

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

OCD Artesia

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NM-81952

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Llama ALL Federal Com #9H

9. API Well No.

30-015-37189

10. Field and Pool or Exploratory Area

Cabin Lake; Delaware

11. County or Parish, State

Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other Surface/Lease CommingleOil only

13. Describe Proposed or Completed Operation. Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Yates Petroleum respectfully requests approval to Surface/Lease commingle oil only on the following wells:

Llama ALL Federal #1
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-28093
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #4
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-34297
Fed. Lease #NM-81952
Eddy County, NM

RECEIVED
AUG 17 2012
NMOCD ARTESIA

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record
NMOCD

8/17/2012

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Miriam Morales

Title Production Analyst

Signature

Date

8/1/12 (re-submitted)

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

S/ JD Whitlock Jr

Title

LPEF

Date

8/13/12

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

Continuation of Llama ALL Federal Com #9H Surface/Lease Commingle oil only application sundry

Llama ALL Federal #5	Llama ALL Federal Com #9H(not yet drilled)	Llama ALL Federal #10H
Cabin Lake/Delaware	Cabin Lake/Delaware	Cabin Lake/Delaware
Sec. 7-T22S-R31E	Sec. 7-T22S-R31E	Sec. 7-T22S-R31E
API #30-015-34298	API #30-015-37189	API #30-015-37190
Fed. Lease #NM-81952	Fed. Lease #NM-81952, LC -069509	Fed. Lease #NM-81952
	CA # not available	
Eddy County, NM	Eddy County, NM	Eddy County, NM

The battery is located at the Llama ALL Federal #1.

Ownership between the #1,4,5, and #10H is identical; however the #9H will have diversified ownership.
All notifications to owners and in house waivers are attached.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Llama ALL Federal Com #1. 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 Llama #1 is 23 BOPD, for the Llama #4 is 20 BOPD, for the Llama #5 is 9 BOPD, for the Llama #10H is 326 BOPD, and the Llama #9H is estimated 500 BOPD. Average gravity 38.9.

Gas Measurement

Each well will have its own meter.

The purpose of the Surface/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 built separate facilities for this well. This will greatly increase costs and shorten the economic life of the well.

See attaced verification process.

Attachment to the Llama ALL Federal Com #9H Surface/Lease (CA) commingle oil only application

Federal Lease #NM-81952

<u>Well name</u>	<u>Field/Pool</u>	<u>BOPD</u>	<u>Grav.</u>
Llama ALL Federal #1 Sec. 7-T22S-R31E API #30-015-28093 Eddy County, NM	Cabin Lake; Delaware	23	37.8
Llama ALL Federal #4 Sec. 7-T22S-R31E API #30-015-34297 Eddy County, NM	Cabin Lake; Delaware	20	39.0
Llama ALL Federal #5 Sec. 7-T22S-R31E API #30-015-34298 Eddy County, NM	Cabin Lake; Delaware	9	40.0
Llama ALL Federal #10H Sec. 7-T22S-R31E API #30-015-37190 Eddy County, NM	Cabin Lake; Delaware	326	38.8

Federal Lease #NM-81952 & LC-69509, CA #(unavailable)

<u>Well name</u>	<u>Field/Pool</u>	* <u>BOPD</u>	* <u>Grav.</u>
Llama ALL Federal Com #9H Sec. 7-T22S-R31E API #30-015-37189 Eddy County, NM	Cabin Lake; Delaware		

*This information will be provided upon well completion with an updated site security diagram.

MARTIN YATES, III
1912-1985

FRANK W. YATES
1938-1986

S. P. YATES
1914-2008



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

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
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

16				<p>17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Tina Huerta</u> Signature</p>
		<p>RECEIVED MAY 18 2004 OCS-ARTESIA</p>		<p><u>Tina Huerta</u> Printed Name</p> <p>Regulatory Compliance Supervisor</p> <p>Title and E-mail Address</p> <p>May 12, 2004 Date</p>
<p>950'W</p> <p>330'S</p>				<p>18 SURVEYOR CERTIFICATION <i>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.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34297		² Pool Code 08435		³ Pool Name Cabin Lake Delaware	
⁴ Property Code 15601		⁵ Property Name Llama ALL Federal			⁶ Well Number 4
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3348'GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	22S	31E		330	South	1650	West	Eddy

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

16				<p>RECEIVED FEB 01 2006 OCU-ANTERO</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Tina Huerta</i> Signature</p> <p>Tina Huerta Printed Name</p> <p>Regulatory Compliance Supervisor</p> <p>Title and E-mail Address</p> <p>January 30, 2006</p> <p>Date</p>
					<p>18 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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

