

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.*5. Lease Serial No.
NMNM0559175

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.8. Well Name and No.
DAGGER DRAW FEDERAL 139. API Well No.
30-015-27179-00-S210. Field and Pool, or Exploratory
N SEVEN RIVERS-GLOR-YESO11. County or Parish, and State
EDDY COUNTY, NM

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

Contact: MIRIAM MORALES

E-Mail: mmorales@yatespetroleum.com

3a. Address

105 SOUTH FOURTH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)

Ph: 575-748-4200

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 30 T19S R25E SENW 1980FNL 1980FWL

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
Off-Lease Measurement

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 recompleate 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 recompleation 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.)

Yates Petroleum respectfully requests approval to off lease measure, sale and store production for the Dagger Draw Federal #13.

The production will be measured and sold at the Dagger ZW tank battery facilities located at Sec. 30 T19S-R25E, NESW.

Please see site facility diagram and other documentation attach.

All owners are being notified, see attached documentation.

Oil measurement

Tanks will be isolated and no surface commingling will take place.

Accepted for record
NMOC
NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 17 2014

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Electronic Submission #236157 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by MEIGHAN SALAS on 05/01/2014 (14MMS0114SE)

Name (Printed/Typed) MIRIAM MORALES

Title PRODUCTION ANALYST

Signature (Electronic Submission)

Date 02/20/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

Date

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

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 #236157 that would not fit on the form

32. Additional remarks, continued

***Gas measurement**

The well will have its own meter and no surface commingling will take place.

By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, the reduction of environmental impact area, and will not reduce royalty or improper measurement of production.

No royalty rate of values will be affected.

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.

*GAS Production is Reported AS Transferred To THE ARTESIA Sour
GAS System #02300150265, For GAS processing & SALES*

