

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM 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.

HOBBS OCD

5. Lease Serial No.
Multiple--See Attached

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Multiple--See Attached8. Well Name and No.
Multiple--See Attached9. API Well No.
Multiple--See Attached10. Field and Pool, or Exploratory
N DAGGER DRAW
N SEVEN RIVERS-GLOR-YESO11. County or Parish, and State
EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

RECEIVED

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)

Multiple--See Attached

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 | 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 recompletable 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 recompletable 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 Surface lease (CA)commingle the Polo AOP Fed #1, Polo AOP Fed #6 and the Apollo APU Fed #3 oil production only.

The commingle production will be measured and sold at the Polo AOP Fed. #1 battery located at NESW, Sec. 10-T19S-R25E.

Diversified ownership(WI/OR). All owners will be notified (see attach).

Please see site facility diagram and all other documentation attach.

Royalty values will not be affected by this commingle.

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 24 2015

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED

30-015-28871

30-015-29431

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

Electronic Submission #252398 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH HAM on 12/11/2014 (15DMH0196SE)

Name (Printed/Typed) MIRIAM MORALES

Title PRODUCTION ANALYST

Signature (Electronic Submission)

Date 07/10/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DUNCAN WHITLOCK

Title TECHNICAL LPET

Date 09/15/2015

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 #252398 that would not fit on the form

5. Lease Serial No., continued

NMNM023855B
NMNM82845

Wells/Facilities, continued

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|------------------|--------------|------------------------------|--------------------|---------------------------------------|
| NMNM82845 | NMNM82845 | POLO AOP FED 1 | 30-015-28170-00-S2 | Sec 10 T19S R25E NESW 1980FSL 1980FWL |
| NMNM82845 | NMNM82845 | POLO AOP FEDERAL 6 | 30-015-28871-00-S2 | Sec 10 T19S R25E SWSE 660FSL 1980FEL |
| NMNM023855B | NMNM023855B | APOLLO APU FED COM 3 | 30-015-29431-00-S2 | Sec 10 T19S R25E SESE 660FSL 660FEL |

Continuation of Apollo APU #3 surface/lease Commingle oil only

Federal Lease #NM-82845

| <u>Well name</u> | <u>Pool #97565</u> | <u>BOPD</u> | <u>Gravity</u> |
|----------------------------------------------------------------------------------------|--------------------|-------------|----------------|
| Polo AOP Federal #1 Sec. 10-T19S-R25E, NESW API #30-015-28170 Eddy County, NM | Glorieta-Yeso | *30 | *38 |
| Polo AOP Federal #6 Sec. 10-T19S-R25E, SWSE API #30-015-28871 Eddy County, NM | Glorieta-Yeso | *30 | *38 |

Federal Lease #NM-94492

NM 023855B

| | | | |
|------------------------------------------------------------------------------------------|---------------|-----|-----|
| Apollo APU Federal #3 Sec. 10-T19S-R25E, SESE API #30-015-29431 Eddy County, NM | Glorieta-Yeso | *30 | *38 |
|------------------------------------------------------------------------------------------|---------------|-----|-----|

*This is an estimated production, updated information will be provided to BLM upon well completion and/or w/o.

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 Polo AOP Fed #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. 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.



105 South 4th Street, Artesia, NM 88210

(575) 748-1471

-Owen Meinke

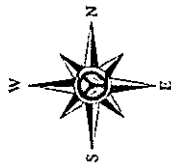
-August, 2015

Polo AOP Federal Com Battery

1980' FSL & 1980' FEL * Sec 10 - T19S-R25E* Unit J

Eddy County, NM

API - 3001520334



Production Phase:

Tank #20704

Valve 1 Tank Open

Valve 2 Tank Sealed Closed

Valve 3 Tank Sealed Closed

Tank #20705

Valve 1 Tank Open

Valve 2 Tank Sealed Closed

Valve 3 Tank Sealed Closed

Tank #20706

Valve 1 Tank Open

Valve 2 Tank Sealed Closed

Valve 3 Tank Sealed Closed

Sales Phase:

Tank #20704

Valve 1 Tank Sealed Closed

Valve 2 Tank Sealed Closed

Valve 3 Tank Open

Tank #20705

Valve 1 Tank Sealed Closed

Valve 2 Tank Sealed Closed

Valve 3 Tank Open

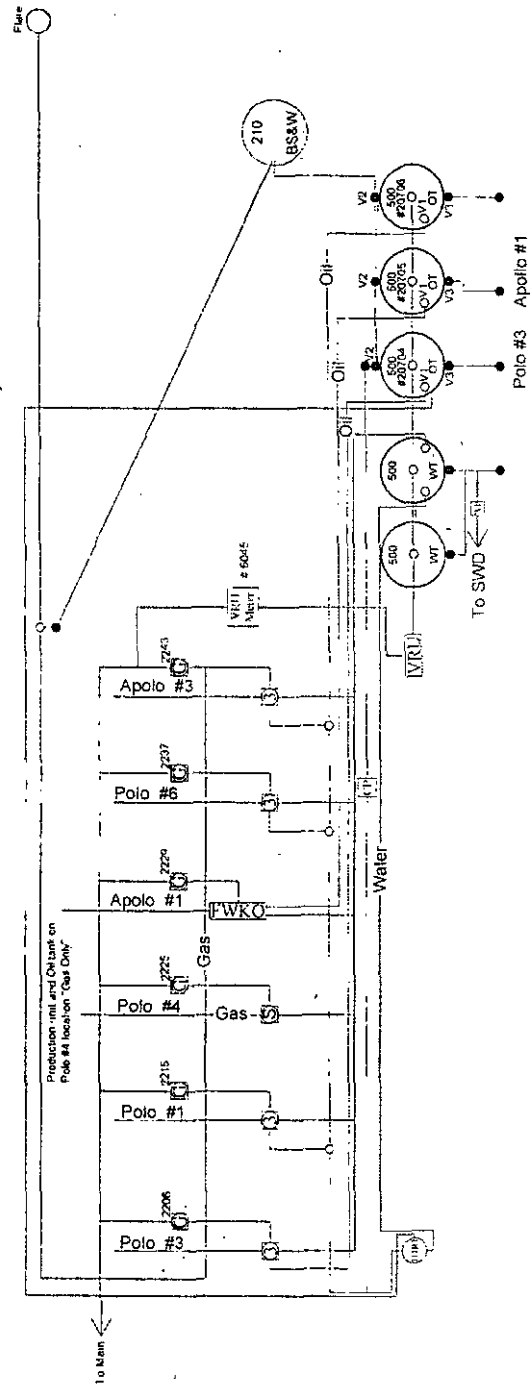
Tank #20706

Valve 1 Tank Sealed Closed

Valve 2 Tank Sealed Closed

Valve 3 Tank Open

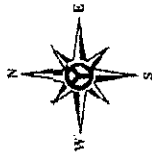
- = Valve Closed
- = Valve Open
- ⊞ = Circulating Pump
- ⊞ = Water Pump
- ⊞ = Gas Meter
- ⊞ = 3 Phase Separator
- VRU = Vapor Recovery Unit
- ⊞ = Separator
- ⊞ = Treater Treater
- 210 BS&W = Bottom Sediment & Water (Slip Tank)
- FWKO = Free Water Knock Out