1650'W

330'S

French Dr., Hobbs, NM 88240
District II
51 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34298	² Pool Code 08435	³ Pool Name Cabin Lake Delaware
⁴ Property Code 15601	⁵ Property Name Llama ALL Federal	⁶ Well Number 5
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3368'GL

¹⁰ Surface Location

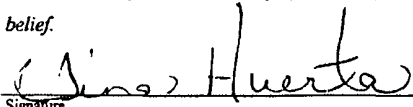
UL or lot no. O	Section 7	Township 22S	Range 31E	Lot Idn	Feet from the 330	North/South line South	Feet from the 1650	East/West line East	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

¹⁶			RECEIVED JAN 27 2006 JUVANIS	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature
				Tina Huerta Printed Name Regulatory Compliance Supervisor Title and E-mail Address January 25, 2006 Date
				¹⁸ 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 of Survey Signature and Seal of Professional Surveyor
				Certificate Number

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

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

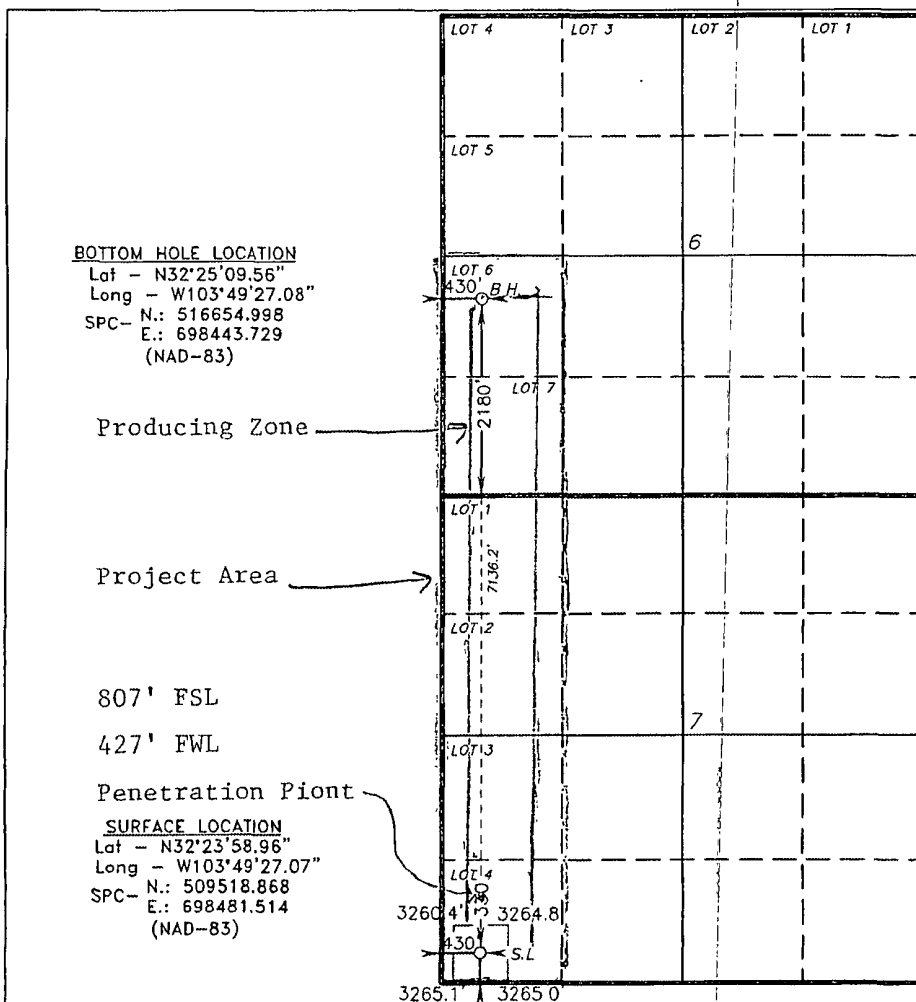
☐ AMENDED REPORT

API Number 30-015-37189	Pool Code 8435	Pool Name Cabin Lake; Delaware
Property Code 37765	Property Name LLAMA ALL FEDERAL COM	Well Number 9H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3261'

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	7	22 S	31 E		330	SOUTH	430	WEST	EDDY

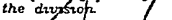
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 7	6	22 S	31 E		2180	SOUTH	430	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.	
240				



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.

compulsory pooling order heretofore entered by
the division.

