

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. 30-015-39422
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 type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. NM-103879 & NM-121951
3. Address of Operator 105 S. Fourth Street Artesia, NM 88210		7. Lease Name or Unit Agreement Name Culebra BLV Federal Com
4. Well Location Unit Letter <u>E</u> : <u>1650</u> feet from the <u>N</u> line and <u>330</u> feet from the <u>W</u> line Section <u>7</u> Township <u>23S</u> Range <u>29E</u> NMPM County <u>Eddy</u>		8. Well Number <u>2H</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 2944' GR		9. OGRID Number <u>025575</u>
10. Pool name or Wildcat Eddy County, New Mexico		

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: Pool/lease(CA) 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 Pool/Lease(CA) commingle on the following wells:

Culebra BLV Federal Com #1H
 Herradura Bend; Delaware, east
 Sec. 7-T23S-R29E
 Fed. Lease #NM-103879 & NM-121951, CA #124950
 API #30-015-37615
 Eddy County, NM

Culebra BLV Federal Com #2H (not yet drilled)
 Culebra Bluff; Bone Spring, south
 Sec. 7-T23S-R29E
 Fed. Lease #NM-103879 & NM-121951, CA #(unavailable)
 API #30-015-39422
 Eddy County, NM

Reviewed by TW.
 Recommended Approval

PC-1245

The battery is located at the Culebra #1H. Please see attached plats and site security diagram. Identical ownership, attached is a letter signed by landman.

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 Culebra #10H. 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 Culebra #1H is 140 bbl, 230 MCFs, for the Culebra #2H is 200 bbl and 250 MCFs. The average estimated gravity is 40.9.

Gas Measurement

Each of the wells will be equipped with allocation meters for gas prior to commingling and the BLM point of measurement for this commingled production is at DCP's CDP meter #718751-00 located at the Culebra BLV Federal Com #1H.

The purpose of the Pool/lease commingle of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for this well. This will greatly increase costs and shorten the economic life of the well.

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 5/14/12

Type or print name Miriam Morales E-mail address: mmorales@yatespetroleum.com PHONE: 575-748-4200
 For State Use Only

APPROVED BY: Miriam Morales TITLE Director DATE 5/16/12
 Conditions of Approval (if any):