

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 Addition to PLC-309

[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

RECEIVED
 2008 SEP 23 PM 2 53

[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.

MAYTE REYES Mate Reyes PRODUCTION CLERK 9-16-08
 Print or Type Name Signature Title Date
mayte@y.pcnm.com
 e-mail Address

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

<p>SUNDRY NOTICES AND REPORTS ON WELLS</p> <p>Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals</p> <p style="text-align: center;">SUBMIT IN TRIPLICATE</p>	<p>5. Lease Designation and Serial No. NM-105213</p> <p>6. If Indian, Allottee or Tribe Name</p> <p>7. If Unit or CA, Agreement Designation</p>
<p>1. Type of Well Oil Gas <input checked="" type="checkbox"/> Well <input type="checkbox"/> Well <input type="checkbox"/> Other</p>	<p>8. Well Name and No. Jester BFJ Federal #1</p>
<p>2. Name of Operator Yates Petroleum Corporation</p>	<p>9. API Well No. 30-015-34275</p>
<p>3. Address and Telephone No. 105 South Fourth Street, Artesia, NM 88210 (575) 7481471</p>	<p>10. Field and Pool, or Exploratory Area Pierce Crossing/Bone Spring Cedar Canyon/Delaware</p>
<p>4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 630' FSL & 2310' FWL Section 12-T24S-R29E (Unit N, SESW)</p>	<p>11. County or Parish, State Eddy County, NM</p>

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent <input type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other Surface Pool / Lease Commingle Gas Only	<input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing- <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well completion or Recompletion Report and Log Form)</small>

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Yates Petroleum Corporation respectfully request administrative approval for the addition to Surface Pool / Lease Commingle Gas Only PLC-309 approved on June 9th 2008

Please see attachment.

We are adding the Canyon BJK State #1Y and the Tombstone BMB State #1 wells to the Jester BFJ Federal #1 CDP which was approved on June 9, 2008.

The CDP is located at the Jester BFJ Federal #1. Please see attached plat and site facility diagram.

Diversified ownership. Waivers attached. All in house subsidiaries.

Each of these wells shall be equipped with allocation meters on gas prior to commingling for sales. The gas sales point for this commingled production shall be located near the Jester BFJ Federal Well #1 in Unit N. of Sec. 12, Township 24 South, Range 29 East.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Estimated daily gas production for the Canyon BJK State #1 is 50 mcf, and the estimated gas production for the Tombstone BMB State #1 is 300 mcf per day.

The purpose of the Surface Pool / Lease Commingle is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases. We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

14. I hereby certify that the foregoing is true and correct		
Signed <i>Mate Bero</i>	Title Production Secretary	Date September 17, 2008
(This space for Federal or State office use)		
Approved by _____	Title _____	Date _____
Conditions of approval, if any:		

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Federal

Corral Draw AQH Federal #1
Sec 12-T24S-29E
Pierce Crossing/Bone Spring
Cedar Canyon/Delaware
Eddy County, NM
Federal Lease # NM-88136
API# 30-015-29396

Federal

Corral Draw AQH Federal #2
Sec 6-T25S-R30E
Pierce Crossing/Bone Spring
Cedar Canyon/Delaware
Eddy County, NM
Federal Lease # NM-88136
API# 30-015-34257

Federal

Jester BFJ Federal #1
Sec 6-T25S-R30E
Pierce Crossing/Bone Spring
Cedar Canyon/Delaware
Eddy County, NM
Federal Lease #NM-10521
API# 30-015-34275

State

Ohkay BHH State #1
Sec 5-T25S-R30E
Nash Draw/Delaware
Pierce Crossing/Bone Spring
Eddy County, NM
State Lease # VO-6711
API# 30-015-34551

State

Wyatt BHT State #1
Sec 13-T24S-R29E
Pierce Crossing/Bone Spring
Nash Draw / Delaware
Eddy County, NM
Sate Lease #VO-6699
API# 30-015-34553