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



145 SOUTH 400 NORTH (75° 18' 44" W)
ARTESIA, NEW MEXICO 88210



LEGEND

— Lease boundaries

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

TOWNSHIP AND RANGE
T19S R25E
SECTION
FOOTAGE
10

NM STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-10-14

COUNTY: EDDY

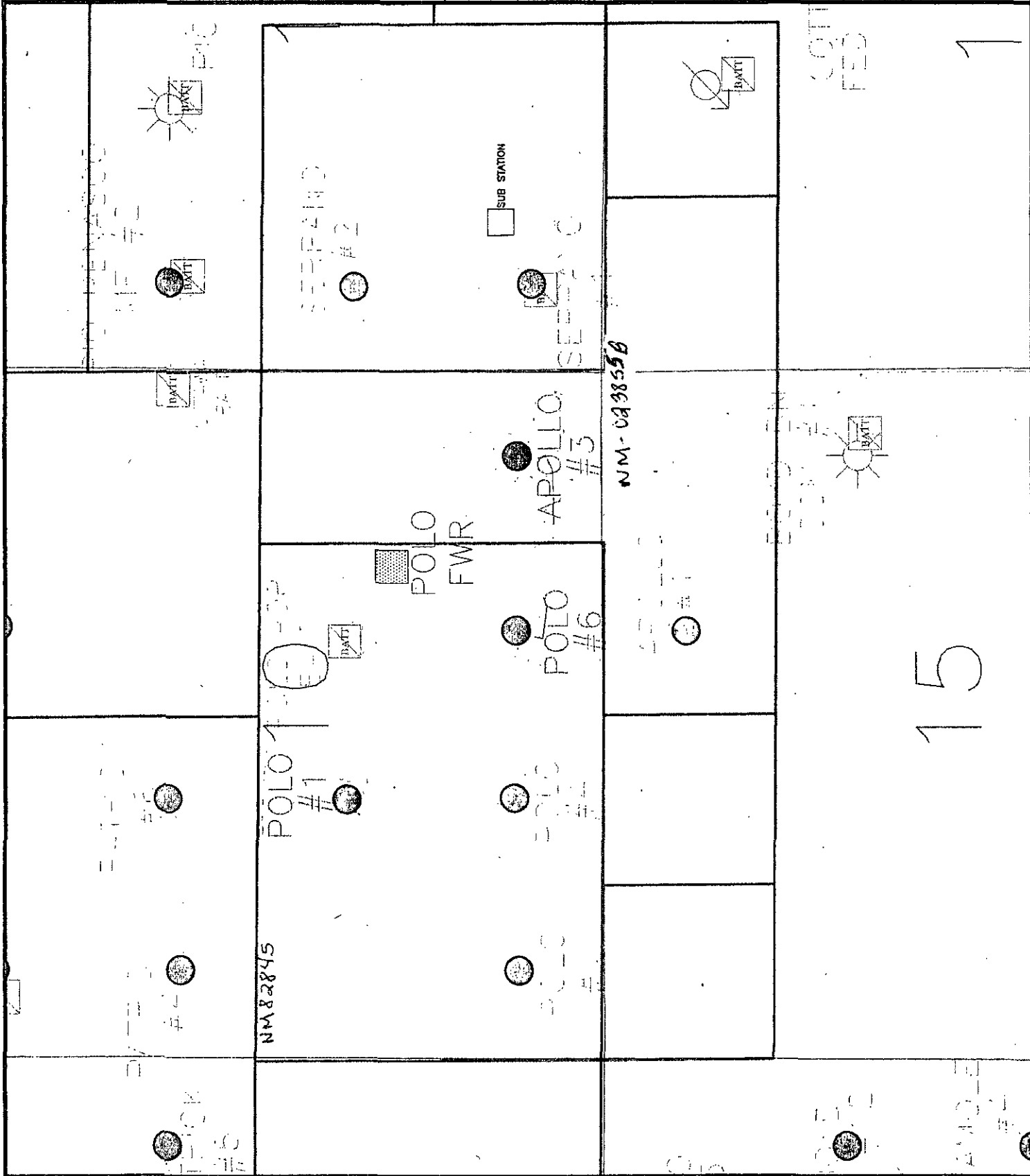
STATE: NEW MEXICO

SHEET NUMBER: 1 OF 1

SCALE: 1" = 3/16 MILE

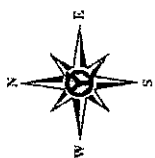
TITLE:

THIS MAP WAS 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.