 5/2/12

Signature Date

Cy Cowan
Printed Name

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

~~MARCH 06, 2008~~

Date Surveyed _____
Signature & Seal _____
Professional Surveyor _____

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

DISTRICT I
1625 N French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., 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-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 30-015-37190	Pool Code 8435	Pool Name Cabin Lake; Delaware
Property Code 37765	Property Name LLAMA ALL FEDERAL COM	Well Number 10H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3356'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	22 S	31 E		330	SOUTH	1980	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
K	6	22 S	31 E		2310	SOUTH	1980	WEST	EDDY
Dedicated Acres 240	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

BOTTOM HOLE LOCATION
Lat - N32°25'10.85"
Long - W103°49'08.98"
SPC- N.: 516792.24
E.: 699995.24
(NAD-83)

SURFACE LOCATION
Lat - N32°23'58.96"
Long - W103°49'09.00"
SPC- N.: 509526.509
E.: 700031.456
(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 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.

Tina Huerta 1/25/11
Signature Date

Tina Huerta
Printed Name

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.

MARCH 06, 2008

Date Surveyed
Signature of Gary L. Jones
Professional Surveyor
7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

RECEIVED
FEB 07 2011
NMOCD ARTESIA

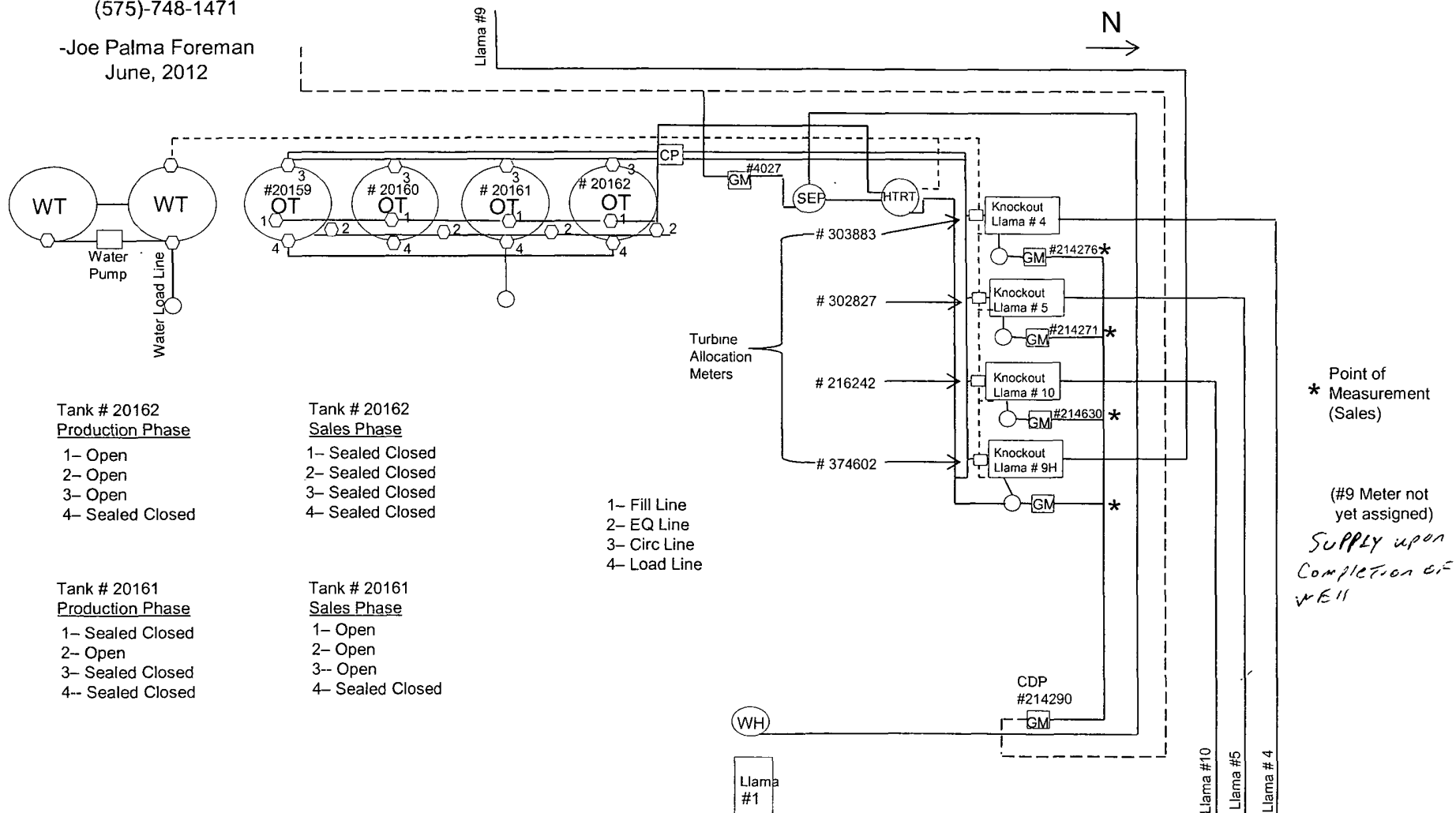


105 South 4th Street * Artesia, NM 88210
(575)-748-1471

-Joe Palma Foreman
June, 2012

LLAMA BATTERY

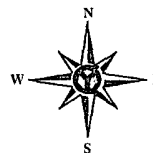
330' FSL & 950' FWL * Sec7 – T22S R31E * Unit M
Eddy County, NM
API – 300152809300







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



105 SOUTH FOURTH (575) 748-1471
ARTESIA, NEW MEXICO 88213



LEGEND

- GPS ROADS
-  GAS WELL PROPOSED
-  OIL WELL PROPOSED
-  OIL WELL
-  BATTERY
- FLOW LINE YATES

US DEPARTMENT
OF ENERGY

DRAWN BY: JAH
DATE DRAWN 08-01-12
COUNTY EDDY
STATE NEW MEXICO
SHEET NUMBER 1 OF 1
SCALE 1" = 1/8 MILE

TITLE:

THIS MAP HAS BEEN CAREFULLY
COMPILED AND PRINTED BY YATES
PETROLEUM CORPORATION FROM
AVAILABLE INFORMATION. YATES
PETROLEUM CORPORATION DOES NOT
GUARANTEE THE ACCURACY OF THIS
MAP OR INFORMATION DELINEATED
THEREON.
NOR DOES YATES PETROLEUM
CORPORATION ASSUME
RESPONSIBILITY FOR ANY RELIANCE
THEREON. RECIPIENT AGREES NOT TO
COPY, DISTRIBUTE OR DIGITIZE THIS
MAP WITHOUT EXPRESS CONSENT
FROM YATES PETROLEUM
CORPORATION OR ITS AFFILIATES.

7

FRESH
WATER
RESERVOIR

LLAMA #1 LLAMA #4 LLAMA #5
LLAMA #9H BAT

LLAMA
#10H

MARTIN YATES, III
1912-1985

FRANK W YATES
1936-1986

S. P. YATES
1914-2009



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

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

March 12, 2012