State

Doc BHU State #1
Sec 13-T24S-R29E
Pierce Crossing/Bone Spring
Corral Canyon/Delaware
Eddy County, NM
State Lease #VO-6670
API# 30-015-34552

State

Canyon BJK State #1Y
Sec 1-T25S-R29E
Pierce Crossing/Bone Spring
Nash Draw/Delaware – Possible DHC not yet applied for
Eddy County, NM
State Lease #VA-2974
API# 30-015-36605

State

Tombstone BMB State #1
Sec 12-T25S-R29E
Pierce Crossing/Bone Spring
Eddy County, NM
State Lease #VA-2957
API# 30-015-36315

District I
1625 N. French Drive, Hobbs, NM 88240

Energy, Minerals and Natural Resources Department

District II
1301 W. Grand Ave, Artesia, NM 88210

OIL CONSERVATION DIVISION

District III
1000 Rio Brazos Road, Aztec, NM 87410

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

District IV
1220 S. St Francis Dr, Santa Fe, NM
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 4TH STREET

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. PLC-309

Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to 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	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes
<u>PIERCE CROSBY / BONESPRING</u> ⁹⁶⁴⁷³	<u>1.307</u>	<u>1.227</u>			
<u>NASH DRAW / DELAWARE</u> ⁴⁷⁵⁴⁵	<u>1.129</u>	<u>1.129</u>			
<u>CEGAR CANYON / DELAWARE</u> ¹¹⁵⁴⁰	<u>1.251</u>	<u>1.307</u>			
<u>CONNAL CANYON / DELAWARE</u> ¹³³⁶⁰	<u>1.000</u>	<u>1.000</u>			

- (2) Are any wells producing at top allowables? Yes No
 (3) Are all working, royalty and overriding royalty interests common between pools? Yes No
 (4) Include proof of notice to all interests if the answer to No. 3 is "No".
 (5) Measurement type: Metering Well Test Subtraction Method
 (6) 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.
 (2) Is all production from same source of supply? Yes No
 (3) Are all working, royalty and overriding royalty interests common between leases? Yes No
 (4) Include proof of notice to all interests if the answer to No. 3 is "No".
 (5) Measurement type: Metering Well Test Subtraction Method (only when No. 3 is "Yes")

(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.
 (4) If production is to be measured by well test, include testing frequency.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Mayte Reyes TITLE: Production Clerk DATE: 9-16-08

TYPE OR PRINT NAME MAYTE REYES TELEPHONE NO. 575-248-4213

DISTRICT I
1629 N. French Dr., Hobbs, NM 88240

DISTRICT II
911 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Ed., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

FORM O-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96403	Pool Name Wildcat; Bone Spring
Property Code	Property Name CANYON "BJK" STATE	Well Number 1Y
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3140

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 1	1	25S	29E		330	NORTH	360	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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
39.99			

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

Lot 4	Lot 3	Lot 2	Lot 1 330' 360' N.32°09'56.4" W.103°55'49.9" N.424242.1 E.685979.0 (NAD-83)	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature Armando Lopez Printed Name Chief Regulatory Agent Title 9-11-08 Date
				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. 8/02/2006 Date Surveyed
				Signature of Seal of Professional Surveyor  HERSHEL L. JONES NEW MEXICO 3640 CERTIFICATE No. Hershel L. Jones RLS 3640 CANYON 1 GENERAL SURVEYING COMPANY

0 330' 680' 990' 1860' 1980' 2310' 2310' 1980' 1850' 990' 680' 330' 0'

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1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
1501 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Asteo, 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 October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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 Pierce Crossing; Bone Spring, East
Property Code	Property Name TOMBSTONE "BMB" STATE	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3085'

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	12	25 S	29 E		330	NORTH	660	WEST	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

Dedicated Acres 40.0 Acres	Joint or Infill	Consolidation Code	Order No.
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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

