oil & gas on the following wells:

Avocado BRO State #1H  
Berry; Bone Spring, north  
Sec. 32-T20S-R35E  
API #30-025-40472  
St. lease #VB-1646  
Lea County, NM

Guava BRU State #1H  
Berry; Bone Spring, north  
Sec. 31-T20S-R35E  
API #30-025-40514  
St. lease #VO-8713  
Lea County, NM

The ownership is diversified.  
The battery is located at the Avocado BRO State #1H.

#### Oil Measurement

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Avocado #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.

Estimated daily oil production for the Avocado is 300 bbls and for the Guava is 350 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 CDP is located at the Avocado #1H

Estimated daily gas production for the Avocado #1H is 290 MCF and for the Guava #1H is 300 MCF.

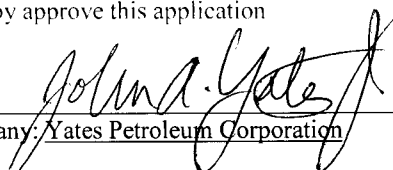
The purpose of the Surface/Lease Commingle is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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

Sincerely,

Miriam Morales

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

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API #30-025-40514  
St. lease #VO-8713  
Lea County, NM

The ownership is diversified.  
The battery is located at the Avocado BRO State #1H.

#### Oil Measurement

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Estimated daily oil production for the Avocado is 300 bbls and for the Guava is 350 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 CDP is located at the Avocado #1H

Estimated daily gas production for the Avocado #1H is 290 MCF and for the Guava #1H is 300 MCF.

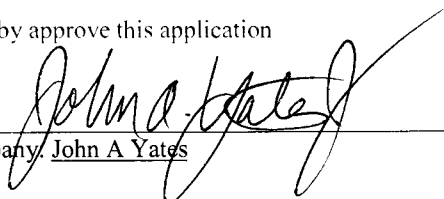
The purpose of the Surface/Lease Commingle is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing the same battery, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of all the wells.

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Sincerely,

Miriam Morales

I hereby approve this application

  
\_\_\_\_\_  
Company: John A Yates

KATHY H. PORTER  
SECRETARY

DENNIS G. KINSEY  
TREASURER



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Lea County, NM

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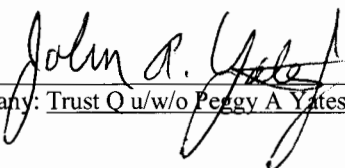
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Sincerely,

Miriam Morales

I hereby approve this application

  
Company: Trust Q u/w/o Peggy A Yates

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

JOHN A. YATES  
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.  
PRESIDENT

JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER

JAMES S. BROWN  
CHIEF OPERATING OFFICER

RE: Surface/Lease Commingle  
Avocado BRO State #1H & Guava BRU State #1H  
Lea County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface/Lease Commingle oil & gas on the following wells:

Avocado BRO State #1H  
Berry; Bone Spring, north  
Sec. 32-T20S-R35E  
API #30-025-40472  
St. lease #VB-1646  
Lea County, NM

Guava BRU State #1H  
Berry; Bone Spring, north  
Sec. 31-T20S-R35E  
API #30-025-40514  
St. lease #VO-8713  
Lea County, NM

The ownership is diversified.  
The battery is located at the Avocado BRO State #1H.

#### Oil Measurement

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Avocado #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.

Estimated daily oil production for the Avocado is 300 bbls and for the Guava is 350 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 CDP is located at the Avocado #1H

Estimated daily gas production for the Avocado #1H is 290 MCF and for the Guava #1H is 300 MCF.

The purpose of the Surface/Lease Commingle 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 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.

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

Sincerely,

Miriam Morales

I hereby approve this application

Company: Abo Petroleum Corporation

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986

S.P. YATES  
1914-2008



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RE: Surface/Lease Commingle  
Avocado BRO State #1H & Guava BRU State #1H  
Lea County, New Mexico

Dear Interest Owner,

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Sec. 32-T20S-R35E  
API #30-025-40472  
St. lease #VB-1646  
Lea County, NM

Guava BRU State #1H  
Berry; Bone Spring, north  
Sec. 31-T20S-R35E  
API #30-025-40514  
St. lease #VO-8713  
Lea County, NM

The ownership is diversified.  
The battery is located at the Avocado BRO State #1H.

#### Oil Measurement

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Avocado #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.

Estimated daily oil production for the Avocado is 300 bbls and for the Guava is 350 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 CDP is located at the Avocado #1H

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

Sincerely,

Miriam Morales

I hereby approve this application

  
Company: Myco Industries, Inc.

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

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PRESIDENT

JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER

JAMES S. BROWN  
CHIEF OPERATING OFFICER

RE: Surface/Lease Commingle  
Avocado BRO State #1H & Guava BRU State #1H  
Lea County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface/Lease Commingle oil & gas on the following wells:

Avocado BRO State #1H  
Berry; Bone Spring, north  
Sec. 32-T20S-R35E  
API #30-025-40472  
St. lease #VB-1646  
Lea County, NM

Guava BRU State #1H  
Berry; Bone Spring, north  
Sec. 31-T20S-R35E  
API #30-025-40514  
St. lease #VO-8713  
Lea County, NM

The ownership is diversified.  
The battery is located at the Avocado BRO State #1H.

#### Oil Measurement

Each of the wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Avocado #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.

