

Carlsbad Field Office OCD Artesia

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

5. Lease Serial No.
NMNM57274

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

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

8. Well Name and No.
Multiple--See Attached

9. API Well No.
Multiple--See Attached

10. Field and Pool, or Exploratory
BONE SPRINGS
COTTON DRAW

11. County or Parish, and State
LEA 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)
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 recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Notification to surface pool commingle production for the Haracz AMO #7 and the Haracz AMO #10H.
Application has been submitted to OCD.

The commingle production will be measured and sold/transferred at the Haracz AMO tank battery facilities located at SENW, Sec. 19-T24S-R32E.

The ownership is identical.

Please see site facility diagram and other documentation attach.

Royalty values will not be affected by this commingle.

NM OIL CONSERVATION
ARTESIA DISTRICT
MAR 29 2016
RECEIVED

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

Electronic Submission #299158 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH HAM on 07/27/2015 (15DMH1413SE)

Name (Printed/Typed) MIRIAM MORALES

Title PRODUCTION ANALYST

Signature (Electronic Submission)

Date 04/23/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DUNCAN WHITLOCK

Title TECHNICAL LPET

Date 03/24/2016

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 **

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Additional data for EC transaction #299158 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM57274	NMNM57274	HARACZ AMO FEDERAL 10H	30-015-40963-00-S1	Sec 24 T24S R31E NENE 200FNL 660FEL
NMNM57274	NMNM57274	HARACZ AMO FED 7	30-025-33345-00-C1	Sec 19 T24S R32E SENW 1650FNL 2310FWL
NMNM57274	NMNM57274	HARACZ AMO FED 7	30-025-33345-00-C2	Sec 19 T24S R32E SENW 1650FNL 2310FWL

Continuation of Haracz AMO Federal #10H surface/pool commingle

Federal Lease #NM-57274

<u>Well name</u>	<u>Pool #96556</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Haracz AMO Federal #7 (DHC-1430) Sec. 19-T24S-R32E, SENW API #30-025-33345 Lea County, NM	Bone Spring and Delaware #96646	8	41	22	1225
Haracz AMO Federal #10H Sec. 24-T24S-R31E, NENE API #30-015-40963 Eddy County, NM	Bone Spring	250	41.7	415	1366

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 Haracz AMO Federal #7. 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

Total gas production and sales/transferred volumes will be based on the measurement at the CDP and allocated back to each well based on EFM daily readings. The Agave's CDP meter #104082 is located at Sec.19-T24S-R32E, SENW.

The purpose of the Surface Pool 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.