RE: Surface/Lease commingle oil only
Llama ALL Federal Com #9H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from Bureau of Land Management and Oil Conservation Division for a Surface/lease Commingle oil only on the following wells:

Llama ALL Federal #1
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-28093
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #4
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-34297
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #5
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-34298
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal Com #9H (not yet drilled)
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-37189
Fed. Lease #NM-81952, LC-069509
Eddy County, NM

Llama ALL Federal #10H
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-37190
Fed. Lease #NM-81952
Eddy County, NM

The battery is located at the Llama ALL Federal #1. Please see attached plats and site security diagram.

Ownership between the #1, 4, 5, and #10H is identical; however, the #9H will have diversified ownership.

Oil Measurement

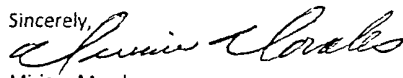
Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Llama ALL Federal #1. Total sales/production will be allocated back to each individual well using the metered (daily well tests) volumes. Metered volumes will be compared to total battery volumes daily and monthly for accuracy.

Estimated daily oil production for the Llama #1 is 23 BOPD, for the Llama #4 is 20BOPD, for the Llama #5 is 9 BOPD, for the Llama #10H is 326 BOPD, and the Llama #9H is estimated for 500 BOPD.

The purpose of the Surface/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.

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 should have any questions, please give me a call at (575) 748-4200 (direct line).

Sincerely,

Miriam Morales
Production Analyst

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

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CHIEF OPERATING OFFICER

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CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

March 12, 2012

RE: Surface/Lease commingle oil only
Llama ALL Federal Com #9H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of a Surface/lease Commingle oil only on the following wells:

Llama ALL Federal #1
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-28093
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #4
Cabin Lake/Delaware
Sec. 7-T22S-R31E
#30-015-34297
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #5
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-34298
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Llama ALL Federal #10H
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Fed. Lease #NM-81952
Eddy County, NM

The battery is located at the Llama ALL Federal #1.