<p>SURFACE LOCATION Lat - N32°09'03.77" Long - W103°56'40.11" SPC- N.: 418903.204 E.: 661681.327 (NAD-83)</p>				
				<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>
				<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 5, 2008</p> <p>Date Surveyed _____ Signature of Surveyor _____ Professional Surveyor No. _____</p> <p></p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>



105 South 4th Street * Artesia, NM 88210

(505)-748-1471

-Joe Chavez

August 2008

Canyon BJK St #1Y

OHKAY BHH ST #1 Battery

For Canyon BJK St. #1Y

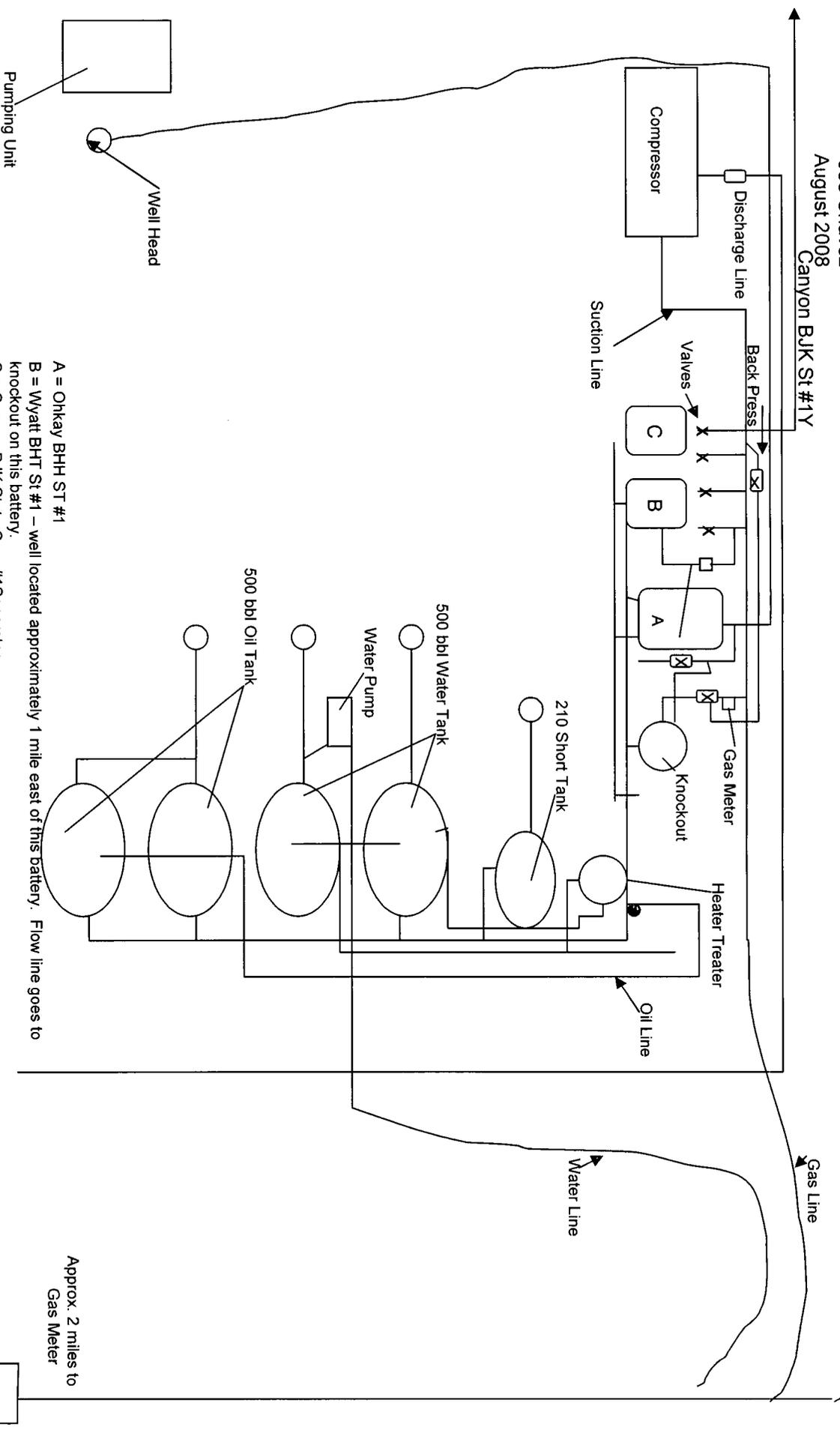
330'FNL & 330'FWL * Sec6 - T25S - R30E * Unit D