16550170101RTH (SPN 746-J47)
ARTESIA, NEW MEXICO 88210



LEGEND

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

TOWNSHIP AND RANGE
T19S R25E

SECTION
10

FOOTAGE

NM STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-08-14

COUNTY: EDDY

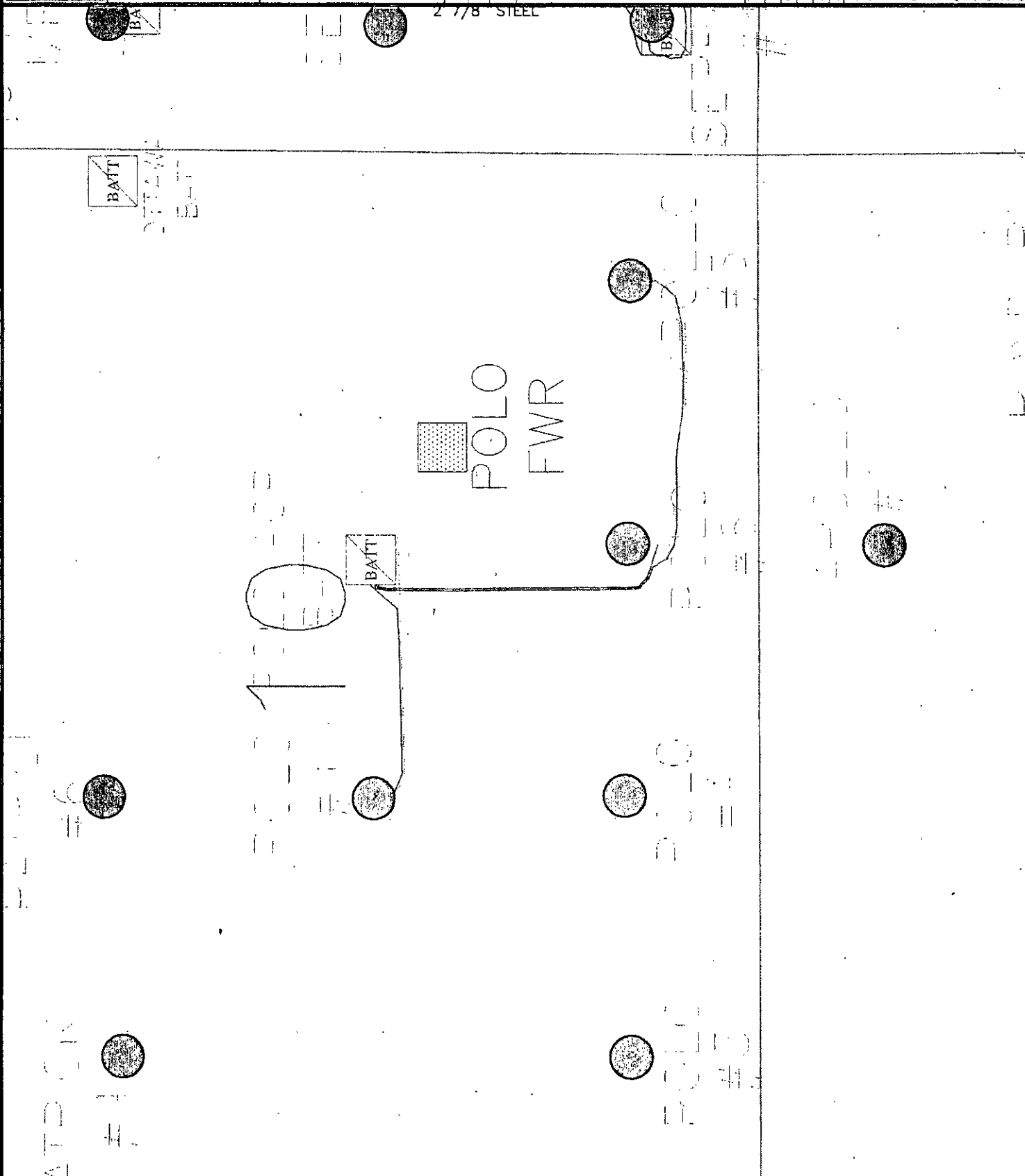
STATE: NEW MEXICO

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.



