

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



Administrative Order PLC-359
Administrative Application Reference No. pKVR1222058151

September 10, 2012

Yates Petroleum Corporation
Attention: Ms. Miriam Morales

Pursuant to your application received on August 6, 2012, Yates Petroleum Corporation is hereby authorized to surface commingle gas production from the following pools located in Section 31, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

HG; Morrow Gas (78400)
HG; Atoka (96461)
Parkway; Bone Spring Pool (49622)

and from the following diversely owned wells located on federal leases in said section, township and range in Eddy County, New Mexico:

Hanagan APL Federal Com Well No. 1
API No. 30-015-28635
1980 FNL & 1980 FEL, Unit G

Hanagan APL Federal Com. Well No. 2H
API No. 30-015-39511
SHL: 1600 FSL & 330 FWL, Unit L
BHL: 1980 FSL & 330 FEL, Unit I

The commingled gas production shall be measured and sold at the central delivery point located in Section 30, and will be allocated back to the respective wells based on the subtraction method, with production from the Hanagan APL Federal Com. #1 determined by subtracting production metered at the Hanagan Federal APL Federal Com #2H from production measured at the DCP sales meter. Gas production from the wells is approved for off-lease measurement and sale.

The producer/operator shall notify the transporter of this commingling authority.



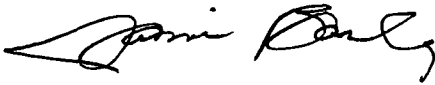
April 19, 2012

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The operator shall notify the Artesia district office of the Division upon commencement of commingling operations.

This approval is subject to like approval from the United States Bureau of Land Management before commencement of the commingling operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized flourish at the end.

Jami Bailey
Division Director

JB/db

cc: Oil Conservation Division District Office – Artesia
United States Bureau of Land Management