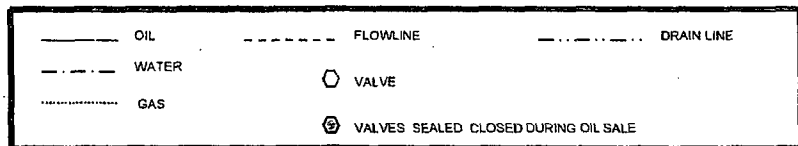


105 South 4th Street * Artesia, NM 88210
(575)-748-1471

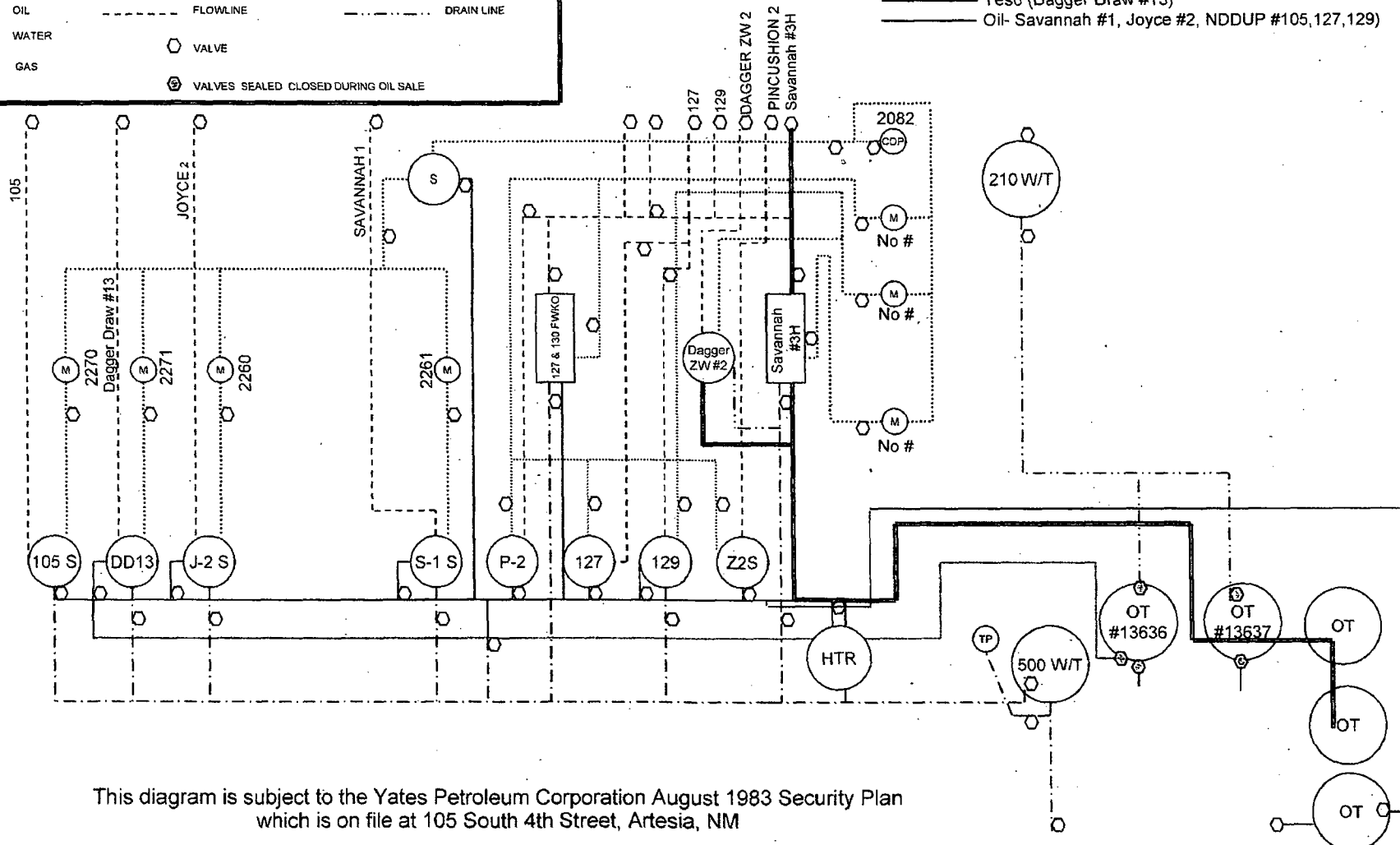
Mike Farmer - Foreman
January, 2014

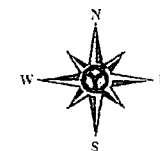
Dagger ZW # / Battery

SEC 30 - T 19 S - R 25 E NESW
EDDY County, NM



- Oil-Yeso (Savannah 3H & Dagger ZW #2)
- Gas
- Water
- Yeso (Dagger Draw #13)
- Oil- Savannah #1, Joyce #2, NDDUP #105,127,129)