[Click here to see on map](#)
 DEPARTMENT OF THE INTERIOR
 Run Time: 02:44 PM
 BUREAU OF LAND MANAGEMENT
 Page 1 of 2
 CASE RECORDATION
 (MASS) Serial Register Page
 Run Date: 07/02/2014

| | | | | | |
|------------------------------------------|--|------------------------------|---------------------|--------|---------------|
| 01 12-22-1987:101STAT1330;30USC181 ET SE | | Total Acres | Serial Number | | |
| Case Type 312021: O&G LSE COMP PO-1987 | | 240.000 | NMNM-- 082845 | | |
| Commodity 459: OIL & GAS L | | | | | |
| Case Disposition: AUTHORIZED | | | | | |
| | | Serial Number: NMNM-- 082845 | | | |
| Name & Address | | Int Rel | % Intere | | |
| ABO PETRO CORP | | 105 S 4TH ST | ARTESIA NM 88210 | LESSEE | 10.0000000000 |
| MYGO INDUSTRIES INC | | 105 S 4TH ST | ARTESIA NM 88210 | LESSEE | 10.0000000000 |
| OXY-Y-I COMPANY | | PO BOX 27570 | HOUSTON TX 77227570 | LESSEE | 10.0000000000 |
| YATES PETRO CORP | | 105 S 4TH ST | ARTESIA NM 88210 | LESSEE | 70.0000000000 |

| Serial Number: NMNM-- - 082845 | | | | | | | | | | |
|--------------------------------|-------|-------|-----|------|-----|------|-------------|-------------------------|--------|---------------------|
| Mer | Twp | Rng | Sec | STyp | SNr | Suff | Subdivision | District/Field Office | County | Grant Agency |
| 23 | N1905 | 07SDR | 070 | ALIC | | | SW, W2SE | CARLESDALE FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |

[illegible]

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 09/15/15 12:56 PM

Page 1 of 3

01 02-25-1920;041STAT0437;30USC226

Total Acres
200.000

Serial Number
NMNM-- 0 023855B

Case Type 311111: O&G LSE NONCOMP PUB LAND

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED **Case File Juris:**

Serial Number: NMNM-- 0 023855B

| Name & Address | | | Int Rel | %Interest |
|-----------------------|------------------------|----------------------|------------------|---------------|
| ATLANTIC RICHFIELD CO | PO BOX 2819 | DALLAS TX 75221 | OPERATING RIGHTS | 0.000000000 |
| COLL CLARKE C | PO BOX 1818 | ROSWELL NM 882021818 | OPERATING RIGHTS | 0.000000000 |
| COLL ERIC J | PO BOX 1818 | ROSWELL NM 882021818 | OPERATING RIGHTS | 0.000000000 |
| COLL JON F II | 7373 WALLA WALLA DR | SAN ANTONIO TX 78250 | OPERATING RIGHTS | 0.000000000 |
| COLL MAX W III | 7625 #2 EL CENTRO BLVD | LAS CRUCES NM 88012 | OPERATING RIGHTS | 0.000000000 |
| DETEMPE-COLL MELANIE | 5653 TOBIAS AVE | VAN NUYS CA 91411 | OPERATING RIGHTS | 0.000000000 |
| OXY USA WTP LP | 5 GREENWAY PLAZA #110 | HOUSTON TX 77046 | LESSEE | 100.000000000 |
| SHARBRO ENERGY LLC | PO BOX 840 | ARTESIA NM 882110840 | OPERATING RIGHTS | 0.000000000 |
| SHARBRO OIL LTD CO | PO BOX 840 | ARTESIA NM 88210 | OPERATING RIGHTS | 0.000000000 |
| YATES INDUSTRIES LLC | PO BOX 1091 | ARTESIA NM 882111091 | OPERATING RIGHTS | 0.000000000 |
| YATES PETRO CORP | 105 S 4TH ST | ARTESIA NM 88210 | OPERATING RIGHTS | 0.000000000 |

Serial Number: NMNM-- 0 023855B

| Mer Twp | Rng | Sec | SType | Nr Suff | Subdivision | District/Resource Area | County | Mgmt Agency |
|---------|-------|-------|-------|---------|-------------|------------------------|--------|---------------------|
| 23 | 0190S | 0250E | 010 | ALIQ | E2SE; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0190S | 0250E | 014 | ALIQ | NWNW; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0190S | 0250E | 015 | ALIQ | N2NE; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |

