

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

S

WELL API NO. 30-015-34551
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-6711
7. Lease Name or Unit Agreement Name: Ohkay BHH State
8. Well No. 1
9. Pool name or Wildcat Pierce Crossing/Bone Spring, Nash Draw/Delaware

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	NOV 09 2007
2. Name of Operator Yates Petroleum Corporation	OCD-ARTESIA
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	
4. Well Location Unit Letter <u>D</u> <u>NWNW</u> <u>:</u> <u>330'</u> feet from the <u>FNL</u> line and <u>330'</u> feet from the <u>FWL</u> line Section <u>6</u> Township <u>25S</u> Range <u>30E</u> NMPM County <u>Eddy</u>	
10. Elevation (Show whether DR, RKB, RT, GR, etc.)	

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPLETION <input type="checkbox"/>	OTHER: <input type="checkbox"/>
OTHER: Off lease Measurement and Surface Commingle Oil Only <input checked="" type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103 For Multiple Completions Attach wellbore diagram of proposed completion or recompletion

Yates Petroleum Corporation respectfully request administrative approval Off Lease Measurement, Surface Commingle Oil Only.

State
Ohkay BHH State #1
Sec 6-T25S-R30E
Pierce Crossing/Bone Spring
Nash Draw/Delaware
Eddy County, NM
Lease# VO-6711

State
Wyatt BHT State #1
Sec 6-T25S-R30E
Pierce Crossing/Bone Spring
Eddy County, NM
Lease# VO-669

The Battery is located at the Ohkay BHH State #1. Please see attached plat and site facility diagram.

Diversified ownership by percentages Owners were notified verbally. All in house subsidiaries

Oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Total sales volumes will be allocated back to individual wells metered volumes

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production Estimated daily oil production for the Ohkay BHH State #1 is 5 barrels of oil per day and for the Wyatt BHT State #1 is 50 barrels of oil per day.

The purpose of the Off Lease measurement & Surface Commingling, is to reduce operating costs for storage and treating, thereby extending the economic life of each well Without approval for utilizing existing batteries on adjacent leases, it will become necessary to built separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Mayte Reyes TITLE Production Secretary DATE November 5, 2007

Type or print name Mayte Reyes Telephone No. (505) 748-4213

(This space for State use)

APPROVED BY FOR RECORDS ONLY DATE NOV 13 2007

Conditions of approval, if any:

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.

MAYTE REYES
Print or Type Name

Mayte Reyes
Signature

Production Clerk
Title

11-5-07
Date

mayter@ypcnm.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
200-

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 4TH STREET 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. _____

Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to 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	Value of Non- Commingled Production	Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Are all working, royalty and overriding royalty interests common between pools? ☐ Yes ☐ No

(4) Include proof of notice to all interests if the answer to No. 3 is "No"

(5) Measurement type: ☐ Metering ☐ Well Test ☐ Subtraction Method

(6) 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) Are all working, royalty and overriding royalty interests common between leases? ☐ Yes ☒ No

(4) Include proof of notice to all interests if the answer to No. 3 is "No"

(5) Measurement type: ☒ Metering ☐ Well Test ☐ Subtraction Method (only when No. 3 is "Yes")

(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

(4) If production is to be measured by well test, include testing frequency.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Mayte Reyes