EDDY, NM

API - 3001534551

Approx. 6 miles to Jester CDP

North



A = Ohkay BHH ST #1

B = Wyatt BHT St #1 - well located approximately 1 mile east of this battery. Flow line goes to knockout on this battery.

C = Canyon BJK State Com #1 Separator

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

Approx. 2 miles to Gas Meter



ARTES PETROLEUM CORPORATION

TOMBSTONE BMB STATE #1

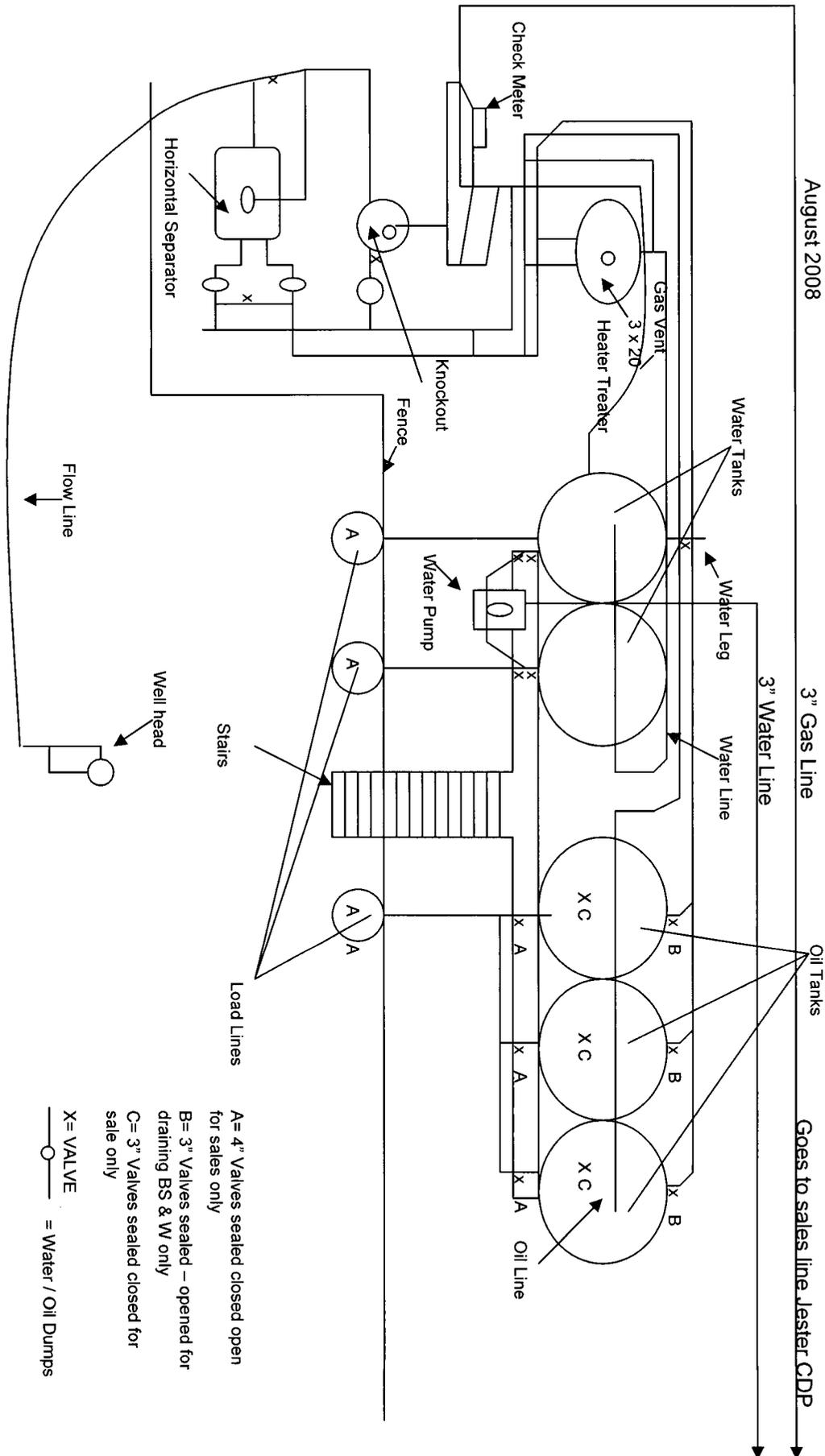
660' FNL & 330' FWL * 12-25S-29E * Unit D* EDDY County, NM