Serial Number: NMNM 0023855B

Relinquished/Withdrawn Lands

| | | | | | |
|--------------------|----|------------|-----------------------|------|---------------------|
| 23 0190S 0250E 711 | FF | SWSW,ASGN; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
|--------------------|----|------------|-----------------------|------|---------------------|

Serial Number: NMNM-- 0 023855B

| Act Date | Code | Action | Action Remarks | Pending Office |
|------------|------|-------------------------|-----------------------|----------------|
| 10/31/1956 | 387 | CASE ESTABLISHED | | |
| 11/01/1956 | 496 | FUND CODE | 05;145003 | |
| 11/01/1956 | 530 | RLTY RATE - 12 1/2% | | |
| 11/01/1956 | 553 | CASE CREATED BY ASGN | OUT OF NMNM023855; | |
| 11/01/1956 | 868 | EFFECTIVE DATE | | |
| 10/31/1964 | 235 | EXTENDED | THRU 10/31/66; | |
| 08/10/1966 | 940 | NAME CHANGE RECOGNIZED | ATL REG/ATL RICHFIELD | |
| 10/01/1966 | 570 | CASE SEGREGATED BY ASGN | INTO NMNM023855-E; | |
| 07/29/1968 | 246 | LEASE COMMITTED TO CA | NMNM71180;SW-469; | |
| 07/30/1968 | 246 | LEASE COMMITTED TO CA | SW-468; | |
| 09/25/1968 | 650 | HELD BY PROD - ACTUAL | /1/ | |
| 09/25/1968 | 658 | MEMO OF 1ST PROD-ACTUAL | /1/NMNM71180; | |
| 11/01/1968 | 102 | NOTICE SENT-PROD STATUS | | |
| 07/29/1970 | 522 | CA TERMINATED | SW-468; | |
| 03/24/1971 | 500 | GEOGRAPHIC NAME | UNDEFINED FLD; | |
| 03/24/1971 | 510 | KMA CLASSIFIED | | |
| 05/03/1971 | 246 | LEASE COMMITTED TO CA | SW-608; | |
| 05/31/1974 | 522 | CA TERMINATED | SW-608; | |
| 01/20/1981 | 246 | LEASE COMMITTED TO CA | NMNM72135;SCR-25; | |
| 09/13/1985 | 817 | MERGER RECOGNIZED | ATL RICHFIELD PA/DE | |
| 03/10/1987 | 140 | ASGN FILED | ATLANTIC/HONDO OIL | |
| 05/15/1987 | 139 | ASGN APPROVED | EFF 04/01/87; | |
| 05/18/1987 | 974 | AUTOMATED RECORD VERIF | GEA/EP | |

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

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 (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

NM 23855B
Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

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 Polo AOP Fed #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. 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: MYCO Industries, Inc.

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III

1912-1985

FRANK W. YATES

1926-1985

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 (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name

Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565

Glorieta-Yeso

BOPD

*30

Gravity

*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

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 Polo AOP Fed #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. 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
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 (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

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 Polo AOP Fed #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. Any vapor recovery gas shall be included in for this application.

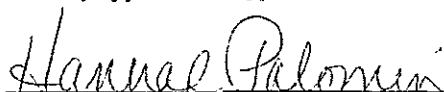
Gas Measurement

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: Sharbro Energy, LLC

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 (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

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 Polo AOP Fed #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. 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: 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 (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

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 Polo AOP Fed #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. 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

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1985

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 (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface lease (CA) Commingle oil only for the Polo AOP Federal #1, #2 and the Apollo AUP Federal #3.

The commingle production will be measured and sold at the Polo AOP Fed #1 tank battery located at NWNW, Sec. 20-T19S-R25E.

Federal Lease #NM-82845

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo AOU Federal #3
Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production, updated information will be provided to BLM upon well completion and/or W/O.

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 Polo AOP Fed #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. Any vapor recovery gas shall be included in for this application.