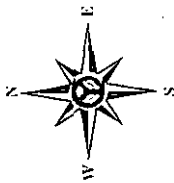


105 South 4th Street • Artesia, NM 88210
(505) 748-1471

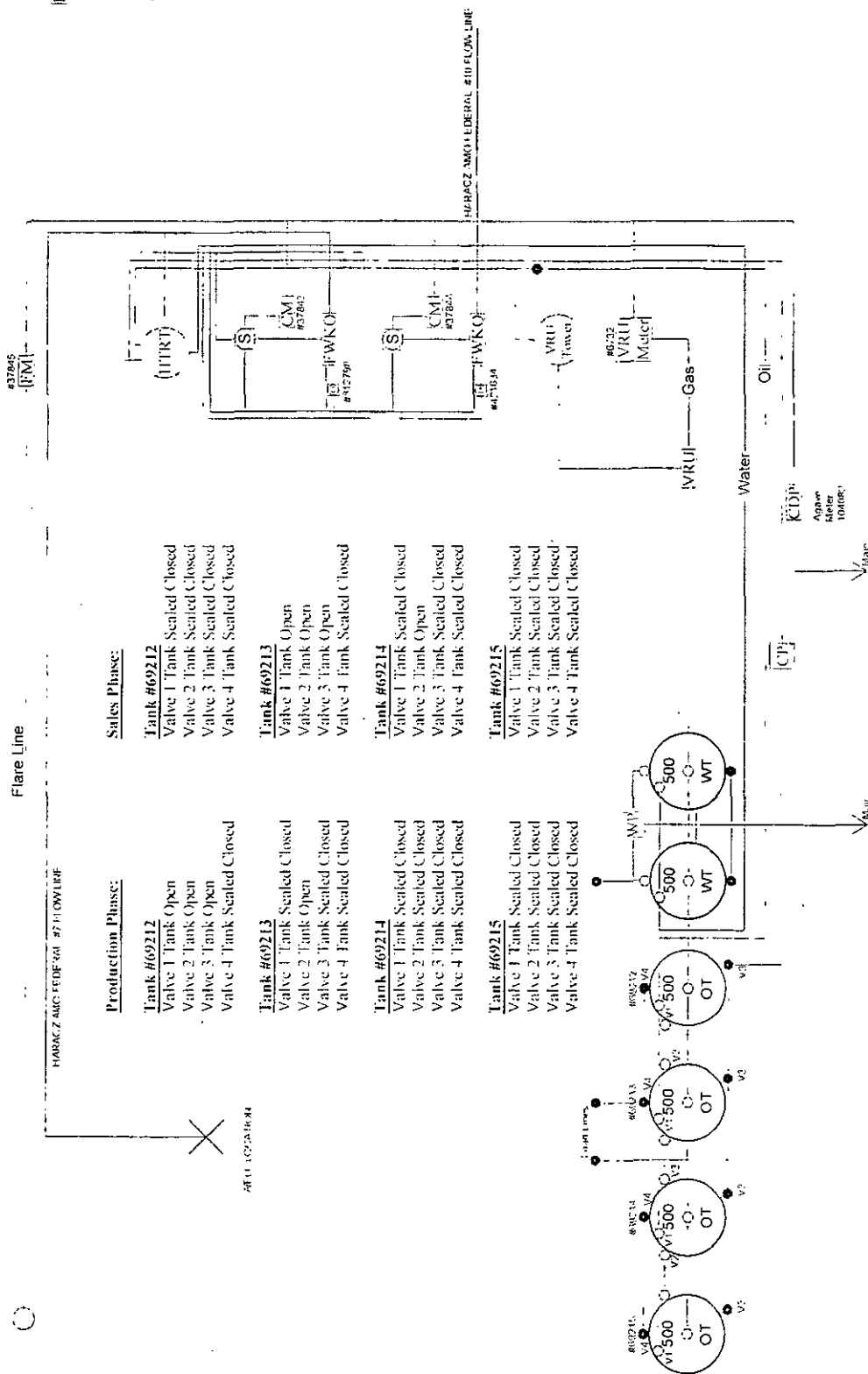
-Aaron Bishop
-November, 2015

Haracz AMO Federal #7

1650' FNL & 2310' FWL * Sec 19 - T24S-R32E* Unit F
Lea County, NM
API - 3002533345



- Valve Closed
- Valve Open
- (C) Circulating Pump
- (F-WKO) Fire-Water Knock Out
- (S) Shut-in
- (VRU) Valve Recovery Unit
- (ITRT) "Heater" Tank
- (W) Main Pump
- (CM) Check Meter
- (KM) Check Meter
- (T) Oil Tank/Storage Tank



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

RESERVATION

RESERVATION

BULF
#12H

OGULF
#14H

HARACZ
AMO #10H

HARACZ
AMO #7

NM-57274

HARACZ
AMO #9H

HARACZ
AMO #11H

HARACZ
AMO #12H



YATES PETROLEUM CORPORATION
105 VIA TIERRA (758) 726-1271
ARTESIA, NEW MEXICO 88210



LEGEND

- OIL WELL PROPOSED
- ☼ GAS WELL
- OIL WELL

GPS ROADS
— lease boundaries

NM STATE

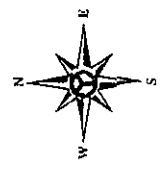
US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH
DATE: 09-15-12
COUNTY:
STATE: NEW MEXICO
SHEET NUMBER: 1 OF 1
SCALE: 1" = 3/16 MILE

THIS MAP HAS BEEN CAREFULLY
CONPILED AND PRINTED BY YATES
PETROLEUM CORPORATION FROM
AVAILABLE INFORMATION. YATES
PETROLEUM CORPORATION DOES NOT
GUARANTEE THE ACCURACY OF THIS
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NOR DOES YATES PETROLEUM
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THEREON. RECIPIENT AGREES NOT TO
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FROM YATES PETROLEUM
CORPORATION OR ITS AFFILIATES



145 SOUTH FORTTH (751) 145-1472
ARTESIA, NEW MEXICO 88210



LEGEND

- OIL WELL PROPOSED
- GAS WELL
- OIL WELL
- GPS ROADS

NEW STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH	
DATE DRAWN: 09-16-14	
COUNTY:	
STATE: NEW MEXICO	
SHEET NUMBER: 1 OF 1	
SCALE: 1" = 1/8 MILE	

THIS MAP HAS BEEN CAREFULLY
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AVAILABLE INFORMATION.
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HARACZ
AMO #10H

HARACZ
AMO #7



2 7/8 A/G Steel

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Page 1 of 7

[Click here to see on map](#)

Run Date: 03/05/2015

01 02-25-1920;041STAT0437;30USC181ETSEQ
Case Type 311211: O&G LSE SIMO PUBLIC LAND
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres	Serial Number
1,743.520	NMNM-- - 057274

Serial Number: NMNM- - 057274

Name & Address			Int Rel	% Intere
ABO PETRO CORP	105 S 4TH ST	ARTESIA NM B2110	LESSSEE	12,500,000.00
TRUST Q PEGGY A YATES DEC	105 S 4TH ST	ARTESIA NM B2110/177	LESSSEE	31,250,000.00
YATES JOHN A	105 S 4TH ST	ARTESIA NM B2110	LESSSEE	31,250,000.00
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM B2110	LESSSEE	25,000,000.00

Serial Number: NMNM- - 057274

Mer Twp	Rng	Sec	S Typ	SUR SUIT	Subdivision	District/Field Office	County	Mgmt Agency
23	02405	0310E	023	AJC	E2 SW	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	02405	0310E	024	AJC	N7 SW1/4SE,SESE	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	02405	0280E	019	AJC	E2 E2W2	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	02405	0320E	016	LOTS	14	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- 057274

[illegible]

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

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

Signature

Production Analyst
 Title

4/23/15
 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
Bone Spring #96556	41.7/1366	41.3/1296		
Delaware #96646	41.0/1225			

- (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: 4/23/15
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**

**Haracz AMO Federal #7 & 10H,
3002533345, 3001540963
Leases: NM57274**

**Yates Petroleum Corporation
March 24, 2016**

**Condition of Approval
Pool surface Commingling of lease production**

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.