105 South 4th Street * Artesia, NM 88210

(505)-748-1471

-Joe Chavez

August 2008



A = 4" Valves sealed closed open for sales only
 B = 3" Valves sealed — opened for draining BS & W only
 C = 3" Valves sealed closed for sale only

X = VALVE
 ○ = Water / Oil Dumps

Mayte, The Canyon BJK State #1 well is owned
Yates Petroleum Corporation – 70%
Yates Drilling Company – 10%
Myco Industries, Inc. – 10%
Abo Petroleum Corporation – 10%
Thanks, Janet

The owners of the Tombstone BMB State #1 are

Yates Petroleum Corporation 70%

Yates Drilling Company 10%

Myco Industries, Inc. 10%

Abo Petroleum Corporation 10%

Thanks, Janet Richardson

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
FRANK YATES, JR.
PRESIDENT
PEYTON YATES
DIRECTOR
JOHN A. YATES, JR.
DIRECTOR

September 17, 2008

Re: Surface Pool/Lease Commingle Gas Only
Pierce Crossing/Bone Spring, Cedar Canyon/Delaware, Nash Draw Delaware,
Corral Canyon, Delaware
Eddy County, New Mexico

Dear Interest Owner:

Yates Petroleum Corporation respectfully request administrative approval for the addition of the Canyon BJK State #1Y and the Tombstone BMB State #1 to Surface Pool / Lease Commingle Gas Only PLC-309 approved on June 9th 2008

Federal	Federal	Federal	State
Corral Draw AQH Federal #1 Sec 12-T24S-29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-29396	Corral Draw AQH Federal #2 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-34257	Jester BFJ Federal #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease #NM-10521 API# 30-015-34275	Ohkay BHH State #1 Sec 5-T25S-R30E Nash Draw/Delaware Pierce Crossing/Bone Spring Eddy County, NM State Lease # VO-6711 API# 30-015-34551
State	State	State	State
Wyatt BHT State #1 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Nash Draw / Delaware Eddy County, NM Satc Lease #VO-6699 API# 30-015-34553	Doc BHU State #1 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Corral Canyon/Delaware Eddy County, NM State Lease #VO-6670 API# 30-015-34552	Canyon BJK State #1Y Sec 1-T25S-R29E Pierce Crossing/Bone Spring Nash Draw/Delaware -- Possible DHC not yet applied for Eddy County, NM State Lease #VA-2974 API# 30-015-36605	Tombstone BMB State #1 Sec 12-T25S-R29E Pierce Crossing/Bone Spring Eddy County, NM State Lease #VA-2957 API# 30-015-36315

Each of these wells shall be equipped with allocation meters on gas prior to commingling for sales. The gas sales point for this commingled production shall be located near the Jester BFJ Federal Well #1 in Unit N. of Sec. 12, Township 24 South, Range 29 East

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The purpose of the commingling, is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to built separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases.

Any objection must be filed in writing with District Office within 20 days from the date the division received the application.

If you should have any questions, please give me a call at (575) 748-4213 (direct line).

