

OCD-ARTESIA

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|--|---|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMM0557142 |
| 2. Name of Operator YATES PETROLEUM CORPORATION | | 6. If Indian, Allottee or Tribe Name |
| Contact: MIRIAM MORALES Mail: mmorales@yatespetroleum.com | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210 | 3b. Phone No. (include area code) Ph: 575-748-4200 Fx: 575-748-4664 | 8. Well Name and No. Multiple--See Attached ✓ <i>2nd</i> |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached | | 9. API Well No. Multiple--See Attached |
| | | 10. Field and Pool, or Exploratory N SEVEN RIVERS-GLOR-YESO SEVEN RIVERS |
| | | 11. County or Parish, and State EDDY COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) 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"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Surface Commingling |
| | <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal |

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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Filing application due to diversified ownership (WI/OR), under OCD regulations.
Not considered surface commingle under BLM definitions.

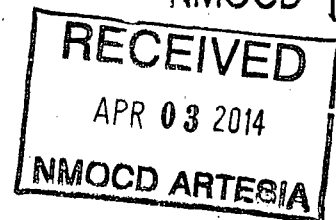
Yates Petroleum respectfully requests approval to surface lease commingle oil production only for the Ross EG Fed. #8 and the Ross EG Fed. #3.

The commingled production will be measured and sold at the Ross EG tank battery facilities located at NWNW, Sec. 20-T19S-R25E.

Please see site security diagram and other documentation attach. All owners will be notified.

Accepted for record

NMOCD 105

**BOTH WELLS ARE ON THE SAME LEASE NO APPROVAL REQUIRED - Accepted For Record**

| | |
|---|--------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #234533 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by JENNIFER MASON on 03/24/2014 (14JAM0336SE) | |
| Name (Printed/Typed) MIRIAM MORALES | Title PRODUCTION ANALYST |
| Signature (Electronic Submission) | Date 02/04/2014 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|------------------------------|-----------------|
| Approved By ACCEPTED | DUNCAN WHITLOCK Title EPS | Date 04/01/2014 |
| 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 Carlsbad | | |

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.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional data for EC transaction #234533 that would not fit on the form

Wells/Facilities, continued

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|------------------|--------------|------------------------------|--------------------|---|
| NMNM0557142 | NMNM0557142 | ROSS EG FEDERAL 3 | 30-015-25903-00-S2 | Sec 20 T19S R25E NWNW 660FNL 660FWL ✓ |
| NMNM0557142 | NMNM0557142 | ROSS EG FED 7 | 30-015-26945-00-S3 | Sec 20 T19S R25E SENW 1980FNL 1980FWL ✓ |
| NMNM0557142 | NMNM0557142 | ROSS EG FEDERAL 4 | 30-015-26770-00-S2 | Sec 20 T19S R25E SWNW 1980FNL 660FWL ✓ |
| NMNM0557142 | NMNM0557142 | ROSS EG FEDERAL 8 | 30-015-26948-00-S2 | Sec 20 T19S R25E NWSW 1980FSL 660FWL ✓ |

Continuation of Ross EG #3 & 8 surface/lease Commingle oil only

Federal Lease #NM-0557142

| <u>Well name</u> | <u>Pool #97565</u> | <u>BOPD</u> | <u>Gravity</u> |
|---|--------------------|-------------|----------------|
| Ross EG Federal #3 Sec. 20-T19S-R25E, NWNW API #30-015-25903 Eddy County, NM | Glorieta-Yeso | 27 | 38 |
| Ross EG Federal #8 Sec. 20-T19S-R25E, NWSW API #30-015-26948 Eddy County, NM | Glorieta-Yeso | 4 | 36.2 |

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 Ross EG Federal #3. 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. Any vapor recovery gas shall be included in this application.

Gas Measurement

Each of the wells will have its own meter.

The purpose of the Surface/lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It 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 each well.

| | | | | | |
|---------|----------|----------|-----------|------|---------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | APP NO. |
|---------|----------|----------|-----------|------|---------|

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 _____

[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

[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.

Miriam Morales

Print or Type Name

Signature

Production Analyst

Title

Date

mmorales@yatespetroleum.com

e-mail Address

District I
1625 N. French Drive. Hobbs. NM 88240
District II
1301 W. Grand Ave. Artesia, NM 88210
District III
1000 Rio Brazos Road. 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-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 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 Fourth St. Artesia, NM 88210

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. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of 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 | | Calculated Value of Commingled Production | Volumes |
|--------------------------|--|---|--|---|---------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) 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. N. Seven Rivers; Glorieta-Yeso #97565
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(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.

