

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 Attached

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

<p>1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other</p> <p>2. Name of Operator YATES PETROLEUM CORPORATION Contact: MIRIAM MORALES E-Mail: mmorales@yatespetroleum.com</p> <p>3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210</p> <p>3b. Phone No. (include area code) Ph: 575-748-4200</p> <p>4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached</p>	<p>8. Well Name and No. Multiple--See Attached</p> <p>9. API Well No. Multiple--See Attached</p> <p>10. Field and Pool, or Exploratory N DAGGER DRAW N SEVEN RIVERS-GLOR-YESO</p> <p>11. County or Parish, and State EDDY COUNTY, NM</p>
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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 recomplete 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 recompletion 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**

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 <u>DUNCAN WHITLOCK</u>	Title <u>TECHNICAL LPET</u>	Date <u>09/15/2015</u>
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 <u>Carlsbad</u>

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.

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
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Federal Lease #NM-94492 *NM023855B*

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

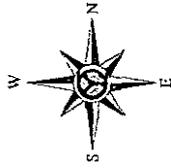
-August, 2015

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

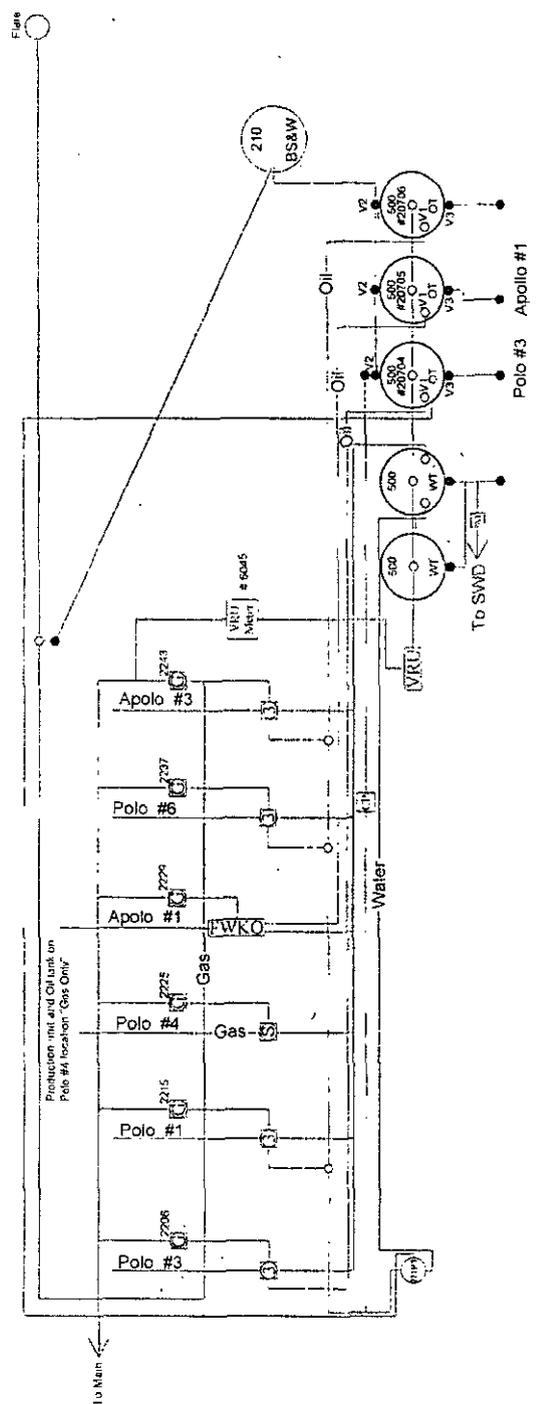
Tank #20705

- 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

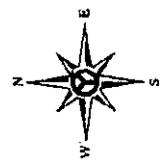
- = Valve Closed
- = Valve Opened
- ⊞ = Circulating Pump
- ⊞ = Water Pump
- ⊞ = Gas Meter
- ⊞ = 3 Phase Separator
- VRU = Vapor Recovery Unit
- ⊞ = Separator
- ⊞ = Heater Transfer
- 210 BS&W = Bottom Sediment & Water (Slip Tank)
- EWKO = Free Water Knock Out