Sincerely,

Mayte Reyes
Production Clerk

RANDY G. PATTERSON
SECRETARY

DAVID LANNING
CHIEF OPERATING OFFICER

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
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JOHN A. YATES
CHAIRMAN OF THE BOARD

FRANK YATES, JR.
PRESIDENT

PEYTON YATES
DIRECTOR

JOHN A. YATES, JR.
DIRECTOR

I hereby approve this application



Company: MYCO Industries, Inc.

RANDY G. PATTERSON
SECRETARY

DAVID LANNING
CHIEF OPERATING OFFICER

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September 17, 2008

Re: Surface Pool/Lease Commingle Gas Only
Pierce Crossing/Bone Spring, Cedar Canyon/Delaware, Nash Draw Delaware,
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Eddy County, New Mexico

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Production Clerk

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DIRECTOR

I hereby approve this application

David Lanning

Company: Yates Petroleum Corporation.

RANDY G. PATTERSON
SECRETARY

DAVID LANNING
CHIEF OPERATING OFFICER

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PRESIDENT
PEYTON YATES
DIRECTOR
JOHN A. YATES, JR.
DIRECTOR

September 17, 2008

Re: Surface Pool/Lease Commingle Gas Only
Pierce Crossing/Bone Spring, Cedar Canyon/Delaware, Nash Draw Delaware,
Corral Canyon, Delaware
Eddy County, New Mexico

Dear Interest Owner:

Yates Petroleum Corporation respectfully request administrative approval for the addition of the Canyon BJK State #1Y and the Tombstone BMB State #1 to Surface Pool / Lease Commingle Gas Only PLC-309 approved on June 9th 2008

Federal Corral Draw AQH Federal #1 Sec 12-T24S-29E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-29396	Federal Corral Draw AQH Federal #2 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease # NM-88136 API# 30-015-34257	Federal Jester BFJ Federal #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Cedar Canyon/Delaware Eddy County, NM Federal Lease #NM-10521 API# 30-015-34275	State Ohkay BHH State #1 Sec 5-T25S-R30E Nash Draw/Delaware Pierce Crossing/Bone Spring Eddy County, NM State Lease # VO-6711 API# 30-015-34551
State Wyatt BHT State #1 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Nash Draw / Delaware Eddy County, NM Sate Lease #VO-6699 API# 30-015-34553	State Doc BHU State #1 Sec 13-T24S-R29E Pierce Crossing/Bone Spring Corral Canyon/Delaware Eddy County, NM State Lease #VO-6670 API# 30-015-34552	State Canyon BJK State #1Y Sec 1-T25S-R29E Pierce Crossing/Bone Spring Nash Draw/Delaware -- Possible DHC not yet applied for Eddy County, NM State Lease #VA-2974 API# 30-015-36605	State Tombstone BMB State #1 Sec 12-T25S-R29E Pierce Crossing/Bone Spring Eddy County, NM State Lease #VA-2957 API# 30-015-36315

Each of these wells shall be equipped with allocation meters on gas prior to commingling for sales. The gas sales point for this commingled production shall be located near the Jester BFJ Federal Well #1 in Unit N. of Sec. 12, Township 24 South, Range 29 East

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The purpose of the commingling, is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to built separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases.

Any objection must be filed in writing with District Office within 20 days from the date the division received the application.

If you should have any questions, please give me a call at (575) 748-4213 (direct line).

Sincerely,

Mayte Reyes
Production Clerk

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
FRANK YATES, JR.
PRESIDENT
PEYTON YATES
DIRECTOR
JOHN A. YATES, JR.
DIRECTOR

I hereby approve this application

Tony Krakau Sicas
TONY KRKAU SICAS

Company: Yates Drilling Company.

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1912-1985

FRANK W. YATES
1936-1986



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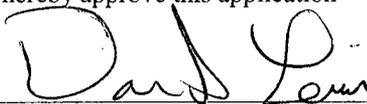
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I hereby approve this application



Company: ABO Petroleum Corporation.