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: 2/4/14

TYPE OR PRINT NAME: Miriam Morales

TELEPHONE NO.: (575) 748-1471

E-MAIL ADDRESS: mmorales@yatespetroleum.com

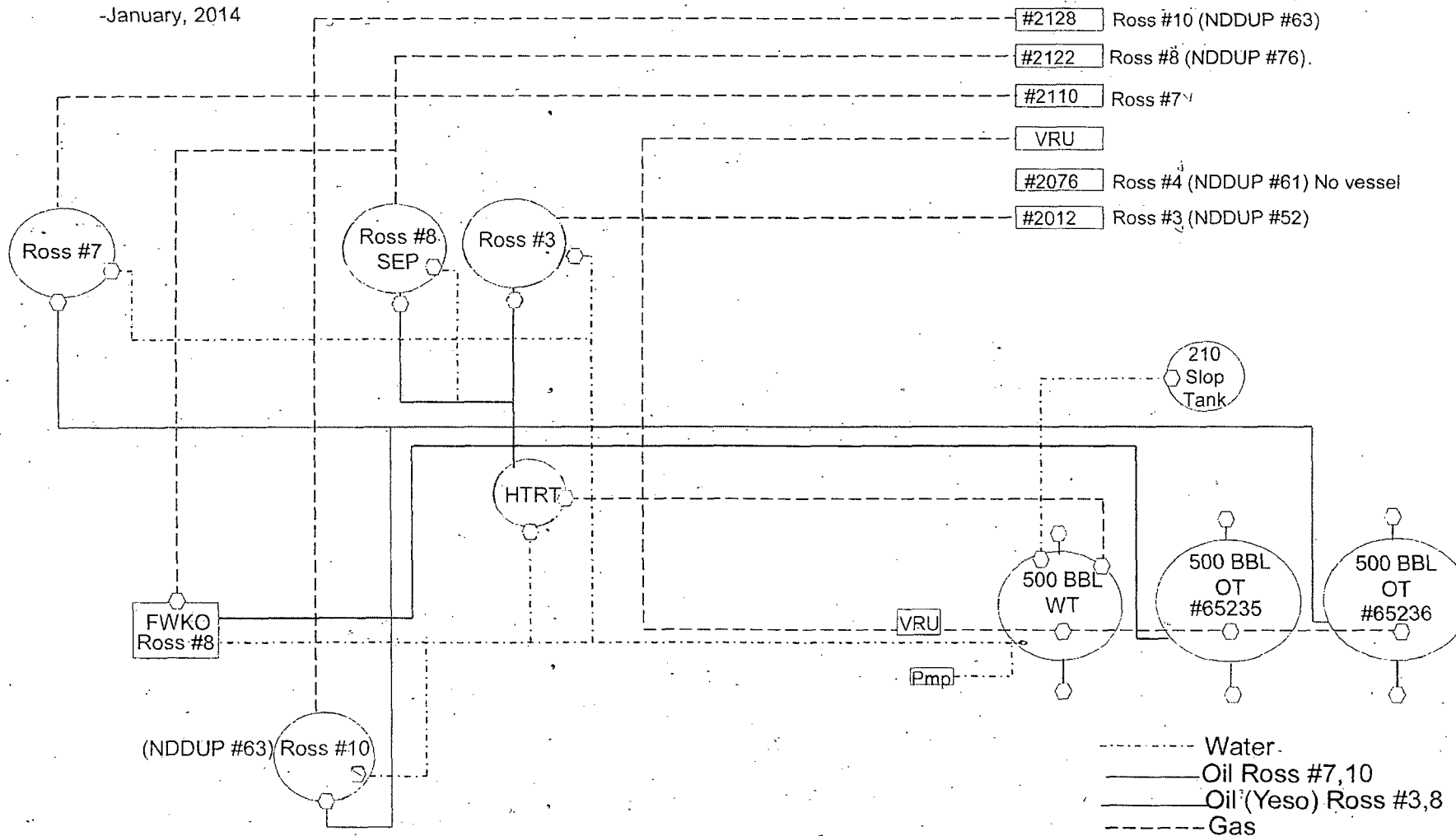


105 South 4th Street * Artesia, NM 88210