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Oil Measurement

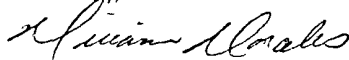
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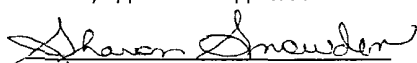
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If you have any questions, please call me at (575) 748-4200 (direct line)

Sincerely,


Miriam Morales
Production Analyst

I hereby approve this application


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

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

March 12, 2012

RE: Surface/Lease commingle oil only
Llama ALL Federal Com #9H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of a Surface/lease Commingle oil only on the following wells:

Llama ALL Federal #1
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-28093
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #4
Cabin Lake/Delaware
Sec. 7-T22S-R31E
#30-015-34297
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #5
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-34298
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal Com #9H (not yet drilled)
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-37189
Fed. Lease #NM-81952, LC-069509
Eddy County, NM

Llama ALL Federal #10H
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-37190
Fed. Lease #NM-81952
Eddy County, NM

The battery is located at the Llama ALL Federal #1.

Ownership between the #1, 4, 5, and #10H is identical; however, the #9H will have diversified ownership.

Oil Measurement

Each of the wells will be equipped with continuous metering separators for oil production prior to oil being commingled for sales at the Llama ALL Federal #1. 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.

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Miriam Morales
Production Analyst

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ABO Petroleum Corporation

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API #30-015-28093
Fed. Lease #NM-81952
Eddy County, NM

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Cabin Lake/Delaware
Sec. 7-T22S-R31E
#30-015-34297
Fed. Lease #NM-81952
Eddy County, NM

Llama ALL Federal #5
Cabin Lake/Delaware
Sec. 7-T22S-R31E
API #30-015-34298
Fed. Lease #NM-81952
Eddy County, NM

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Fed. Lease #NM-81952, LC-069509
Eddy County, NM

Llama ALL Federal #10H
Cabin Lake/Delaware
Sec. 7-T22S-R31E
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Fed. Lease #NM-81952
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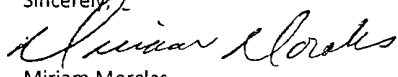
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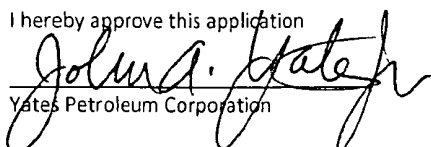
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If you have any questions, please call me at (575)748-4200 (direct line)

Sincerely,


Miriam Morales
Production Analyst

I hereby approve this application


Yates Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

OXY Y-1 COMPANY
P.O. BOX 841803
DALLAS, TX 75284-1803

BOPCO, LLC
201 MAIN ST, STE 2900
FORT WORTH, TX 76102-3105

BMT O&G NM, LLC
201 MAIN ST, STE 3100
FORT WORTH, TX 76102-3105

KEYSTONE O&G NM, LLC
201 MAIN ST, STE 3100
FORT WORTH, TX 76102-3105

THRU LINE O&G NM, LLC
201 MAIN ST. STE 3100
FORT WORTH, TX 76102-3105

LMBI O&G NM, LLC
201 MAIN ST., STE 2700
FORT WORTH, TX 76102-3131

SRBI O&G NM, LLC
201 MAIN ST., STE 2700
FORT WORTH, TX 76102-3131
ATTN: REVENUE DEPT.

OCD
1220 S SAINT FRANCIS DR
SANTA FE, NEW MEXICO

MYCO INDUSTRIES INC
P O BOX 840
ARTESIA, NEW MEXICO 88211

ABO PETROLEUM CORP
P O BOX 900
ARTESIA, NEW MEXICO

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Llama ALL Federal #1,#4,#5, #10H & Com #9H
Yates Petroleum Corporation
August 13, 2012

**Condition of Approval
Commingle on and off lease**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases require additional commingling approvals.
11. **Upon completion of Llama ALL Fed Com 9H, Supply oil and gas daily production volumes with gravity and BTU information as required. APPROVAL TO COMMINGLE CONTINGENT ON GRAVITY AND BTU REVIEW.**
12. **Submit updated facility diagram with gas and oil meter numbers upon completion of Llama ALL Fed Com 9H.**

The public's interest in all these leases/CA has been found to be identical at 12.5%. Therefore, this commingle is being approved. This does not mean that the allocation of production to each lease/CA will be 100% accurate each month. By approving this request it will only guarantee that the public's interest will not be compromised.