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



18500 HILLTOP ROAD, SUITE 100, DALLAS, TEXAS 75244
ARTESIA, NEW MEXICO 88210



LEGEND

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

TOWNSHIP AND RANGE
T19S R28E

SECTION
10

FOOTAGE

NM STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-10-14

COUNTY: EDDY

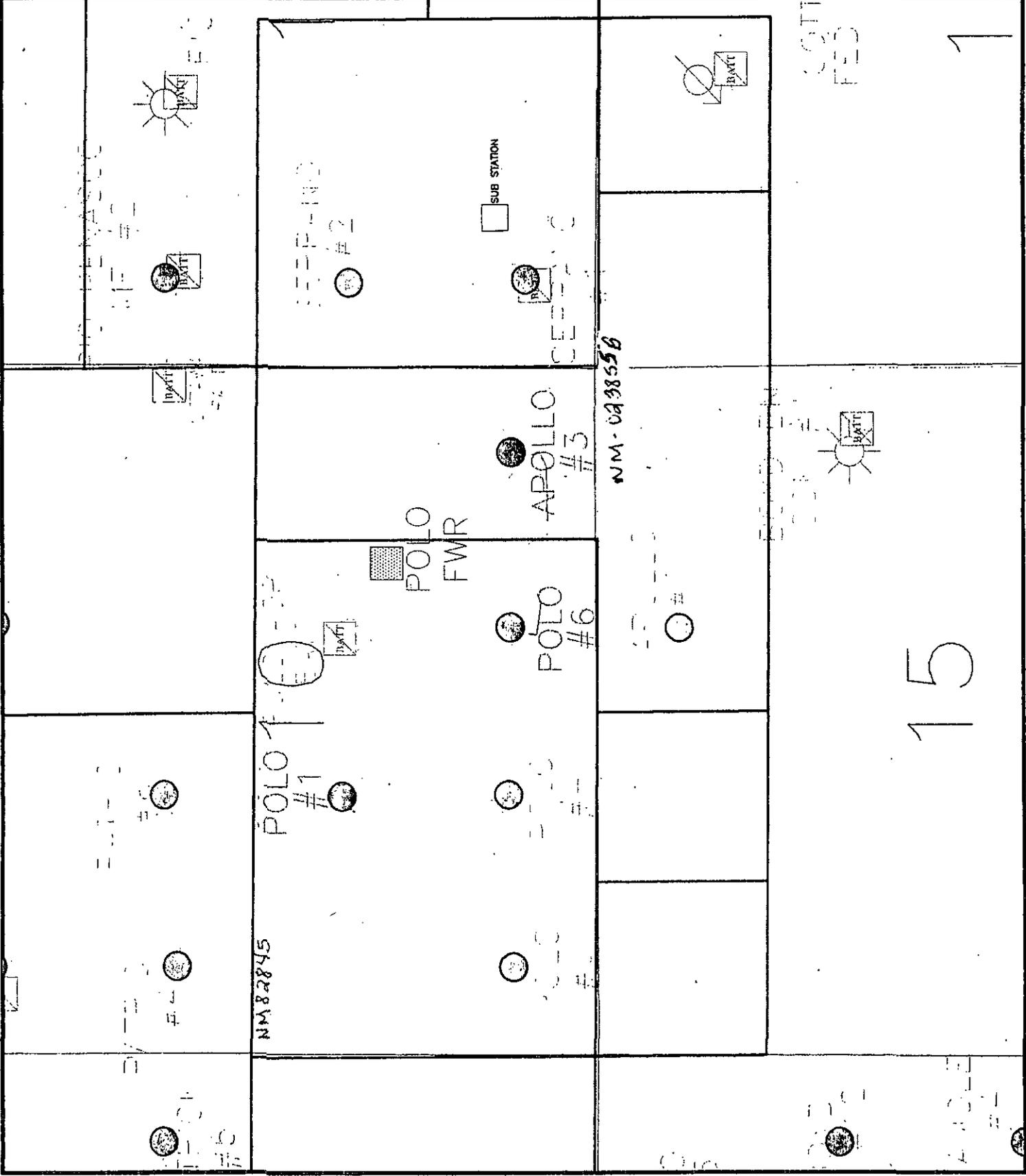
STATE: NEW MEXICO

SHEET NUMBER: 1 OF 1

SCALE: 1" = 3/16 MILE

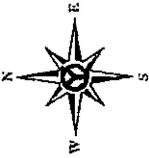
TITLE:

THIS MAP HAS BEEN CAREFULLY
COMPILED AND PRINTED BY YATES
PETROLEUM CORPORATION FROM
AVAILABLE INFORMATION FROM
PETROLEUM CORPORATION DOES NOT
GUARANTEE THE ACCURACY OF THIS
MAP OR INFORMATION DELINEATED
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CORPORATION OR ITS AFFILIATES.