LEGEND

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

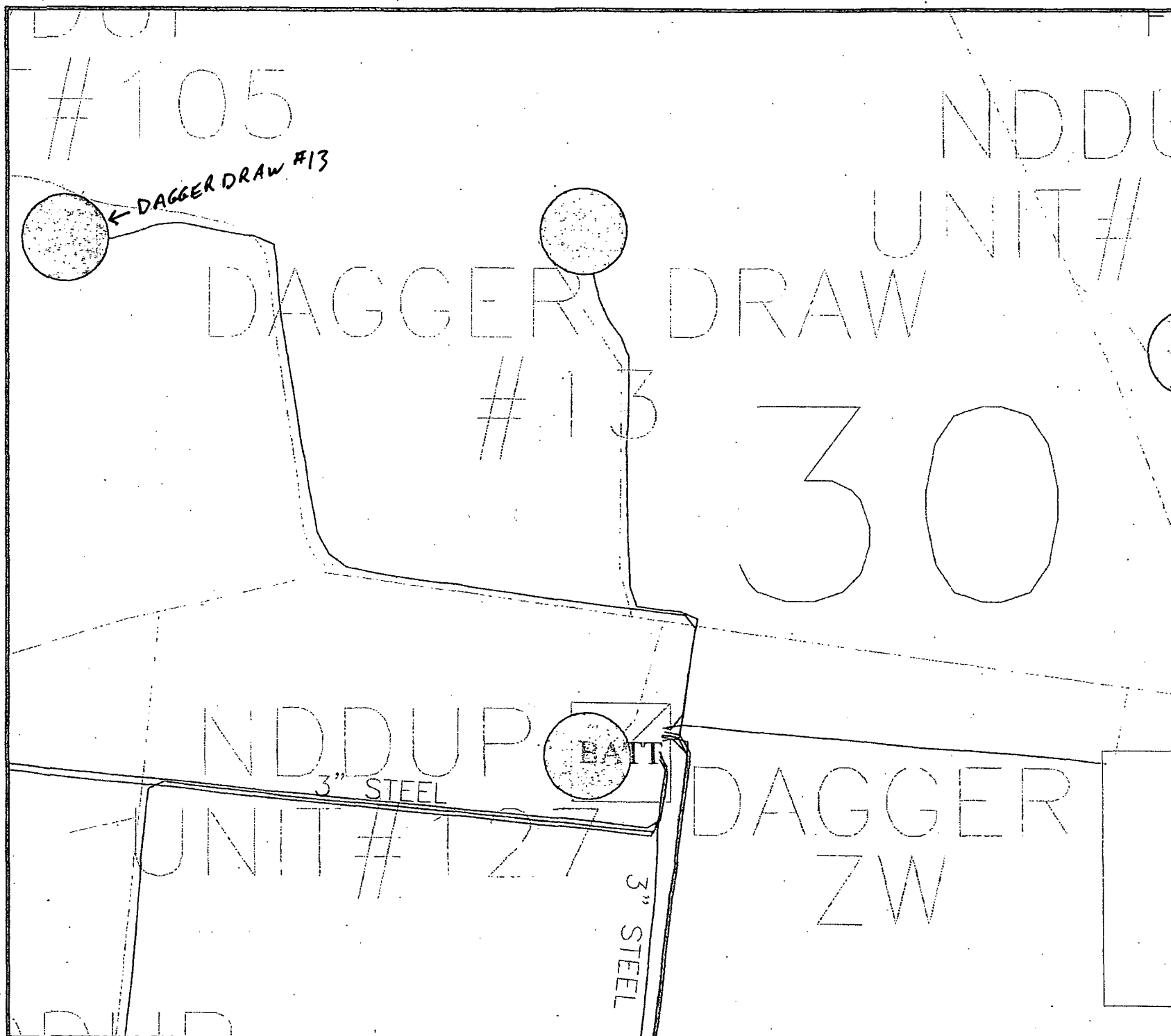
NM STATE

US BUREAU OF LAND MANAGEMENT

DRAWN BY: JAH
 DATE DRAWN: 02-13-14
 COUNTY:
 STATE: NEW MEXICO
 SHEET NUMBER: 1 OF 1
 SCALE: 1" = 1/16 Mile

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.

TITLE:



024

NMNM 056220

019

NMNM 058024

NMNM0559175

NMNM 0559175

Dagger Draw Federal #13

Gas flow line

Federal surface
other minerals

Dagger ZW #1 Battery

025

030

NMNM 054382

024 NMNM 056220

019

NMNM 058024

NMNM0559175

NMNM 0559175

Dagger Draw Federal #13

025

030

Gas flow line

Federal surface
other minerals

Dagger ZW #1 Battery

NMNM 054382

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: Off Lease Measurement
Dagger Draw Federal #13
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to off lease measure production from the Dagger Draw Federal #13.

The production will be measured and sold at the Dagger ZW tank battery facilities located at NESW, Sec. 30-T19S-25E.

All owners are being notified.

Oil measurement

Tanks will be isolated and no surface commingling will take place.

Gas Measurement

The well will have its own meter and no surface commingle will take place.

By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not reduce royalty or improper measurement of production. No royalty rate or values will be affected.

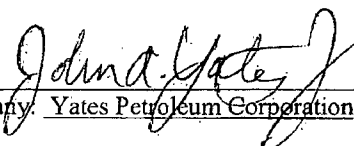
We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

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

Sincerely,

Miriam Morales
Production Analyst

I hereby approve this application



Company: Yates Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
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PRESIDENT

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EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

February 20, 2014

RE: Off Lease Measurement
Dagger Draw Federal #13
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to off lease measure production from the Dagger Draw Federal #13.

The production will be measured and sold at the Dagger ZW tank battery facilities located at NESW, Sec. 30-T19S-25E. All owners will be notified.

Oil measurement

Tanks will be isolated and no surface commingling will take place.

Gas Measurement

The well will have its own meter and no surface commingle will take place.


By utilizing the existing facilities the off lease measurement of production is in the interest of conservation, the reduction of environmental impact area, and will not reduce royalty or improper measurement of production. No royalty rate or values will be affected.

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.

Any objections must be filed in writing with the Oil Conservation Division in Santa Fe within 20 days from the date the division received the application. Application will be sent in conjunction with notification to owners.

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

Sincerely,


Miriam Morales
Production Analyst

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

FINLEY RESOURCES INC
1308 LAKE STREET #200
FT WORTH TX 76102

7012 3460 0001 7460 0733

SPIRAL INC
P O BOX 1933
ROSWELL NM 88201

7013 2630 0002 0641 1244

HANSON-MCBRIDE PETROLEUM CO
P O BOX 1515
ROSWELL NM 88202-1515

7013 2630 0002 0641 1251

SANTO LEGADO LLLP
P O BOX 1020
ARTESIA NM 88211-1020

7013 2630 0002 0641 1268

MARIGOLD LLLP
P O BOX 1290
ARTESIA NM 88211-1290

7013 2630 0002 0641 1275

TULIPAN LLC
428 SANDOVAL STE 200
SANTA FE NM 87501

7013 2630 0002 0641 1282

OIL CONSERVATION DIVISION
1220 S SAINT FRANCIS DRIVE
SANTA FE NM 87505

7013 2630 0002 0641 1299

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

Miriam Morales
 Signature

Production Analyst
 Title

2/20/14
 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.
(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: 2/20/14

TYPE OR PRINT NAME Miriam Morales

TELEPHONE NO.: (575) 748-1471

E-MAIL ADDRESS: mmorales@yatespetroleum.com

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

Off-Lease Measurement

Conditions of Approval

**Yates Petroleum Corporation
Dagger Draw Federal #13
NM0559175 3001527179**

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
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 is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. 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.
7. Approval for off-lease measurement 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.
8. Notify this office with 24 Hrs. of meter calibration as per Onshore Order #5.III.C.18. Supply a copy of meter calibration report to this office within 30 days.
9. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green.