(575)-748-1471

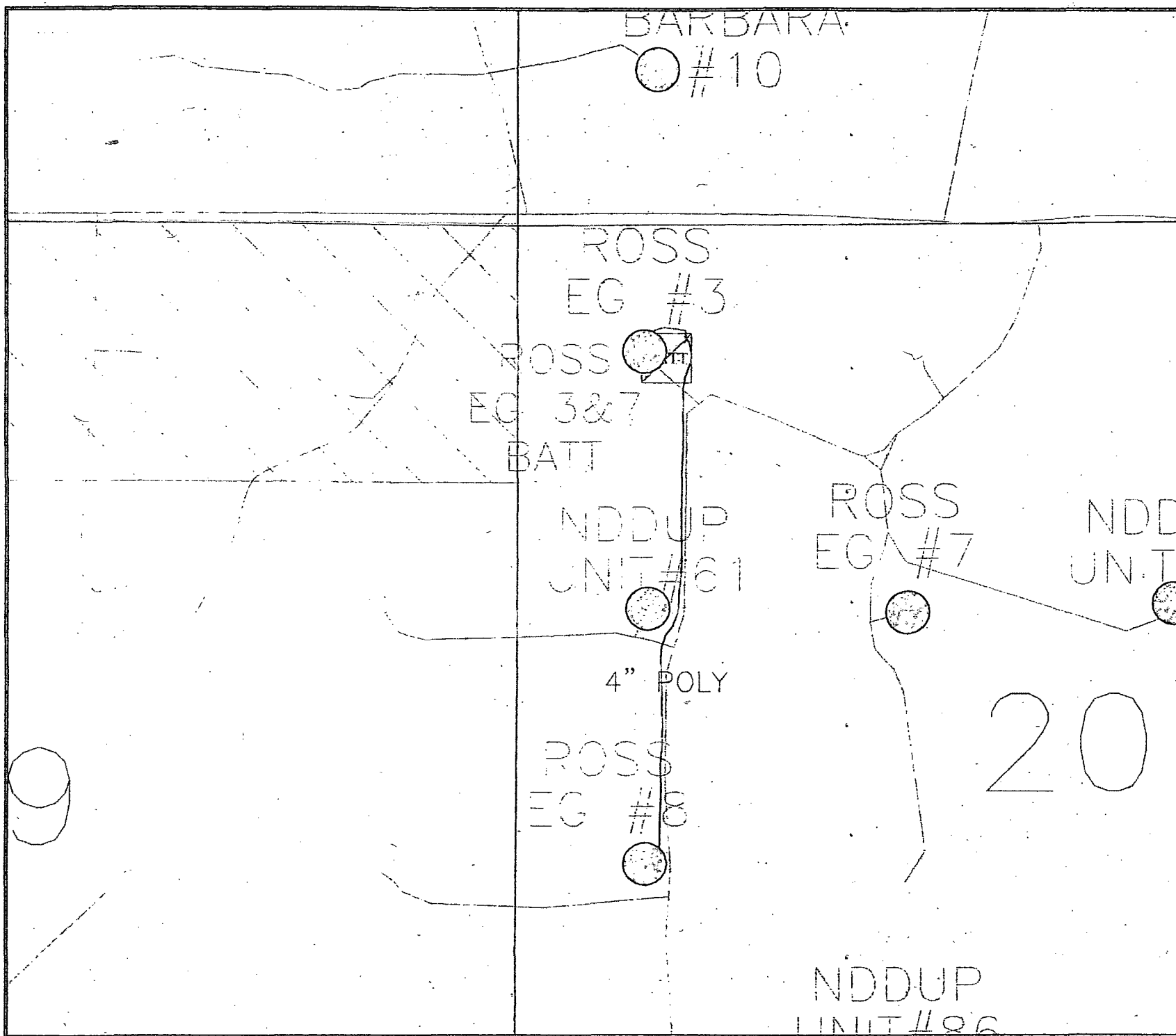
-Michael Farmer-Foreman
-January, 2014

ROSS EG FEDERAL BATTERY

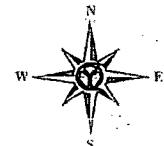
Sec20 - T19S - R25E NWNW Unit D
660' FNL & 660' FWL
EDDY COUNTY, NM