185 SOUTH FORT WORTH (573) 746-4871
ARTERIA, NEW MEXICO 88110



LEGEND

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

TOWNSHIP AND RANGE
T19S R25E

SECTION
10

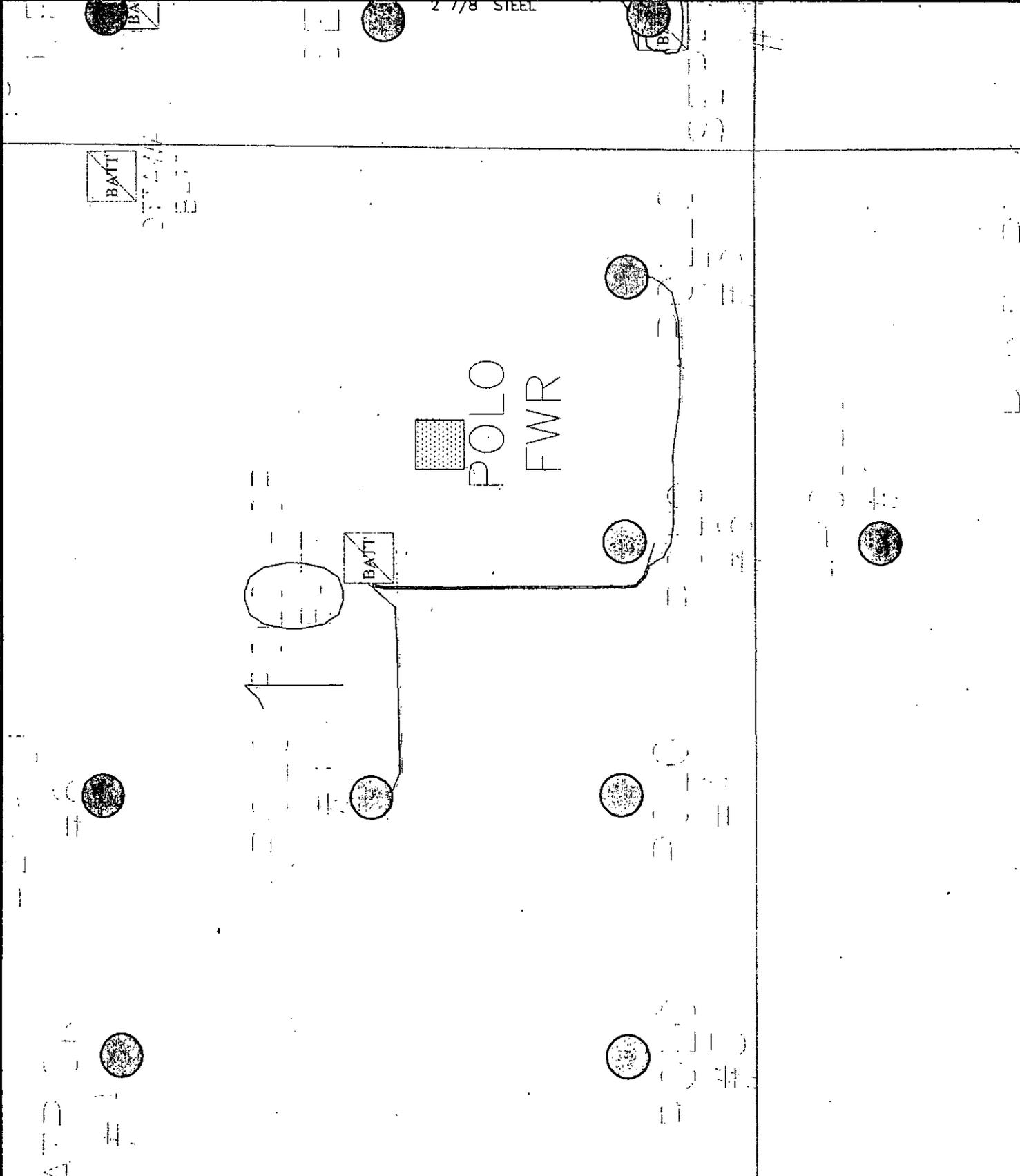
NM STATE

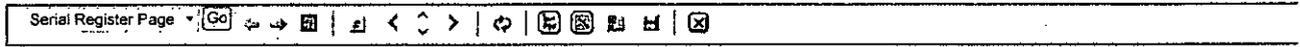
US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JMH
 DATE DRAWN: 07-08-14
 COUNTY: EDDY
 STATE: NEW MEXICO
 SHEET NUMBER: 1 OF 1
 SCALE: 3" = 1/8 MILE

TITLE:

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Click here to see on map Run Time: 02:44 PM
Page 1 of 2

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Date 07/02/2014

01 12-22-1987;101STAT1330;30USC181 ET SE Total Acres 240.000
 Case Type 312021: O&G LSE COMP PD-1987 Serial Number NMNM--082845
 Commodity 459: OIL & GAS
 Case Disposition: AUTHORIZED

Serial Number: NMNM--082845

Name & Address	Int Rel	% Intere
ABO PETRO CORP 105 S 4TH ST ARTESIA NM 88210	LESSEE	10.00000000
MYCO INDUSTRIES INC 105 S 4TH ST ARTESIA NM 88210	LESSEE	10.00000000
OXY Y-S COMPANY PO BOX 27570 HOUSTON TX 77227570	LESSEE	10.00000000
YATES PETRO CORP 105 S 4TH ST ARTESIA NM 88210	LESSEE	70.00000000

Serial Number: NMNM--082845

Mer Twp	Rng	Sec	STyp	SNr	Subdivision	District/Field Office	County	Mgmt Agency
23	0100S	0250E	030	ALIG	SW W2SE	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM--082845

