

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

6/10/14
Date

mmorales@yatespetroleum.com
e-mail Address

CTB 714

RECEIVED
JUN 13 2014
NEW MEXICO OIL CONSERVATION DIVISION

25581
CTB 025575

30-025-40374
YATES PETROLEUM CORP.
POB 15538
BERRY Bone Springs, NM
Other wells
-Berry APN
State 24
30-025-40630
-September 6th 2013
30-025-40576

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)

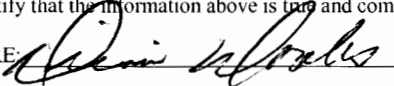
Please attach sheets with the following information

(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: 6/10/14

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. 30-025-40630 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. VO-3524 |

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.)

7. Lease Name or Unit Agreement Name

Berry APN State

8. Well Number 3H

9. OGRID Number 025575

10. Pool name or Wildcat
Berry; Bone Spring, north

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 S. Fourth Street Artesia, NM 88210

4. Well Location

Unit Letter J : 2500 feet from the S line and 1980 feet from the E line
Section 5 Township 21S Range 34E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3714' GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Surface Lease Commingle



OTHER:



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 gas for the Berry #3 & September Grass and oil for the following wells:

Berry APN State #2H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40374
St. Lease # VO-3524
Lea County, NM

Berry APN State #3H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40630
St. Lease # VO-3524
Lea County, NM

September Grass BSG State Com #1H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40576
St. lease #VO-3524 & VO-8239
Lea County, NM

The battery is located at the Berry APN State #2H. Please see attached 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 these wells will be equipped with continuously metering separators for oil production prior to oil being commingled for sales at the Berry #2H. 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 Berry #2H is 140 bbls, for the Berry #3H 238 bbls and for the September Grass #1H is 200 bbls.

Gas Measurement

The commingling of gas will be for the Berry #3H and the September Grass #1H only.

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 Agave's CDP meter #11753 is located at the Berry #2H.

Estimated daily gas production for the Berry #3H is 214 MCF and September Grass #1H is 200 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 6/10/14
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 (505) 393-9181 Fax: (505) 393-9729

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (505) 748-1283 Fax: (505) 748-9729

DISTRICT III
1000 Rio Bravos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8178

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals and Natural Resources Department

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

HOBBES OGD

JUN 26 2012

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| | | |
|----------------------------|--|--|
| API Number 30-025-40374 | Pool Code 5535 | Pool Name Berry; Bone Spring, North |
| Property Code 17549 | Property Name BERRY APN STATE | Well Number 2H |
| OCRID No. 025575 | Operator Name YATES PETROLEUM CORP. | Elevation 3723' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| LOT 13 | 5 | 21 S | 34 E | | 2957 | SOUTH | 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 |
|------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| LOT 4 | 5 | 21 S | 34 E | | 7512.30 | S NORTH | 6.29 | WEST | LEA |
| Dedicated Acres 160 | Joint or Infill | Consolidation Code | Order No. | | | | | | |

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°31'17.19"
Long - W 103°29'54.50"
NMSPC- N 554439.168
E 798663.098
(NAD-83)

SURFACE LOCATION
Lat - N 32°30'31.49"
Long - W 103°29'54.51"
NMSPC- N 549820.168
E 798698.291
(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 leased 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 court.

Signature: Tina Huerta
Date: 6/21/12

Printed Name: Tina Huerta
Email Address: tinah@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: 6/21/12
Signature: Gary L. Jones
Professional Surveyor: 7977

Certificate No. Gary L. Jones 7977
BASIN SURVEYS 25389

64 7/20/12 CS

JUL 03 2012

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0710

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

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) 476-3469 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|-----------------------------------|---|--|
| API Number 30-025-40630 | Pool Code 5535 | Pool Name Berry 1 <i>Wildcat/2nd Bone Spring Sand North</i> |
| Property Code 17549 | Property Name BERRY APN STATE | Well Number 3H |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORP. | Elevation 3714' |