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#### Gas Measurement

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

Sincerely,

Miriam Morales

I hereby approve this application

  
Company: Sharbro Energy, LLC

MARTIN YATES, III  
1912-1985  
FRANK W. YATES  
1936-1986  
S.P. YATES  
1914-2008



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PRESIDENT  
JOHN D. PERINI  
EXECUTIVE V.P. OF MONETIZATION  
CHIEF FINANCIAL OFFICER  
JAMES S. BROWN  
CHIEF OPERATING OFFICER

March 14, 2014

RE: Surface/Lease Commingle  
Avocado BRO State #1H & Guava BRU State #1H  
Lea County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from the Oil Conservation Division and the State Land Office to Surface/Lease Commingle oil & gas on the following wells:

Avocado BRO State #1H  
Berry; Bone Spring, north  
Sec. 32-T20S-R35E  
API #30-025-40472  
St. lease #VB-1646  
Lea County, NM

Guava BRU State #1H  
Berry; Bone Spring, north  
Sec. 31-T20S-R35E  
API #30-025-40514  
St. lease #VO-8713  
Lea County, NM

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The battery is located at the Avocado BRO State#1H.

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Estimated daily gas production for the Avocado #1H is 290 MCF and for the Guava #1H is 300 MCF.

The purpose of the Surface/Lease Commingle 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 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.

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 have any questions, please contact me at (575)748-4200 (direct line)

Sincerely,

  
Miriam Morales  
Production Analyst

Domestic Return Receipt



YATES BUILDING - 105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL™



7013 2630 0002 0641 1176

7013 2630 0002 0641 1176

Sent to  
Street Apt. No.  
or PO Box No.  
City, State, ZIP+4  
PS Form 3800, August 2006  
See Reverse for Instructions

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

Postage \$  
Certified Fee  
Return Receipt Fee  
(Endorsement Required)  
Restricted Delivery Fee  
(Endorsement Required)  
Total Postage & Fees \$

Postmark  
Here

Guatemala 3/14/14  
Minneapolis  
U.S. Postal Service™  
CERTIFIED MAIL™ RECEIPT  
(Domestic Mail Only; No Insurance Coverage Provided)  
For delivery information visit our website at www.usps.com®

COMPANY  
841803  
TX 75284-1803

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail® ☐ Priority Mail Express™  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number  
(Transfer from serv.

7013 2630 0002 0641 1176

PS Form 3811, July 2013

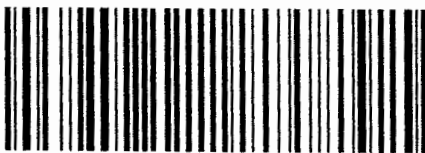
Domestic Return Receipt



YATES BUILDING - 105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL™



7013 2630 0002 0641 1138

7013 2630 0002 0641 1138

Sent to  
Street, Apt. No.,  
or PO Box No.  
City, State, Zip  
PS Form 3800, August 2006  
See Reverse for Instructions

Postage  
Certified Fee  
Return Receipt Fee  
(Endorsement Required)  
Restricted Delivery Fee  
(Endorsement Required)  
Total Postage & Fees

U.S. Postal Service™  
CERTIFIED MAIL™ RECEIPT  
(Domestic Mail Only; No Insurance Coverage Provided)  
For delivery information visit our website at www.usps.com®

Mexico State Land Office  
Commissioner of Public Lands  
310 Old Santa Fe Trail  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"><li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>Print your name and address on the reverse so that we can return the card to you.</li><li>Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>		<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>	
1. Article Addressed to:  New Mexico State Land Office Commissioner of Public Lands 310 Old Santa Fe Trail P.O. Box 1148 Santa Fe, New Mexico 87504-1148		3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery	
2. Article Number (Transfer from sender's record) 7013 2630 0002 0641 1138		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	



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1912-1985

FRANK W. YATES  
1936-1986

S.P. YATES  
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CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA  
CHIEF ADMINISTRATIVE OFFICER

**Procedure to verify accuracy of turbine allocation meters:**

- 1) After the initial install of the turbine allocation meter, production fluid from the well associated to said meter is flowed through the meter and into a sales tank.
- 2) The sales tank is then gauged and the calculated volume is compared to the metered volume.
- 3) If needed, corrections to the meter's calibration factor are made to ensure that metered volumes correspond to the measured volumes from the gauged tank.
- 4) This process is repeated periodically or as needed, determined from the lease operator's daily comparison of total allocation meter readings to gauged tank volumes.

Note: Turbine allocation meters are locked to prevent unwanted tampering of the meter calibration factor.

KATHY H. PORTER  
SECRETARY

DENNIS G. KINSEY  
TREASURER

MPSD821

Inquire/Update Production History

4/04/14  
12:21:26

Property . . . . . 027270 001      GUAVA BRU STATE #1H  
Production Date Range . . . . 00 0000 to 04 2014

Type options, press Enter.

2=Edit 4=Delete 5=Display

O	Prod	Well	API	Reg	Dys	-----Oil-----	-----Gas-----	-Water-	
T	Mo/Year	Name	Cpl	Prd	Produced	Sold	Produced	Sold	Prod
└	2 2014	GUAVA BRU STATE	S01	20	9149	8367	6082	6082	13166

F3=Exit F6=Add F10=Totals F11=Expand/Compress F12=Previous F15=Print

MPSD821

**Inquire/Update Production History**

4/04/14  
12:21:14

Property . . . . . 012401 001 AVOCADO BRO STATE #1H  
Production Date Range . . . . 00 0000 to 04 2014

Type options, press Enter.

2=Edit 4=Delete 5=Display

O	P	Prod	Well	API	Dys	Reg	-----Oil-----		-----Gas-----		-Water-
T	Mo/Year		Name	Cpl	Prd		Produced	Sold	Produced	Sold	Prod
└	2	2014	AVOCADO BRO STA	S01	28		11873	12419	7809	7809	9208
└	1	2014	AVOCADO BRO STA	S01	10		2755	1023	2041	2041	5786

F3=Exit F6=Add F10=Totals F11=Expand/Compress F12=Previous F15=Print