TITLE: PRODUCTION CLERK

DATE: 11-5-2007

TYPE OR PRINT NAME MAYTE REYES

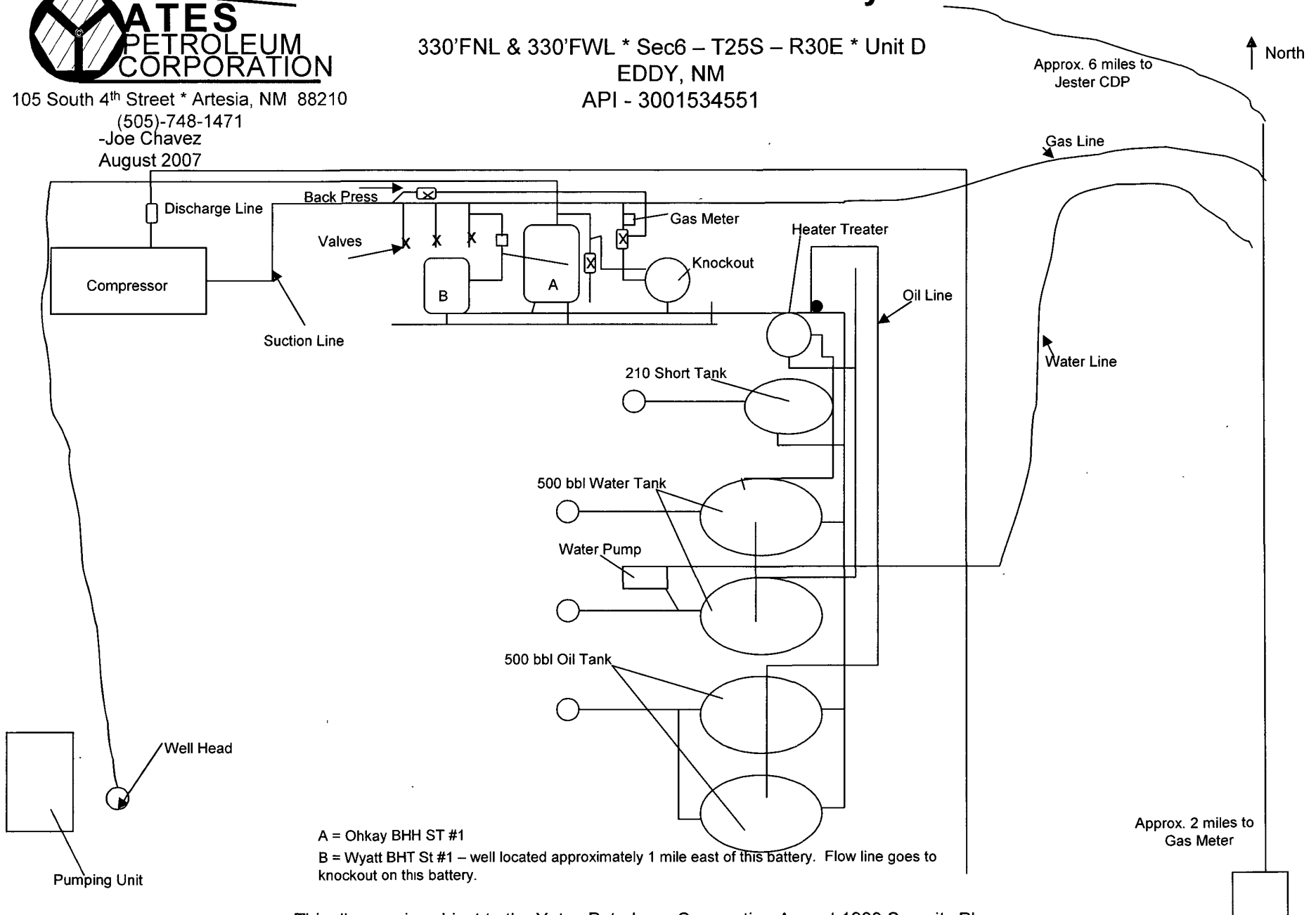
TELEPHONE NO. (505) 748-4803



105 South 4th Street * Artesia, NM 88210
(505)-748-1471
-Joe Chavez
August 2007

OHKAY BHH ST #1 Battery

330'FNL & 330'FWL * Sec6 – T25S – R30E * Unit D
EDDY, NM
API - 3001534551



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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34551		² Pool Code 13360	³ Pool Name Corral Canyon; Delaware
⁴ Property Code 35383	⁵ Property Name Ohkay BHH State		⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3,139'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	6	25S	30E		330'	FNL	330'	FWL	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>			
	Signature			
	Debbie Chavez Printed Name Engineering Technician			
	Title and E-mail Address 4/18/06 Date			
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</i>			
	Date of Survey			
	Signature and Seal of Professional Surveyor			
	Certificate Number			

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 21602**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-34551	2. Pool Code 96403	3. Pool Name WILDCAT; BONE SPRING
4. Property Code 35383	5. Property Name OHKAY BHH STATE	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3139

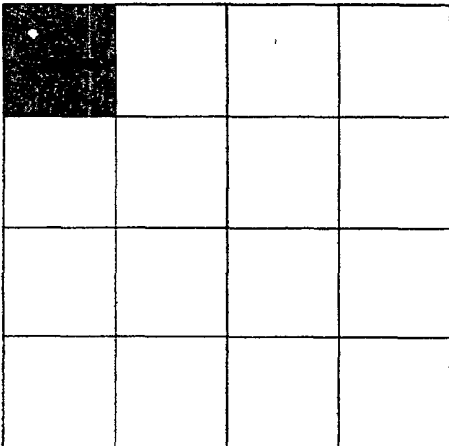
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
4	6	25S	30E	4	330	N	330	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.17		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Debbie Caffall Title: Regulatory Agent Date: 1/16/2006</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Hershel Jones Date of Survey: 11/9/2005 Certificate Number: 3640</p>
---	--

From: Janet Richardson [janet@ypc.com]
Sent: Thursday, October 18, 2007 2:02 PM
To: 'Mayte Reyes'
Subject: RE: Off Lease Measurement Status

Wyatt BHT State #1 is a state of New Mexico lease owned by YPC 70%; YDC 10%; Myco 10% and Abo 10%. Thanks, Janet

- =====
- CO - Company Pay Code

CP - Company Purchased Production

CT - Company Tax Partnership Interest

GC - City Government Interest

GI - Federal Government Interest

GS - State Government Interest

GW - Wyoming State Government Interest
- NP - Paid Direct

PA - Pay

SA - Unknown Address

SD - Suspense - Waiting on Division Order

SJ - Suspense - Delinquent JIB

ST - Suspense - Title Requirement

YATES PETROLEUM CORPORATION

Division of Interest

Effective: First Sales

Property: 043533

Well: 001

PROPERTY: Ohkay "BHH" St. #1

NW/4NW/4 Sec. 6, T25S-R30E, NMPM

Eddy County, New Mexico

File No. 402-7039-B

OWNER NUMBER	OWNER NAME	NET REVENUE INTEREST	TYPE	STATUS
192200	COMMISSIONER OF PUBLIC LANDS	0.1666667	RI	
999900	YATES PETROLEUM CORPORATION	0.0225000	ORI	
		0.3333333	WI	
994100	YATES DRILLING COMPANY	0.1591667	WI	
005000	ABO PETROLEUM CORPORATION	0.1591666	WI	
640010	MYCO INDUSTRIES, INC.	0.1591667	WI	
		1.0000000		