Surface Location

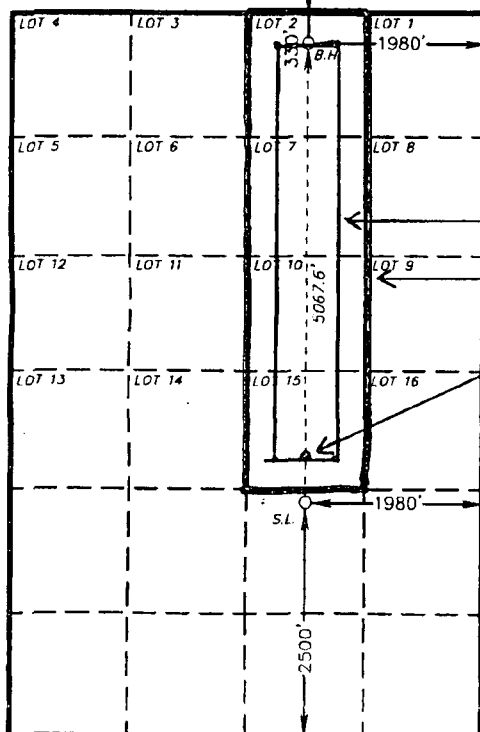
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|-------------|
| Lot 15 | 5 | 21 S | 34 E | | 2500 | SOUTH | 1980 | EAST | EDDY |

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 |
|---------------|----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|-------------|
| LOT 2 | 5 | 21 S | 34 E | | 330 | NORTH | 1980 | EAST | EDDY |

| | | | |
|----------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 159.11 | Joint or Infill | Consolidation Code | Order No. |
|----------------------------------|-----------------|--------------------|-----------|

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°31'17.18"
Long - W 103°30'25.33"
NMSPCE- N 554417.388
E 796023.312
(NAD-83)

Production Zone

Project Area

Penetration Point
2971' FSL & 1984' FEL

SURFACE LOCATION
Lat - N 32°30'27.04"
Long - W 103°29'23.68"
NMSPCE- N 549391.857
E 801342.026
(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.

[Signature] 6/18/12
Signature Date

Travish Hahn

Printed Name

thahn@yatespetroleum.com
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.

Date Surveyed
[Signature]
Signature of Professional Surveyor

No. 26616

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 26616

JUN 12 2013

JAN 28 2014



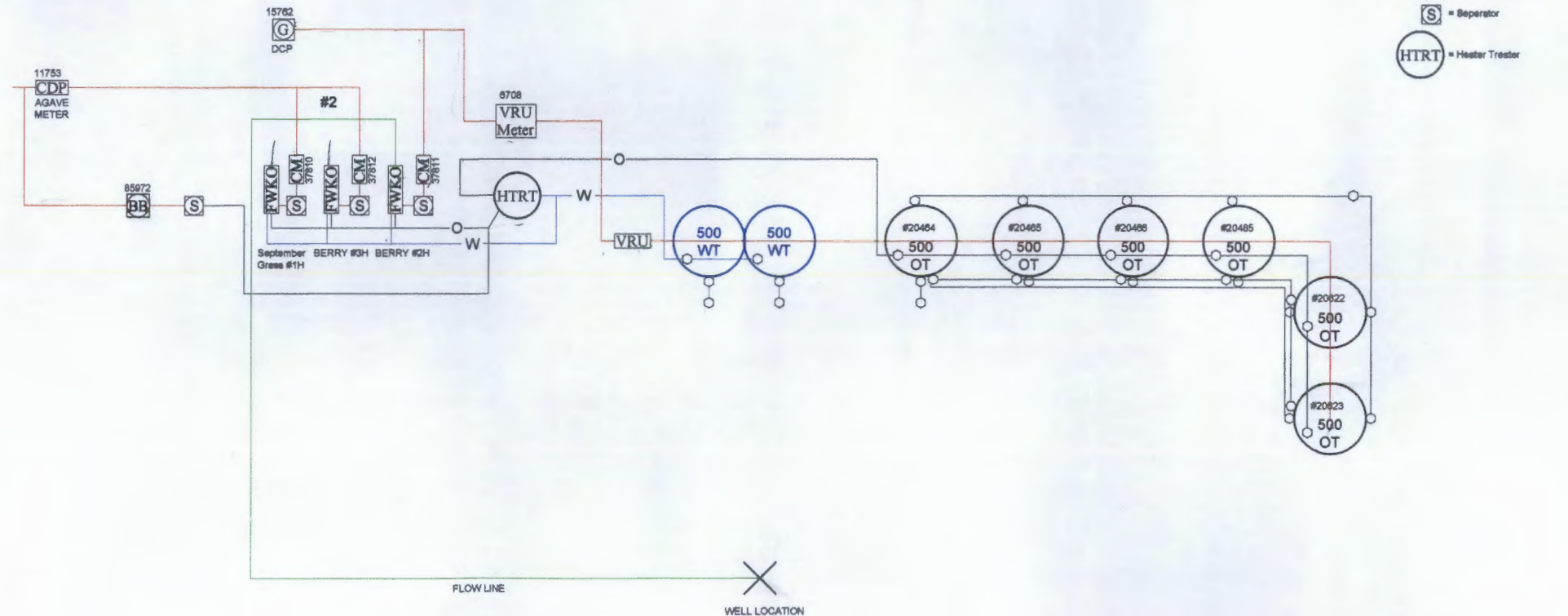
105 South 4th Street * Artesia, NM 88210
(505) 748-1471