Act Date	Code	Action	Action Remark	Pending Office		
08/20/1987	35	CRF ESTABLISHED	662500 477		1987	08 15
09/16/1987	10	SALE RECEIVED			1987	08 14
09/16/1987	20	SALE RECEIVED	242955-002		1987	08 14
09/16/1987	30	MINOR RECEIVED	812006-772		1987	08 14
09/17/1987	10	RENTAL RECEIVED	3360.00/12/18/87-91		1987	08 17
10/12/1987	03	LEASE ISSUED			1987	10 16
10/16/1987	97	AUTOMATIC RECORD VEHICLE	10/16		1987	10 28
11/01/1987	43	TRUCK CODE	05/11/87		1987	11 02
11/01/1987	53	PLTY RATE - 12 1/2%			1987	11 02
11/01/1987	86	RECEIVED DATE			1987	11 02
11/09/1987	01	RENTAL RECEIVED	3360.00/12/18/87-91		1987	11 09
12/12/1987	60	RECORDS HOTEL			1987	12 12
12/20/1987	90	DATE MICROFILMED	0728 347,110		1987	12 20
09/12/1990	11	RENTAL RECEIVED	3360.00/12/18/87-91		1987	09 11
09/12/1990	11	RENTAL RECEIVED	3360.00/12/18/87-91		1987	09 11
09/24/1990	11	RENTAL RECEIVED	3360.00/12/18/87-91		1987	09 24
09/24/1990	10	BYM RECEIVED	188 04/12/87/88/2184		1987	09 24
10/27/1990	24	LEASE COMMITTED TO DA	10/27/1990		1987	10 27
10/27/1990	40	HELD BY TRPO - ACTUAL			1987	10 27
10/27/1990	45	MEMO BY LST PRIC-ACTUAL			1987	10 27
10/31/1990	04	RENTAL RECEIVED BY O&G	3360.00/12/18/87-91		1987	10 31
10/31/1990	20	EXCLUDED	10/31/1990		1987	10 31
10/31/1990	30	AUTOMATIC RECORD VEHICLE	10/31		1987	10 31
09/10/1992	24	LEASE COMMITTED TO DA	09/10/1992		1992	09 10
09/10/1992	57	ADD FILED			1992	09 10
12/03/1992	53	APP APPROVED	1-POLIC APP FILE		1992	12 03
12/03/1992	51	APP APPROVED	3-POLIC APP FILE		1992	12 03
09/07/1994	52	APP APPROVED	1-POLIC APP FILE 200		1994	09 07
09/22/1994	53	ADD FILED			1994	09 22
09/01/1994	57	APP APPROVED	7-POLIC APP FILE 1994		1994	09 01
09/01/2002	02	PLTY REC-STRIPPER HELI	10/11/02		2002	09 01
10/11/2002	02	PLTY REC-STRIPPER HELI	2/19/02		2002	10 11
11/12/2002	02	PLTY REC-STRIPPER HELI	3/12/02		2002	11 12
11/07/2004	02	PLTY REC-STRIPPER HELI	10/24/04		2004	11 07

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	0.00000000
COLL CLARKE C	PO BOX 1818	ROSWELL NM 882021818	OPERATING RIGHTS	0.00000000
COLL ERIC J	PO BOX 1818	ROSWELL NM 882021818	OPERATING RIGHTS	0.00000000
COLL JON F II	7373 WALLA WALLA DR	SAN ANTONIO TX 78250	OPERATING RIGHTS	0.00000000
COLL MAX W III	7625 #2 EL CENTRO BLVD	LAS CRUCES NM 88012	OPERATING RIGHTS	0.00000000
DETEMPE-COLL MELANIE	5653 TOBIAS AVE	VAN NUYS CA 91411	OPERATING RIGHTS	0.00000000
OXY USA WTP LP	5 GREENWAY PLAZA #110	HOUSTON TX 77046	LESSEE	100.00000000
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 882110840	OPERATING RIGHTS	0.00000000
SHARBRO OIL LTD CO	PO BOX 840	ARTESIA NM 88210	OPERATING RIGHTS	0.00000000
YATES INDUSTRIES LLC	PO BOX 1091	ARTESIA NM 882111091	OPERATING RIGHTS	0.00000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.00000000

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
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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 RFG/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



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

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

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

NM 023855B
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: MYCO Industries, Inc.

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1983
FRANK W. YATES
1936-1988
S. P. YATES
1914-2008



JOHN A. YATES
CHAIRMAN EMERITUS
JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
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105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471
www.yatespetroleum.com

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Polo AOP Fed #1 & #6 and Apollo APU Fed #3
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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

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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
1912-1989
FRANK W. YATES
1936-1986
S.P. YATES
1914-2006



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

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

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.

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I hereby approve this application

Company: Sharbro Energy, LLC

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1988
FRANK W. YATES
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Sec. 00-T19S-R25E, SWSE
API # 30-015-28871
Eddy County, NM

Glorieta-Yeso

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Federal Lease #NM-94492
Apollo AOU Federal #3
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Eddy County, NM

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I hereby approve this application

Companv: John A Yates

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SECRETARY

DENNIS G. KINSEY
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I hereby approve this application

Company Trust O U/W/O Pezzv A Yates, deceased
KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
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105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471
www.yatespetroleum.com

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

<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 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

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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

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.