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



YATES PETROLEUM CORPORATION
 105 SOUTH FOURTH (575) 748-1471
 ARTESIA, NEW MEXICO 88210



LEGEND

- OIL WELL PROPOSED
- ☼ GAS WELL
- OIL WELL
- OPS ROADS
- FLOW LINE YATES

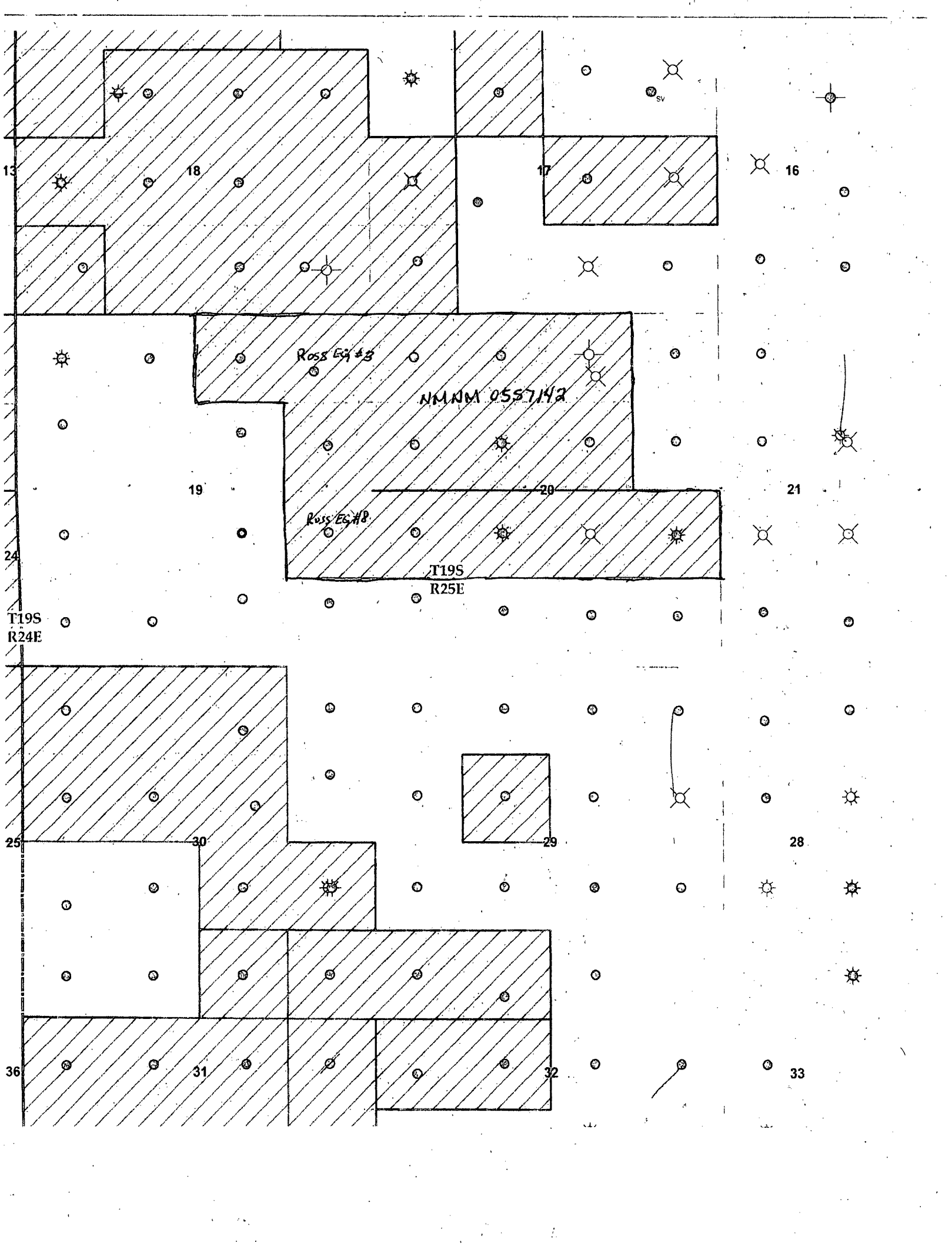
| TOWNSHIP AND RANGE | |
|--------------------|---------|
| T19S R25E | |
| SECTION | FOOTAGE |
| 20 | |

- NM STATE
- US BUREAU OF LAND MANAGEMENT

| |
|-----------------------|
| DRAWN BY: JAH |
| DATE DRAWN: 11-14-13 |
| COUNTY: EDDY |
| STATE: NEW MEXICO |
| SHEET NUMBER: 1 OF 1 |
| SCALE: 1" = 1/16 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.



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

www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

RE: Surface lease commingle oil only
Ross EG Fed #3 & #8
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface Lease commingle oil only for the Ross EG Federal #3 and Ross EG Federal #8.

The commingle production will be measured and sold at the Ross EG tank battery facilities located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-0557142

Well name

Pool #97565

BOPD

Gravity

Ross EG Federal #3
Sec. 20-T19S-R25E, NWNW
API #30-015-25903
Eddy County, NM

Glorieta-Yeso

27

38

Ross EG Federal #8
Sec. 20-T19S-R25E, NWSW
API # 30-015-26948
Eddy County, NM

Glorieta-Yeso

4

36

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 Ross EG Fed #3. 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. Any vapor recovery gas shall be included in for this application.