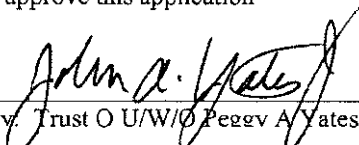
Gas Measurement

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: Trust O U/W/O Peggy A. Yates, deceased
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

July 10, 2014

RE: Surface lease (CA) commingle oil only

Apollo AOU Federal #3

Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to Surface Lease (CA) commingle oil only for the Polo AOP Fed #1, Polo AOP Fed #6 and Apollo APU Fed #3.

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

Federal Lease #NM-0557142

Well name
Polo AOP Federal #1
Sec. 10-T19S-R25E, NESW
API #30-015-28170
Eddy County, NM

Pool #97565
Glorieta-Yeso

BOPD
*30

Gravity
*38

Polo AOP Federal #6
Sec. 10-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

*30

*38

Federal Lease #NM-94492

Apollo APU Federal #3
Sec. 10-T19S-R25E, SESE
API #30-015-29431
Eddy County, NM

Glorieta-Yeso

*30

*38

*This is an estimated production.

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.

Any objections must be filed in writing with the OCD 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 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

| | |
|-----------------------------------------------------------------------------------------------|---------------------------|
| CONLEY RESOURCES LLC P O BOX 100 LARKSPUR CO 80118-0100 | 7013 2250 0000 5201 2358 |
| KAREN V & WILLIAM H MARTIN ENERGY, LTD 400 N MARIENFELD SUITE 100 MIDLAND TX 79701-4310 | 7013 2250 0000 5201 2365 |
| LAI CORPORATION P O BOX 10626 MIDLAND TX 79702-7626 | 7013 2250 0000 5201 2372 |
| JUDSON PROPERTIES, LTD P O BOX 3340 MIDLAND TX 79702 | 7013 2250 0000 5201 2389 |
| ANN C JOHNSON TRUST 13408 SUMMIT HILLS PLACE ALBUQUERQUE NM 87112 | 7013 2250 0000 5201 2396 |
| MADISON M HINKLE P O BOX 2292 ROSWELL NM 88202-2292 | 7013 2250 0000 5201 2402 |
| ROLLA R HINKLE III P O BOX 2292 ROSWELL NM 88202-2292 | 70 13 2250 0000 5201 2419 |
| BANK OF AMERICA NA T J & MARY R SIVLEY TRUST P O BOX 832407 DALLAS TX 75283-2407 | 7013 2250 0000 5201 2426 |
| OXY USA WTP LIMITED P O BOX 27570 HOUSTON TX 77227 | 7013 2250 0000 5201 2433 |

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

| | |
|----------------------------------------------------------------------------|--------------------------|
| OXY Y-1 COMPANY P O BOX 841803 DALLAS TX 75284-1803 | 7013 2250 0000 5201 2457 |
| SANTO LEGADO LLLP P O BOX 1020 ARTESIA NM 88211 | 7013 2250 0000 5201 2464 |
| MARIGOLD LLLP P O BOX 1290 ARTESIA NM 88211-1290 | 7013 2250 0000 5201 2471 |
| TULIPAN LLC 428 SANDOVAL SUITE 200 SANTA FE NM 87501 | 7013 2250 0000 5201 4796 |
| YATES INDUSTRIES LLC P O BOX 1091 ARTESIA NM 88211-1091 | 7013 2250 0000 5201 4802 |
| EVERETT R SHARP 407 ROCK CREEK DR PEACHTREE CITY GA 30269-3449 | 7013 2250 0000 5201 4819 |
| OIL CONSERVATION DIVISION 1220 S ST. FRANCIS DRIVE SANTA FE NM 87505 | 7013 2250 0000 5201 4826 |

| | | | | | |
|---------|----------|----------|-----------|------|---------|
| 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

Miriam Morales
Signature

Production Analyst

Title

2/10/14
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. 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: 7/10/14

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**

**Commingling and Off lease measurement of production
September 15, 2015**

**Conditions of Approval: Yates Petroleum Corp.
Polo APO Federal #1 & #6, Apollo APU Federal #3
NM82845, NM023855B 3001528170, 3001528871 and 3001529431**

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. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
7. 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.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.