-Joe Palma
-May, 2013

BERRY APN ST #2H

2957" FSL & 660' FWL * Sec 5 - T21S-R34E* Unit M
Lea County, NM
API - 3002540374

September Grass #1H Check Meter 37810
Berry #2H Check Meter 37811
Berry #2H Check Meter 37812
DCP Gas Meter 15782
VRU Meter 6708
Agave CDP Meter 11753



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

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 Commingle
Berry APN State #2H, #3H and September Grass BSG State Com #1H
Lea County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease commingle oil & gas for the following wells:

Berry APN State #2H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40374
St. Lease #VO-3524
Lea County, NM

Berry APN State #3H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40630
St. Lease #VO-3524
Lea County, NM

September Grass BSG State Com #1H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40576
St. lease #VO-3524 & VO-8239
Lea County, NM

The battery is located at the Berry APN State #2H.
The ownership is diversified.

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 Berry #2H. 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 Berry #2H is 140 bbls, for the Berry #3H 238 bbls and for the September Grass #1H is 200 bbls.

Gas Measurement

The commingling of gas will be for the Berry #3H and the September Grass #1H only.

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 Agave's meter #15762 is located at the Berry #2H.

Estimated daily gas production for the Berry #3H is 214 MCF and for the September Grass #1H is 200 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 the wells.

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

Sincerely,

Miriam Morales
Production Analyst

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



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Sincerely,

Miriam Morales
Production Analyst

I hereby approve this application

Company: Abo Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
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Estimated daily oil production for the Berry #2H is 140 bbls, for the Berry #3H 238 bbls and for the September Grass #1H is 200 bbls.

Gas Measurement

The commingling of gas will be for the Berry #3H and the September Grass #1H only.

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 Agave's meter #15762 is located at the Berry #2H.

Estimated daily gas production for the Berry #3H is 214 MCF and for the September Grass #1H is 200 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 the wells.

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

Sincerely,

Miriam Morales
Production Analyst

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

June 10, 2014

RE: Surface/Lease Commingle
Berry APN State #2H, #3H and September Grass BSG State Com #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 for the following wells:

Berry APN State #2H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40374
St. Lease #VO-3524
Lea County, NM

Berry APN State #3H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40630
St. Lease #VO-3524
Lea County, NM

September Grass BSG State Com #1H
Berry; Bone Spring, north
Sec. 5-T21S-R34E
API #30-025-40576
St. lease #VO-3524 & VO-8239
Lea County, NM

The battery is located at the Berry APN State #2H.
The ownership is diversified.

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 Berry #2H. 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 Berry #2H is 140 bbls, for the Berry #3H 238 bbls and for the September Grass #1H is 200 bbls.

Gas Measurement

The commingling of gas will be for the Berry #3H and the September Grass #1H only.

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 Agave's CDP meter #11753 is located at the Berry #2H.

Estimated daily gas production for the Berry #3H is 214 MCF and for the September Grass #1H is 200 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 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



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

ADDRESS SERVICE REQUESTED

CERTIFIED MAIL™



7013 2250 0000 5201 1627

7013 2250 0000 5201 1627

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

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

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ANY
3
284-1803

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

2. Article Number
(Transfer from s

7013 2250 0000 5201 1627

PS Form 3811, July 2013

Domestic Return Receipt

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A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

4. Restricted Delivery? (Extra Fee) ☐ Yes



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

ADDRESS SERVICE REQUESTED

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7013 2250 0000 5201 1634

7013 2250 0000 5201 1634

Sent to
Street, Apt. No.,
or PO Box No. 20333 St. Hwy 249 Ste 460
City, State, ZIP+4 Houston TX 77070-2613
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 | \$ |

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HWY 249 SUITE 460
X 77070-2613

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1. Article Addressed to:

GMT EXPLORATION COMPANY LLC
20333 STATE HWY 249 SUITE 460
HOUSTON, TX 77070-2613

2. Article Number
(Transfer from se

7013 2250 0000 5201 1634

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X ☐ 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

