

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Surface Commingling Order CTB-642

April 16, 2012

Yates Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210

Attention: Miriam Morales:

Yates Petroleum Corporation ("Yates") is hereby authorized to surface commingle oil production from Cabin Lake; Delaware Oil Pool (**08435**) from the following Federal Leases and wells.

Wells:

Llama ALL Federal Well No. 1 (**API No. 30-015-28093**), Sect. 7, T-22-S, R-31 E.

Llama ALL Federal Well No. 4 (**API No. 30-015-34297**), Section 7, T-22-S, R-31-E.

Llama ALL Federal Well No. 5 (**API No. 30-015-34298**), Sect. 7, T-22-S, R-31-E.

Llama ALL Federal Com Well No.9H (**API No. 30-015-37189**), Sec. 7, T-22-S, R-31-E.

Llama ALL Federal Well No. 10H (**API No. 30-015-37190**), Sec. 7, T-22-S, R-31-E.

All in NMPM, Eddy County, New Mexico.

Commingled oil production from the wells detailed above shall be measured and sold at the Central Tank Battery (CTB), located in Unit M, Section 7, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

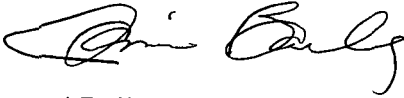
Oil production from each well shall be continuously measured with allocation meters before commingling with production from other wells. The oil allocation meters shall be calibrated monthly.

NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Artesia District office of the Division prior to implementation of commingling operations

This approval is subject to like approval from the Bureau of Land Management (BLM) before commencing the commingling operations.

DONE at Santa Fe, New Mexico, on April 16, 2012.

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Division Director

JB/re

cc: Oil Conservation Division – Artesia
Bureau Of Land Management (BLM) - Carlsbad