Gas Measurement

Each well will have its own meter.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It 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 each well.

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

I hereby approve this application

Company: Abo Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III

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I hereby approve this application.


Company: Myco Industries Inc.

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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I hereby approve this application

Company: Sharbro Energy, LLC

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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I hereby approve this application

Company: Trust O U/W/O Peggy A Yates

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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1912-1985

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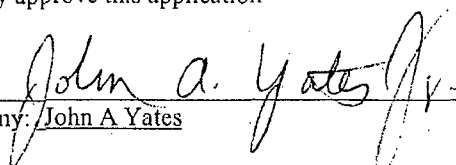
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If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application


Company: John A Yates

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

www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

RE: Surface lease commingle oil only
Ross EG Fed #3 & #8
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface Lease commingle oil only for the Ross EG Federal #3 and Ross EG Federal #8.

The commingle production will be measured and sold at the Ross EG tank battery facilities located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-0557142

Well name

Ross EG Federal #3
Sec. 20-T19S-R25E, NWNW
API #30-015-25903
Eddy County, NM

Pool #97565

Glorieta-Yeso

BOPD

27

Gravity

38

Ross EG Federal #8
Sec. 20-T19S-R25E, NWSW
API # 30-015-26948
Eddy County, NM

Glorieta-Yeso

4

36

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 Ross EG Fed #3. 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. Any vapor recovery gas shall be included in for this application.


Gas Measurement

Each well will have its own meter.

The purpose of the Surface Lease Commingle of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It 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 each well.

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

I hereby approve this application


Company: Yates Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

ROBERT B BUNN 7012 3460 0001 7460 0450
REV. LIVING TRUST
2493 MAKIKI HEIGHTS DR
HONOLULU HI 96822-2547

MELANIE COLL DETEMPE 7012 3460 0001 7460 0467
5653 TOBIAS AVE
VAN NUYS CA 91411

FRANCES B BUNN 7012 3460 0001 7460 0474
REV. LIVING TRUST
2493 MAKIKI HEIGHTS DR
HONOLULU HI 96822-2547

JUDSON PROPERTIES, LTD 7012 3460 0001 7460 0481
P O BOX 3340
MIDLAND TX 79702

CLARKE C. COLL 7012 3460 0001 7460 0498
P O BOX 1818
ROSWELL NM 88202-1818

KOCHERGEN ENTERPRISES 7012 3460 0001 7460 0504
8163 W MCKINLEY AVE
FRESNO CA 93722

ERIC J COLL 7012 3460 0001 7460 0511
P O BOX 1818
ROSWELL NM 88202-1818

LAI CORPORATION 7012 3460 0001 7460 0528
P O BOX 10626
MIDLAND TX 79702-7626

CHARLES H COLL 7012 3460 0001 7460 0535
P O BOX 1818
ROSWELL NM 88202-1818

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

STEPHEN E LAUCK
P O BOX 2638
DANVILLE CA 94526
7012 3460 0001 7460 0542

SALLY RODGERS COLL
152 B ARROYO HONDO RD
SANTA FE NM 87508
7012 3460 0001 7460 0559

MARSHALL & WINSTON INC
P O BOX 50880
MIDLAND TX 79710-0880
7012 3460 0001 7460 0566

JON F COLL
P.O.BOX 1818
ROSWELL NM 88202-1818
7012 3460 0001 7460 0573

KAREN V & WILLIAM H MARTIN ENERGY, LTD
400 N MARIENFELD SUITE 100
MIDLAND TX 79701-4310
7012 3460 0001 7460 0580

JON F COLL II
7335 WALLA WALLA DR
SAN ANTONIO TX 78250-5242
7012 3460 0001 7460 0597

PANHANDLE OIL & GAS INC
5400 N GRAND BLVD SUITE 300
OKLAHOMA CITY OK 73112-5672
7012 3460 0001 7460 0603

MAX W COLL II
83 LA BARBARIA TRAIL
SANTA FE NM 87505-9008
7012 3460 0001 7460 0610

MAX W COLL III
7625 EL CENTRO BLVD #2
LAS CRUCES NM 88012-9323
7012 3460 001 7460 0627

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

YATES INDUSTRIES LLC
P O BOX 1091
ARTESIA NM 88211-1091

7012 3460 0001 7460 0634

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

7012 3460 0001 7460 0641

OIL CONSERVATION DIVISION
1220 S ST. FRANCIS DRIVE
SANTA FE NM 87505

7012 3460 0001 7460 0658