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☒ Certified Mail® ☐ Priority Mail Express™
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YATES BUILDING - 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

ADDRESS SERVICE REQUESTED

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7013 2250 0000 5201 1658

7013 2250 0000 5201 1658

Sent to
Street, Apt. No.,
or PO Box No.
City, State, Zip+4
EG3 Inc
PO Box 1567
Graham TX 76450-1567
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 \$

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Ben #34 CTR whole demand

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1. Article Addressed to:

EG3, INC
PO BOX 1567
GRAHAM, TX 76450-1567

2. Article Number
(Transfer from se

7013 2250 0000 5201 1658

PS Form 3811, July 2013

Domestic Return Receipt

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

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



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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

6/16/14
10:22:36

Property 012935 003 BERRY APN STATE #3H
Production Date Range 11 2013 to 06 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 |
| [| 4 | 2014 | BERRY APN STATE | S01 | 30 | | 3438 | 3629 | 2445 | 2445 | 6119 |
| [| 3 | 2014 | BERRY APN STATE | S01 | 31 | | 10093 | 10252 | 4593 | 4593 | 3961 |
| [| 2 | 2014 | BERRY APN STATE | S01 | 28 | | 11029 | 10645 | 7160 | 7160 | 6552 |
| [| 1 | 2014 | BERRY APN STATE | S01 | 17 | | 4049 | 3109 | 3633 | 3633 | 9400 |

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

MPSD821

Inquire/Update Production History

6/16/14
10:22:49

Property 049969 001 SEPTEMBER GRASS BSG ST CO OM 1H
Production Date Range 11 2013 to 06 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 | Produced | Sold | Prod |
| [| 4 | 2014 | SEPTEMBER | GRASS | S01 | 28 | 1887 | 1747 | 918 | 918 | 1936 |
| [| 3 | 2014 | SEPTEMBER | GRASS | S01 | 25 | 2525 | 2697 | 3059 | 3059 | 3442 |
| [| 2 | 2014 | SEPTEMBER | GRASS | S01 | 28 | 4207 | 3891 | 2687 | 2687 | 8542 |
| [| 1 | 2014 | SEPTEMBER | GRASS | S01 | 31 | 690 | 551 | | | 6582 |
| [| 12 | 2013 | SEPTEMBER | GRASS | S01 | 3 | 69 | 42 | 66 | 66 | 933 |

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

MPSD821

Inquire/Update Production History

6/16/14
10:22:23

Property 012935 002 BERRY APN STATE #2H
 Production Date Range 11 2013 to 06 2014

Type options, press Enter.

2=Edit 4=Delete 5=Display

| O | P | Prod | Well | API | Reg | -----Oil----- | | -----Gas----- | | -Water- |
|---|---------|------|-----------------|-----|-----|---------------|------|---------------|------|---------|
| T | Mo/Year | Name | Cpl | Dys | Prd | Produced | Sold | Produced | Sold | Prod |
| [| 4 | 2014 | BERRY APN STATE | S01 | 30 | 3227 | 2926 | 5196 | 4656 | 1503 |
| [| 3 | 2014 | BERRY APN STATE | S01 | 31 | 3747 | 3875 | 7235 | 7067 | 1942 |
| [| 2 | 2014 | BERRY APN STATE | S01 | 24 | 3797 | 4594 | 4939 | 4357 | 2533 |
| [| 1 | 2014 | BERRY APN STATE | S01 | 31 | 4278 | 4560 | 5314 | 4838 | 2359 |
| [| 12 | 2013 | BERRY APN STATE | S01 | 20 | 2772 | 2570 | 2863 | 2845 | 2515 |
| [| 11 | 2013 | BERRY APN STATE | S01 | 29 | 4188 | 4174 | 6984 | 6890 | 2977 |

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

McMillan, Michael, EMNRD

From: Miriam Morales <MMorales@yatespetroleum.com>
Sent: Tuesday, July 01, 2014 3:11 PM
To: McMillan, Michael, EMNRD
Subject: RE: Berry APN State #2H gas metering

That would be correct, Sir.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Tuesday, July 01, 2014 3:04 PM
To: Miriam Morales
Subject: Berry APN State #2H gas metering

Ms. Morales:

Based on our conversation, The Berry APN State #2H is being metered separately?

Thank You and have a good 4th

If you see Robert Castillo tell him hi

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462

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